

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 23 May, 1986.

Time — 10:00 a.m.

OPENING PRAYER by Madam Speaker.

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

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Health.

HON. L. DESJARDINS: Madam Speaker, I'd like to table the Annual Report of the Manitoba Health Research Council for the year 1984-85.

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, I have a number of reports that I'd like to present: the Annual Report of the Milk Prices Review Commission 1984-85; the Annual Report of the Manitoba Beef Commission 1984-85; the Annual Report of the Manitoba Farm Lands Ownership Board 1984-85; the Manitoba Water Services Board for the year 1984-85; the Annual Report of the Manitoba Crop Insurance Corporation for the year 1984-85; the Annual Report of the Manitoba Agricultural Credit Corporation for the year 1984-85; the Annual Report of the Department of Agriculture for the year 1984-85; and, as well, an Annual Report of the University of Manitoba, Faculty of Agriculture, which is presented to all members as a compliment of the University of Manitoba from the Agriculture Research, Teaching and Extension section.

MADAM SPEAKER: The Honourable Minister of Cultural Resources.

HON. J. WASYLICIA-LEIS: Madam Speaker, I have the pleasure of tabling the Annual Report for the Manitoba Lotteries Commission for the year 1984-85. It is in draft form, so I am providing the 10 required copies which the Opposition House Leader is aware of, and the final copies will be circulated on Monday.

MADAM SPEAKER: The Honourable Minister of Highways.

HON. J. PLOHMAN: Madam Speaker, it is my privilege to table the Annual Report for the Department of Government Services for 1984-85.

MADAM SPEAKER: The Honourable Minister of Business Development.

HON. M. HEMPHILL: Madam Speaker, it is my pleasure to table the Annual Report 1984-85 for the Manitoba

Housing and Renewal Corporation; and the Manitoba Housing Rent Regulation Bureau, 1984-85.

MADAM SPEAKER: The Honourable Minister of Employment Services.

HON. L. EVANS: Madam Speaker, it's my pleasure to table the Annual Report for Manitoba Data Services for the year ended March 31, 1985.

MADAM SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, I have the honour to table the Annual Report of the Department of Labour; and the Annual Report of the Manitoba Labour Board; and a report under the Ministry of Consumer and Corporate Affairs in respect to The Insurance Act; and a similar report in respect to The Trade Practices Inquiry Act.

MADAM SPEAKER: The Honourable Minister of Co-op Development.

HON. J. COWAN: Madam Speaker, I'm pleased to be able to table the Annual Report for the years 1984-85 for the Co-operative Promotion Board; and the Co-operative Loans and Loans Guarantee Board.

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

INTRODUCTION OF GUESTS

MADAM SPEAKER: Before we reach Oral Questions, I'd like to direct the attention of honourable members to the gallery where we have 27 students of Grade 6 from Montrose School. These students are under the direction of Mrs. Hanna, and the school is located in the constituency of the Honourable Member for Tuxedo.

We have 55 visitors from Dauphin. These are students of Grade 6 from the Henderson Elementary School under the direction of Mrs. Baxter and Mr. Genik. This school is located in the constituency of the Honourable Member for Dauphin.

We have 20 students of Grade 8 from the LaPorte School and they're under the direction of Robert Evenmo.

We have 30 students of Grade 9 from the Minitonas School, and these students are under the direction of Mr. Harry Barkowski. The school is located in the constituency of the Honourable Minister of Natural Resources.

On behalf of all the members, I'd like to welcome you to the Legislature this morning.

ORAL QUESTIONS

Deficit Manitoba - status of

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you very much, Madam Speaker.

Accumulated deficits over the last five years of NDP rule have now accumulated to \$2.4 billion. Manitobans are beginning to realize that this government has no intention of balancing the Budget in good times or in bad. Given that debt service charges are escalating at an increasing rate, will the Minister of Finance share with all Manitobans department forecasts of revenue and expenditures for the next five years so that those who care about the future ability of this province to meet its debt obligations may be able to do so?

MADAM SPEAKER: The Honourable Minister of Finance.

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

I thank the member for the question. I do not have the specific information that he requests, but I can tell him that the size of Manitoba's projected deficit for the next year would have been considerably higher if members opposite would have been sitting on this side of the House and did what they suggested they were going to do during the election campaign, the deficit would have been considerably higher. We are concerned about the size of the ongoing provincial debt. We are working to ensure that those costs are kept in relative proportion but, Madam Speaker, at the same time, we are concerned that we continue to provide job creation opportunities for the youth of our province, we are concerned that we provide as much assistance as possible for the farmers of our province and to sustain, as best we can, that important industry and that important part of the social fabric of our province. At the same time, we are concerned to provide much needed health and educational services for Manitobans.

If one looks at the position of Manitoba relative to other provinces in Canada, in those areas one will find that Manitoba is not out of line with other provinces in Canada.

MR. C. MANNES: Madam Speaker, the Minister indicates that his government is concerned about the proportion that is directed toward the deficit. I would ask him what portion of the \$250 million of increased spending, this year versus last year, will be used to service the debt, plus the portion that goes to increase the Manitoba Properties Incorporated Leaseback Program?

HON. E. KOSTYRA: Madam Speaker, the information with respect to the spending Estimates of the government are contained in the documents and will be subject to ongoing discussions as we review the Estimates of each of the government departments. So the kind of information that the member seeks is in the documents that have been tabled and will be discussed in full when we reach that point in our Estimate review process with respect to those departments that he mentioned.

MR. C. MANNES: Madam Speaker, the Minister is reluctant to tell Manitobans that a full one-third of \$250 million of increased spending is being directed towards interest. My question to the Minister: why will he not

place with the statutory debt increase of \$63 million, that portion of increased interest or leaseback under the Manitoba Properties Inc. Program, to give Manitobans an accurate reflection of all the interest costs associated with the mounting debt of this province?

HON. E. KOSTYRA: Well, Madam Speaker, if we were to do that, then we should also deal with the assets that belong to that corporation. You don't deal with debt on one side and ignore the assets of that corporation on the other side.

Revenue sources to economy

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

MR. C. MANNES: My new question, Madam Speaker, to the Minister of Finance. Revenue forecasts are up by 8.3 percent. Can the Minister indicate which of the sectors of Manitoba's economy are going to create this massive increase in revenue, given that the value of agricultural production is expected to decrease in 1986, given that mining production value is expected to decrease, and that manufacturing is not to increase? Which of our sectors are to create this massive additional increase of 8.3 percent in revenue?

HON. E. KOSTYRA: I think, again, the information is contained as one reviews the Revenue Estimates that were tabled. The facts are that all of the economic forecasters in this country, including the private and public sector forecasters indicate that there is going to be significant economic growth in the Province of Manitoba which will allow for the payment of increased revenues to the Province of Manitoba. It is also very clear that in the revenue Estimates that were tabled last night, there are a number of tax increases that will also provide additional revenues for the province. Regrettably we had to increase some taxes, but I believe, Madam Speaker, that they were done in a fair way and in a way on those who are able to afford those increases with the upturn in the economy and increase profits to larger corporations.

Deficit, Manitoba - status of

MR. C. MANNES: Madam Speaker, last Tuesday, May 13, in response to my question, the Minister of Finance indicated that he would provide within the Budget an estimate of year-end deficit for 1985-86. Can the Minister tell me on what page within the Budget Address I might find that information?

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

I would also remind members of the House that the Member for Morris also indicated at the time of asking that question that he expected higher taxes, considerably higher taxes, and a higher deficit for the Province of Manitoba. I know that he is somewhat disappointed this morning and indeed last night that his projections for the Province of Manitoba proved wrong. What I indicated at the time, that the information with respect to the financial affairs of the province would

be contained in the Budget. That information was there in terms of the projections for the next year. Projections in terms of the deficit for last year are as reported in the Third Quarter Report. The final year-end figures will be tabled at the usual time in the usual fashion once they are available, Madam Speaker.

Quarterly reports - delay in

MR. C. MANNESS: Madam Speaker, I have before me the Hansard of May 13th and I made no reference whatsoever to the deficit. The Minister may want to check Hansard for his own edification.

My final question, Madam Speaker, why will the Minister of Finance not share with the people of Manitoba an unaudited forecast of the deficit for 1985-86, given that it is now 60 days past the year end? What is the government trying to hide with respect to that figure?

HON. E. KOSTYRA: Madam Speaker, the Government of Manitoba, this Finance Minister has nothing to hide. We indicated last night and put before the people of this province a realistic approach to the finances of the Province of Manitoba, put forward a Budget that puts people first, indicated in that Budget how we are going to work with various sectors of our economy in the province to even make Manitoba a better and fairer place in which to live. The information with respect to last year's spending, last year's revenues and last year's budgetary deficit will be tabled in the usual fashion and the usual time. I don't expect, Madam Speaker, that we will see any increase over what that was projected in the Third Quarter Report.

City of Winnipeg funding

MADAM SPEAKER: The Honourable Member for Charleswood.

MR. J. ERNST: Thank you, Madam Speaker.

My question is to the Minister of Finance. Given that the City of Winnipeg contains approximately 60 percent of the population of the province and that it generates roughly 70 percent of provincial revenues, can you explain to the House what change in priorities led to a net decrease in funding for the City of Winnipeg of approximately 20 percent?

HON. E. KOSTYRA: In terms of the detailed Estimates, again there is a process in this House whereby we review the spending Estimates of each department. I can say that the overall services provided by the Province of Manitoba directly or indirectly to the City of Winnipeg has been maintained or enhanced in such important areas as education and health care.

Urban Affairs - support staff

MR. J. ERNST: Perhaps the Minister then might like to comment on how many politically-oriented support staff are contained in the 20 percent increase in support staff for the Department of Urban Affairs?

HON. E. KOSTYRA: As I indicated, the detailed review of spending Estimates of each department will be under

scrutiny when the House reverts itself into committee and I think that those kind of detailed questions would be appropriate to deal with that. I can certainly indicate that this government is continuing support, is not cutting back on support to the important areas of concern to the people of the Province of Manitoba.

Water rates - Winnipeg Hydro

MADAM SPEAKER: The Honourable Member for Charleswood on a supplementary.

MR. J. ERNST: It's a new question to the same Minister, Madam Speaker. With the proposed increase in water rates announced last night in the Budget, is it the intention of the government to waive these cost increases to Winnipeg Hydro?

HON. E. KOSTYRA: Madam Speaker, the increases with respect to the water power rental rates as they impact on Winnipeg Hydro would obviously be an area for discussion by the province and the City of Winnipeg. But I can indicate, as a result of the present favourable conditions with respect to both the operations of Winnipeg Hydro and Manitoba Hydro, we do not see any need for any increases beyond what has been anticipated with respect to hydro-electric rates in this province and the commitment made by the former Minister responsible for Manitoba Hydro that Hydro rates in Manitoba will not increase at a rate higher than inflation and will keep their best status in Canada, I think will be maintained with respect to even the increases with respect to water power rental rates in the province, as under the Budget last night.

MR. J. ERNST: Madam Speaker, my final question to the Minister of Finance, although I didn't quite understand the explanation that he gave a moment ago. I'll have to read Hansard, perhaps it might . . .

MR. H. ENNS: That won't help.

MR. J. ERNST: Well I don't think so either, but in any event, is the Minister aware then that if in fact those increases are passed on to Winnipeg Hydro, that Winnipeg Hydro profits at the moment support the tax base of the City of Winnipeg and that if those profits are reduced, obviously the taxes have to increase.

MADAM SPEAKER: Could the member please rephrase his question? The awareness of the Minister is not an appropriate way to phrase your question — ask for information.

MR. J. ERNST: Can the Minister explain then how the City of Winnipeg should alter its financial structure in order to accommodate these, and at the same time, not cause an increase in taxes?

MADAM SPEAKER: The Honourable Minister of Urban Affairs.

HON. G. DOER: Madam Speaker, the profits in 1985 for the Winnipeg Hydro were in excess of \$14 million with a surplus. The Urban Affairs Department will be

meeting with the City of Winnipeg. We are looking at the numbers in terms of the rate increase for Winnipeg Hydro and there are certainly other numbers that we're still calculating that will affect the funding base for the City of Winnipeg through the tax-sharing agreements that haven't been finally calculated.

Border town merchants - Man./Sask.

MADAM SPEAKER: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Madam Speaker. My question is to the Minister of Finance. In March of this year, the Province of Saskatchewan removed the health and education tax on all clothing to a limit of \$300.00. This has created a very negative and adverse effect on Manitoba border town merchants. The situation is making it virtually impossible for border town merchants to compete with their counterparts in Saskatchewan.

Can the Minister tell the House what steps he is prepared to take to offset this negative effect which is being experienced by Manitoba border town merchants?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker. I presume the member meant the sales tax. I will be meeting later today with representatives of the border communities and some members opposite to look at this question.

I would anticipate that we will review their concerns and look at what options, if any, are available to assist them with respect to their concerns and to ascertain what negative impact, if any, it is having on those businesses in those border communities.

MR. L. DERKACH: Because a precedent was set in regard to the gasoline tax issue some time ago, can the Minister assure us that a similar type of action will be taken with regard to the sales tax on clothing?

HON. E. KOSTYRA: No, I can't give those assurances. I think we should meet with them to review the matter with them. I would just point out that if one is dealing with a commodity like gasoline, which is a basic commodity, comparisons are quite easily made.

It's much more difficult to deal with a commodity that comes in a variety of forms, like clothing, where you cannot make the same kind of price comparisons as you can with a basic commodity like gasoline.

Road conditions - Berens River

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Minister of Northern Affairs.

During the last academic school year, a number of children in the Berens River area were denied access

to their school simply because the road was so poor the buses were prohibited from travelling upon them.

Is the Minister concerned that this road in fact be put in proper condition during this summer period?

MADAM SPEAKER: Order please. Could the member please rephrase her question and not ask whether the Minister is concerned or not?

MRS. S. CARSTAIRS: Yes, Madam Speaker. Will the Minister undertake to make sure that the road is in proper repair this summer?

MADAM SPEAKER: The Honourable Minister of Northern Affairs.

HON. H. HARAPIAK: Madam Speaker, I'd like to thank the Member for River Heights for that question.

During the time of greatest concern there was a group of children who did come in to meet with us and express their concerns on the conditions of the roads. Since that time, the Premier of the province and the Minister responsible for Native Affairs and myself have gone into the community and we have met with the community council and the band. There is also a consultant, right at this moment, studying and making recommendations to us as to just how we should proceed with the development of the road structure.

There's some concern of the past practices of the construction on the roads that did not hold up, so we are waiting for the report . . .

MADAM SPEAKER: Order please.

HON. H. HARAPIAK: In the meantime, Madam Speaker, we have upgraded the road and there is some upgrading taking place at this time with some local contractors who are making sure that the roads are in condition so the local people can utilize them, the children can get to school.

MRS. S. CARSTAIRS: A supplementary question please, Madam Speaker, to the Minister.

Can the Minister confirm that in fact the Mayor was told to get started and within days was told to stop?

HON. H. HARAPIAK: Madam Speaker, there seems to have been some misunderstanding with the Mayor of the community.

There was some understanding that they were supposed to be going ahead with the construction of the road and we confirmed that there was some agreement between the Band Council and the Mayor and then the work did proceed.

Feedlot program

MADAM SPEAKER: The Honourable Member for Virden.

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

About three months ago the Manitoba Beef Commission held a series of meetings around rural Manitoba, and they asked the question: should the

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Manitoba Beef Plan be expanded to include a feedlot program? Sixty-two percent of the responding farmers said yes; 28 percent said no. I ask the Minister when he is going to introduce a feedlot program under the Manitoba Beef Plan.

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. B. URUSKI: Madam Speaker, I should advise the honourable member — I thank him for that question — and indicate that discussions have been under way with the Manitoba Feedlot Association in trying to arrive at some consensus and program that might be feasible for a family-owned farmer-type feedlot proposal so that it can be considered by the government. Those discussions are under way. As soon as they have come to the stage where government can consider them, we will do so.

MR. G. FINDLAY: A supplementary then, I would ask the Minister, in last night's Budget in the Estimates, it included 16.6 million increased support for the Beef Program. Is there money in there then for the Feedlot Program?

HON. B. URUSKI: Madam Speaker, I'm sure that we will be discussing all the issues of the matters that were raised in the Budget in detail when my Estimates are before the House, and I believe that they will be here before the House very soon.

MR. G. FINDLAY: Thank you, I'd just like to . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

MR. G. FINDLAY: My final supplementary to the Minister is that, right now, a third of our calves leave the province each fall for finishing. I would like to know how many lost jobs does that represent to the Province of Manitoba each year.

HON. B. URUSKI: Madam Speaker, I wish the Honourable Member for Virden would have spoken with the Honourable Member for Morris and some of his colleagues and their leader about the size of the deficit. Madam Speaker, I note by the resolution that the Honourable Member for Virden has put into this House where he, in fact, is condemning the Federal Tripartite Program which does reduce the support level by at least \$20 per cwt. and wants Manitoba to make sure that a price support program for feedlot operators is, in fact, the same as it currently is.

Madam Speaker, we will be doing as much as we can. In fact, the Budget really clearly indicates that of the measures that we are undertaking to support the sectors that we can as a province, but we are not going to bail out the Federal Government.

RRAP Program

MADAM SPEAKER: The Honourable Member for Ellice.

MR. H. SMITH: Thank you, Madam Speaker. My question is for the Minister of Housing.

During the last few years, as a member of the City Council of the City of Winnipeg, I have had numerous complaints from people that I represented at that time and still represent as the Member for Ellice regarding the RRAP grants for improvement of housing. The time to process them has been, during this period, mostly over a year. Could you tell me if this problem is being addressed and how it is being addressed?

MADAM SPEAKER: The Honourable Minister of Housing.

HON. M. HEMPHILL: Thank you, Madam Speaker.

I can understand the concerns from the Member for Ellice, and it is a concern that we all share, my colleague, the Honourable John Bucklaschuk, when he was the Minister, the Mayor of the City of Winnipeg, myself, my department and the 200 people whose applications were processed and approved in 1985 but who are not getting any money and who are not getting approval. I wish this was just a matter of slow processing of applications, Madam Speaker. That would be something we could at least live with. But what is happening here is that there is no processing of applications.

The RRAP Program has been brought to a full halt. It has been frozen. They are not processing any applications or approving any renovations. We have gone and made several calls to Ottawa. We are calling and telexing the Minister, the Mayor and I, and asking for an emergency meeting to deal with one of the most important programs that we have to renovate housing in the Province of Manitoba, and asking for an immediate meeting to get this program under way.

Farmland - removal of education tax

MADAM SPEAKER: The Honourable Member for Arthur.

MR. J. DOWNEY: Thank you, Madam Speaker.

I would ask that you bear with me in the preamble. It is dealing with a question that was answered by the Minister of Agriculture at a meeting in Dauphin recently. The question was put to him as to whether or not he would be moving on education taxes or the removal of education taxes from farmland. This question is to the First Minister, and it relates to a commitment his Minister of Agriculture made.

"The question on school tax is one that is being addressed and is being addressed by the Legislature over a couple of years, but it is again another aspect of saying, if we don't subsidize directly on the income side, let's subsidize indirectly on some of the cost sides, and I think we should be prepared to do what is being suggested. In terms of equity of education costs on farm property, we have said: 'yes, we are moving in that vain. That is a commitment that will be kept.'"

In view of that commitment, Madam Speaker, why did the Premier not have in the Budget last night a removal of education taxes off all farmers in this province?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, the Member for Arthur must in fact realize, this is a matter that is certainly of great concern to this government. It's a matter that will be dealt with over a period of time that involves a whole area of assessment reform, the area of examining the present system of property tax credits, the resources that can be made available over a gradual period in order to ensure that more of the burden of education is lifted from farmlands, in fact in respect to the totality of property in the Province of Manitoba. It is not an area, nor did the Minister of Agriculture suggest that it was an area that could be dealt with overnight but rather a gradual basis.

What is much more important than dealing with an issue of a few million dollars insofar as input cost to the farmer is the question of what is going to be done insofar as the withdrawal of monies that the farmers would otherwise have anticipated, because of a drop in the initial price of grain and other measures undertaken. Those are the issues that the Member for Arthur should be dealing with, and not attempting to deflect the real problems of the farmer by engaging in petty partisan comments in this Chamber.

MR. J. DOWNEY: Madam Speaker, a direct question to the First Minister, I ask the First Minister if \$20-some million in education tax removed off the farmers of this Manitoba would not be important to the economy of all the agriculture community and those farmers. Is that just a small amount of money in his mind?

HON. H. PAWLEY: Madam Speaker, I can't help but always be simply amazed at honourable members across the way. They want a reduction in deficit; they want a reduction in taxes; they want an increase in expenditures that would amount to scores of millions of dollars.

Madam Speaker, we will do what we can do in a responsible and fair manner. We are not magicians, nor will we attempt to be charlatans as to dealing with the real problems of the Province of Manitoba.

MADAM SPEAKER: I would hope that, when honourable members ask a question, they are interested in hearing the answer.

The Honourable Member for Arthur.

MR. J. DOWNEY: Thank you, Madam Speaker.

On a final supplementary, in view of the fact that the Premier is not prepared to support his Minister of Agriculture, Madam Speaker, will he replace the Minister of Agriculture so that the farm community don't have to suffer any longer?

MADAM SPEAKER: The Honourable Minister of Agriculture.

Order please.

HON. B. URUSKI: Madam Speaker, in last night's Budget, for those families who are eligible to receive funding under the CRISP Program will provide benefits. Madam Speaker, the increased benefits under the CRISP program will provide three times the benefits to those families who are eligible than the average amount of property tax education reduction that was

proposed by the Conservatives. Their own Estimates — (Interjection) — Madam Speaker, they wish to know what was in the Budget to deal with . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please. The question was brief; the answer should be brief. On the other hand, a member cannot dictate which Minister answers their question.

The Honourable Minister of Agriculture, briefly.

HON. B. URUSKI: Madam Speaker, the honourable member, in his question to the Premier, indicated and asked him whether or not a \$10 million to \$20 million matter was of concern. Madam Speaker, of equal concern and of greater concern is the removal of the investment tax credit on new equipment to farmers, which will cost farmers \$40 million a year two years down the road — and they're not concerned about it — imposed by their colleagues in Ottawa. They are not concerned, and they haven't said anything about it.

Highway construction - reduction of

MADAM SPEAKER: The Honourable Member for Pembina.

MR. D. ORCHARD: Thank you, Madam Speaker. My question is for the First Minister.

Given the alleged thrust in the Budget last night of job creation and given the alleged purpose of this government to maintain the infrastructure in the Province of Manitoba, and being that the infrastructure of Manitoba very importantly is the road system in the Province of Manitoba and particularly in rural Manitoba, which is supportive of agriculture, rural communities, tourism, farm families, can the First Minister indicate to us how many jobs will be lost in the heavy construction industry from the \$12 million reduction in the capital construction budget of the Highways Department?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, the calculations to date in respect to increase by way of capital investment and construction in the Province of Manitoba in respect to construction work places Manitoba amongst the highest by way of construction activity in the province. So when the honourable member asks his question, he ought to ask in respect to the totality of construction work in the Province of Manitoba and the fact that Manitoba ranks amongst the best, by way of increase, by way of construction activity in the Province of Manitoba, thus supporting the construction industry in general.

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

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

Given the obvious lack of understanding by the First Minister of his highway construction budget, which has

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been reduced this year by \$12 million, I repeat the question, Madam Speaker, to the First Minister. Can he indicate how many jobs will be lost in the heavy construction industry of Manitoba, which specifically . . .

MADAM SPEAKER: Order please. Does the honourable member have a supplementary which needs no preamble? Questions should not be repetitions of questions that are already answered.

MR. D. ORCHARD: Allow me to rephrase the question then. Given the First Minister's lack of understanding of the heavy construction industry and the loss of jobs that will be associated with a \$12 million reduction in highway construction in rural Manitoba, can the First Minister indicate whether this is indicative of the priorities of this government that they will take \$7 million in additional user fees, through fuel taxes, licences for vehicles and drivers in the Province of Manitoba, and still reduce the highway construction budget by \$12 million with the associated loss of jobs in the heavy construction industry?

HON. H. PAWLEY: Madam Speaker, let us not fool anybody in this Chamber, as the Honourable Member for Pembina would like to do. Difficult choices, difficult decisions, sometimes unpopular decisions must be made. This government is prepared to make unpopular decisions in respect to certain areas, because we can't be all things to all people, as honourable members across the way wish to do on a consistent basis. They have been doing this for the last four years, and that's why the people of Manitoba rejected them. You can't be all things to all people. This government is prepared to make some difficult decisions by way of choices.

Rural municipalities - funding to

MR. D. ORCHARD: Madam Speaker, a new question to the Premier, given that the Premier indicates his government's willingness to make tough decisions, are we to assume that his tough decisions, namely the reduction of \$12 million in capital construction in highways, \$4 million in capital construction in Natural Resources, represent the prioritization of the priorities of this government in eliminating funding to rural Manitoba where Conservative constituencies are representative in favour of other areas that they represent?

HON. H. PAWLEY: Madam Speaker . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. H. PAWLEY: I believe it was when the Minister of Highways in 1980 was, in fact, the Member for Pembina, 90-some percent of the monies being spent on highways was spent in Tory ridings, so it's rather strange lecturing from the Member for Pembina.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order. This is not a neighbourhood sandbox. Order please. I would ask honourable

members, if they have asked a question, I'm sure that they wish to hear the answer.

The Honourable First Minister to answer the question of the Member for Pembina.

HON. H. PAWLEY: Madam Speaker, when I discussed a few moments ago the importance of being prepared to make difficult decisions, I was thinking in terms of priorities and what is most important to this government that, despite the transfer cutbacks unilaterally by way of EPF — (Interjection) — yes, opposed by nine of 10 provinces in Canada, — that we ensure, by way of the reordering of our priorities, we maintain and sustain our health system in Manitoba, our education system, and other important and necessary services to people, Madam Speaker. It may be, from time to time, that people have to be placed ahead of asphalt.

MR. D. ORCHARD: Given the First Minister's answer that the priorities are not construction of roads and drainage in rural Manitoba, can the First Minister indicate to the House this morning that in fact 90 percent of the highway system is in fact in Progressive Conservative-represented constituencies?

MADAM SPEAKER: The honourable member is aware that he should not impute motives.

HON. H. PAWLEY: Madam Speaker, I would be delighted to answer the question.

MR. D. ORCHARD: Oh, you are now?

HON. H. PAWLEY: Yes, and always was.

MADAM SPEAKER: I would like you to reword the question, so that it is procedurally correct.

MR. D. ORCHARD: Madam Speaker, given that the First Minister indicates that, in establishing their priorities of spending and reductions in spending and reallocation of spending, rural Manitoba does not reach a level of priority, other than a significant reduction in construction of roads and drainage, could the First Minister indicate that, when 90 percent of the Budget, as he alleges, was spent in 1980 in Progressive Conservative constituencies, could the First Minister indicate to the House that in fact 90 percent of the highway system is contained within those same constituencies?

HON. H. PAWLEY: Madam Speaker, of course the Member for Pembina very neatly ignores the fact that there was a 21 percent increase, by way of funds to Agriculture last night in last night's Budget by this New Democratic Party administration, monies that will flow into rural constituencies represented by honourable members across the way. Insofar as mileage in the Province of Manitoba, I just couldn't possibly see how the Member for Pembina could be correct, when we have huge vast ridings like Churchill, Rupertsland, The Pas, Flin Flon, Swan River, the Interlake, Gimli and Lac du Bonnet Constituencies. Madam Speaker, the comments by the Member for Pembina are his usual balderdash.

Free trade - social programs

MADAM SPEAKER: The Honourable Member for Kildonan.

MR. M. DOLIN: Thank you, Madam Speaker. My question is to the Premier.

Given reports yesterday that Peter Murphy, the chief free trade negotiator for the United States is suggesting that the social programs, such as UIC, health care, etc., be put on the bargaining table; and also given that last week he is quoted to have said that the free trade arrangements, if I quote correctly, "do not have a ghost of a chance unless these items are put on the table," what are the positions of the provinces in regard to negotiating the items of social programs, such as, health care and UIC, as part of free trade?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, let me first thank the Honourable Minister for Kildonan for that timely question.

The First Ministers will be meeting, by way of discussions as to the process, next June 2nd in Ottawa in order to see if we can arrive at some consensus of provincial participation.

In regard to the particular question, Madam Speaker, it is very, very important initially that we have a clear understanding as to the ratification approach that will be used by way of concluding any agreement arrived at insofar as the free trade discussions because, let me assure, the Honourable Member for Kildonan that this New Democratic Party administration will not side with any deal that would cripple or compromise the social and health programs of this country by way of a trade off in the free trade negotiations. We will not.

Madam Speaker, I take statements of honourable intent, by the Right Honourable Joe Clark, that he too would not permit same to occur; but let me assure the honourable member that we will not permit that to occur from the point of view of Manitoba.

MADAM SPEAKER: The time for Oral Questions has expired.

INTRODUCTION OF GUESTS

MADAM SPEAKER: Before moving to Orders of the Day, I would like to draw the attention of honourable members to the gallery where we have 40 students from the Teulon Collegiate in Grade 9 under the direction of Mr. Al Reinsch. This school is located in the constituency of the Honourable Minister of Municipal Affairs.

We have 24 students of Grade 6 from the Wellington School. These students are under the direction of Mr. R. Scrapneck. The school is located in the constituency of the Honourable Member for Ellice.

I would like to apologize to our visitors from Laporte School. The reason I couldn't see which constituency these visitors were from is because they are from Laporte, Minnesota, U.S.A.

On behalf of all the members, I'd like to welcome you all here this morning.

ORDERS OF THE DAY

BUDGET DEBATE

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

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, thank you. It seems like I'm back here speaking rather soon since the Throne Speech Debate; and it seems even sooner since last evening's Budget.

Madam Speaker, having witnessed your exhortation just a few moments ago, I'll try and maintain decorum in the House and ensure that nothing I say provokes any debate or outbursts on the other side of the House.

I begin, Madam Speaker, by saying that I'm sorry that I don't have a typewritten address, as the Minister of Finance did, to give to members of the media. Perhaps they might like to take copies when I'm through, we'll make them available.

I regret that I don't have a new pair of boots for my response to the Minister of Finance' address last evening. Mind you, the Finance Minister I think put the boots to the corporations and to the young people who are going to be looking for jobs in this province so perhaps it's just as well that I don't have a new pair of boots.

I'm pleased to be able to address the Budget and I'll attempt, Madam Speaker, to do an overview, presenting relevant themes and concerns that are raised, in my view, by the Budget about the short- and the long-term effects that it will have on our province and our people in future.

In the Throne Speech I referred to the themes of secrecy, credibility, trust and priorities, and those are themes that I think apply really to the government as a whole. This is the financial framework of that government and has to be taken against, I suppose, the themes I presented about the government's overall position and it's overall approach to governing.

I spoke in detail, at that time, about the government's plans and priorities and this puts a little more flesh, this Budget puts a little more flesh on the government's priorities.

I won't attempt to go in detail over the individual priorities that have been selected in the Estimates that were released last evening, along with the Budget. These Estimates, of course, detail the real priorities of the government, not the stated priorities in the Throne Speech, not the stated priorities in the Budget, but the real priorities; and my colleagues will have plenty of time and opportunity during the course of this Budget Debate to make the comparisons as they go through, department by department, to just see where the real priorities of this administration lie.

At first glance, Madam Speaker, I'm sure that most Manitobans will regard this Budget as being probably a safe Budget, one that they will, on the surface, say isn't necessarily going to have any particular adverse effect on them. In fact, they'll probably applaud, as I would, the expenditure increases in health, in education, and in social support programs.

Indeed, Madam Speaker, without question, virtually all of the expenditure increases will make some people live better and will address some of the concerns that I have expressed during Throne Speech Debate; that my colleagues and I talked about during the election campaign. Because we, of course, committed in our programs for people, a document that was read from and referred to extensively by the Premier just the day before last in his speech in the House. That document said that we were committed to increase expenditures in those areas, those vital priority areas of health care and education, the social envelope, by 6.5 percent.

This Budget presents increases in that range and it probably, in that respect, fits in with the kind of things we said had to be addressed, to some degree. We have to obviously go beyond that and look within the Estimates and see, within that overall global increase, whether the funds are being used wisely, efficiently, effectively and all of those.

As I say, those will be matters for very extensive review that we'll go through in the Estimates process; but, in that respect, certainly I would be the first, and I said so last evening, to applaud the increases in expenditure in the overall area of health care, education, social support programs, as a priority.

Part of the equation, in looking at the Budget, Madam Speaker, is that it does, as well, contain an increase in taxes of some \$70 million and, significantly, another deficit of almost half-a-billion dollars.

Now when the deficit was announced last evening, I couldn't help but think as members opposite applauded the announcement of a deficit of \$489 million, almost half-a-billion dollars, and I couldn't help but notice the relief on their faces. At that time, it struck me very forcefully how quickly we've become accustomed in this province under this NDP administration to half-a-billion dollar annual deficits and how the yardstick that is used in judging whether or not the Budget is going to be acceptable or not, certainly by these members opposite, is whether or not you can stay below that half-a-billion dollars because it seems to me that the former Finance Minister set that yardstick, probably the very first Budget that he put in, and each Budget was calculated very skillfully to bring him in just under half-a-billion dollars.

But the aspect of the Budget that has to be of most concern, in my view, is the ever increasing and rapidly multiplying proportion of the Budget that is devoted to debt servicing. Now in this year alone, in this Budget that was released yesterday, Madam Speaker, the interest cost, the direct interest cost, will increase \$59.3 million or 8.3 percent. But that is only a part of the story, Madam Speaker, because very skillfully as we have talked about and debated time and time again in this House, as the Provincial Auditor pointed to in his annual report this past year, very skillfully, this figure leaves out a significant part of the story. Because it leaves out a further increase of over \$23 million in expenditures in debt servicing expenditures by Manitoba Properties Inc. Now that's a total of \$83 million increase in debt servicing cost that is contained in this Budget alone, Madam Speaker.

Overall debt servicing for the province is now at about \$380 million annually. That includes both the expenditures of Manitoba Properties Inc., which are property debt servicing charges, and the direct interest

cost - \$380 million out of a \$3.86 billion Budget is just about 10 percent. It is about 9.7 percent of the expenditures going to debt servicing, Madam Speaker.

This year alone that increase of \$83 million represents one-third of the total increase in expenditures because expenditures increased in this Budget \$251 million and \$83 million of that went to increased debt servicing charges.

We've pointed out in the past, the ever-increasing debt of the province under this NDP administration and their priorities and their chosen course on fiscal management. We've talked extensively and there is no need for me to hammer away at the fact that the first four Budgets brought in by the former Minister of Finance increased the deficit of this province by \$1.9 billion.

We've made speeches about the effects, the long-term effects of deficits on the ability of government to provide services in future, but this Budget more graphically than any arguments, than any philosophical discussions that I could bring to bear, I believe, proves the case and illustrates how that concern is manifested in terms of constraint of your priorities and your ability to spend money on services to people. When one-third of all the increase in expenditures is an increase in debt-service costs, we know that more than 1 percent of this year's sales tax that is going to be collected is going to pay that increase alone. So out of the 6 percent that we levy, every time you go and buy something in this province, more than 1 percent of that 6 percent — one out of six — is going to pay the increase in debt service charges this year alone in the Budget.

But this isn't the end of that train of thought, because again, we are presented with \$489 million deficit. That's the one that members opposite applauded and greeted with some signs of relief, and it will accelerate the growth of interest payments next year and beyond. This is being done at a time, Madam Speaker, when the Finance Minister says that the economy is healthy, that we have come out of the recession, that our province is growing and that everything looks rosy in an economic sense.

Yet despite Limestone, and you can see from the Estimates that we are spending a considerable amount of money on Limestone, you can see from the Budget this year how much capital is being devoted to Limestone. Despite all of the public money that we are spending in various areas of the Budget on capital works, despite major federal initiatives and expenditures in Manitoba today on Churchill, on North of Portage, on the core area, despite the fact that there is \$65.6 million in capital expenditures in these Budget estimates to be spent by Manitoba Telephone System in this province on capital works, we are still having to stimulate the growth in our economy by an overall provincial government expenditure increase of 6.9 percent, when inflation is at 4 percent, when the economy is projected to grow at 3.5 percent.

If this economy is so healthy, Madam Speaker, and if it has indeed recovered, when will we be able to keep government spending increases below the rate of inflation or at the rate of inflation or in conjunction with the growth of our economy?

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

When is that going to happen, Mr. Deputy Speaker? Or are we resigned, as the Minister of Finance seemed

to indicate yesterday, that deficits were a necessary evil. I believe that was the quote he made. Are we resigned to ever-increasing deficits and interest costs and where is it going to lead, Mr. Deputy Speaker? Will next year 40 percent of the increased expenditures in the Budget go to paying the increased interest costs and debt service costs? Will it be two-thirds of the increase in expenditures in the Budget by 1990?

What is this Finance Minister's projection and what is his plan for the province's deficit control in future or does he have any? I think that his department must have a projection for the out-year that is at least the year beyond this. Surely the government doesn't just budget one year at a time. I don't believe that any corporations budget one year at a time. I believe that they are always attempting to project a year or two or three beyond and I know that other governments do that, and other governments let that be known as to what their projections are for the increase in debt, for the increase in debt service charges for the proportion of their economy that is going to various areas.

I don't believe that any corporation or any government that really attempts to say that it is a good manager, that it knows what it is doing with its resources, would argue that they don't have a projection for a year beyond this one.

Anybody, surely, who talks about having vision, and we heard the Premier, we heard the Finance Minister and we heard so many others talk about having vision — if they have any vision, they must have a vision that includes a financial plan that includes a blueprint of where we're going and how we are going to get there. So I say, Mr. Deputy Speaker, if this Minister of Finance does indeed have a financial plan for a year ahead, will he put it out now for future review and public discussion so that all of us will know what the consequences are of continuing deficits in the range of half-a-billion dollars of continuing increases in the debt service costs that today have resulted in one-third of all of our increased expenditures in this Budget going to increased debt service charges, because it doesn't matter what I think about this Budget, Mr. Deputy Speaker, and its effect on the future.

I've predicted before the consequences of continuing high deficits. It doesn't matter what the Finance Minister thinks about this Budget and its short or long-term effects. What matters, surprisingly, is what the financiers and the bondholders think, because they ultimately have to buy the bonds and invest in our province's future. They have to believe that we know what we're doing, and that we have a plan that will show how we will pay both the interest and, ultimately, the debt. They will want to look beyond the 40 pages of fine-sounding words and phrases that the Minister tabled last evening. They'll want to look beyond that 40-page document, and see whether or not this Minister and this government really have a handle on the finances of this province.

This Budget says that our economy is growing. Yet, it still raised taxes, and it hardly reduced the deficit at all from the last Budget. These people who want to know what's happening to the finances of our province will make comparisons.

HON. B. URUSKI: Irresponsible, irresponsible.

MR. G. FILMON: Mr. Deputy Speaker, the Minister of Agriculture is suggesting that I am irresponsible for putting forward legitimate concerns, concerns that are being expressed by many people. They may not be expressed by people on that side of the House. They may have no concerns whatsoever. They may believe that we can spend indefinitely on a deficit basis, and that we can leave it all to our children and grandchildren and say, to heck with it and not worry about it. They may take the approach — what, me worry? — as so often people on that side say, and just absolve themselves of any responsibility to plan for the future, but I will not take that view in this House or anywhere in this province.

Mr. Deputy Speaker, as I say, the Budget says that our economy is growing, and yet it continues to increase taxes and it really hasn't addressed the deficit at all over the last Budget.

These people who have to invest in Manitoba bonds, who have to help finance the deficit will decide whether or not indeed what the Minister of Finance says in his Budget or what is contained in the figures in the Budget is really the truth. They'll have to decide whether or not they agree and have confidence in the Minister's plan for the future, and they'll look at other provinces for comparison.

They'll look at Ontario, where indeed all of the signs show — whether they be the Conference Board, whether they be Statistics Canada — that the economy is strengthening and growing. They'll look there, and they'll say, Here in an economy that is growing and strengthening, the government didn't raise taxes. It did significantly increase expenditures on health and education, and it did reduce the deficit. They were able to do all of those things, Mr. Deputy Speaker, because indeed the economy was growing.

They'll look at the evidence of our so-called burgeoning economy, and they'll notice that the Budget says that we have 27,000 more people employed in Manitoba since New Democrats took government in the fall of 1981. But they'll also note that we have 19,000 more unemployed here.

They'll say that the Budget says that our housing starts are up, and they'll probably conclude, as many people have, that's due to the fact that we've had a very substantial reduction in interest rates since this administration took office, and that substantial reduction in interest rates resulted in young people who had not been able to afford to invest in houses and had created a pent-up demand for a number of years in which housing hit the skids — in fact in 1982, under this administration, we had the lowest housing starts in the recent memory of our province in more than a decade in that year, and there was such pent-up housing demand that undoubtedly there were houses that had to be built for people who wanted to buy them when the interest rates eventually got to that point. So they aren't going to automatically conclude that, because housing starts are up, this administration has had anything to do with it. They're going to look beyond it to the truth.

Then they'll see that the Budget says that Boeing is adding 150 jobs in Manitoba, and that's a big stimulus to our economy, and that's going to result in another evidence of success on behalf of this NDP administration. Mr. Deputy Speaker, they can read press

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releases too. They'll know that Boeing came to be able to increase its employment in Manitoba by 150, because of federal initiative in selling the DeHavilland Corporation that resulted in more work for Boeing.

That sale, I might say, Mr. Deputy Speaker, was criticized by the New Democrats as being a bad deal and the wrong thing to be done. Mr. Deputy Speaker, Ed Broadbent in Ottawa stomped away, pounded the table, and harassed the government for divesting themselves of DeHavilland. Mr. Deputy Speaker, it results in a line in the Throne Speech here, at least in the Budget Speech here in Manitoba, that says that we are now having 150 more jobs. As a result of that decision that was criticized by New Democrats, we have 150 more jobs in Manitoba by virtue of Boeing being able to expand.

Mr. Deputy Speaker, they'll continue to look, as I say, beyond all of the rhetoric in the Budget Speech given last evening by the Minister of Finance, and they'll find out that we have twice as many people on unemployment insurance in Manitoba today than when this administration took office. They'll find out that there are three times as many on welfare in the City of Winnipeg than when these people took office. They'll know that, although the Budget Speech talks about the fact that our sons and our daughters are coming home — that's what it says, "our sons and our daughters are coming home" — and they'll find out that many are coming home to unemployment and to welfare, because it's cheaper to live here than it is unemployed in B.C. and Alberta.

So that, whatever economic growth is being projected by the Royal Bank, by the Bank of Montreal — and it's interesting, Mr. Deputy Speaker, that now these people who have always said that they don't like the banks, that they don't like those big chartered banks, those big old "meanies," they have become their greatest source of credibility in terms of economic statistics for their future.

Mr. Deputy Speaker, they'll know that, despite all of that information that says the economy is looking healthy, it is built on the very fragile foundation of debt. These financiers and these bondholders and, ultimately, the people of Manitoba will look around and ask, who will pay these increasing debt service costs.

Mr. Deputy Speaker, the Government House Leader is smiling, because he doesn't think that there's a problem here. He doesn't think that a debt service cost increase that takes up one-third of all the increased expenditures in this Budget should be of concern to any of the people of this province. But, Mr. Deputy Speaker, I think that it should be of tremendous concern to the people of this province, because it is a harbinger of things to come. As we are asking, who will pay for these increased debt service charges, eventually so will the people of Manitoba.

Last year I said, in addressing the Budget at that time, that the Minister of Finance was made to heel and kneel to the very people that he and his party have ridiculed, to the bankers and to the financiers in Zurich and in Tokyo and in London and in New York. Now the bankers are the best friends that this NDP administration has. Every projection, every speech that they make contains the references from the Royal Bank and the Bank of Montreal.

But I tell you the Bank of Montreal and the Royal Bank aren't asking where the money is coming from

to stimulate this growth in our economy. They merely acknowledge, as the Royal Bank did, that it's all dependent on Limestone and government-financed projects. Because they know that if you're willing to spend \$2 billion over five years on a power dam and if all levels of government are spending another half-a-billion dollars a year on capital works in this province, surely you're going to get some jobs and some employment and you're going to make your short-term figures look good, and maybe even your immediate term figures look good over the next five years because you know that all of that public money is being spent in stimulating the economy.

But where is the light at the end of the tunnel? Where is the end, or is there any end to this tunnel that we're in in continuing massive deficits that we are seeing in this Budget? Because eventually, if not today, ordinary Manitobans, those people that the Minister of Finance referred to in the Budget are going to want to know.

I believe that they will be outraged to find out that one out of every three additional tax dollars that are being taken from them this year is merely being taken to spend on the increased interest of debt servicing charges in this particular Budget. That is what is a result of this government's action, and the incredible part of this government's action over the past four years, Mr. Deputy Speaker, is that it doesn't seem to have led to any particular conclusion other than that people don't seem to have complained, people re-elected us on March 18 and that was referred to several hundred times, therefore, that continued half-a-billion dollar annual deficit can't be a problem to them and nobody is going to notice the increase in debt service charges and nobody is going to ask, what about the future? That's the theory that underlies this insidious Budget that has been presented to us by the Minister of Finance.

They can't say that the people of this province aren't paying increased taxes. The Budget says, they haven't increased taxes on a personal income tax basis to the ordinary Manitobans. They haven't increased the sales tax so the ordinary Manitoban presumably isn't being affected. That's the whole theory that was being presented last evening by the Minister of Finance.

But I want to point out to you, Mr. Deputy Speaker, that in the Estimates that were tabled last evening, it shows absolutely clearly that personal income tax revenues have increased \$67.8 million this year according to this Budget. Sales tax has increased \$48 million, more money being taken out of the pockets of ordinary Manitobans and one out of every three dollars of that increased money being taken out of their pockets is going simply to pay for the increased interest on the debt. That's just the increased interest on the debt because of this year's Budget.

But even the increased taxes on corporations, which this Minister of Finance argues are taxes on corporations that don't affect people, somehow they believe that you can tax the corporations and it will never affect any ordinary Manitobans. Mr. Deputy Speaker, I can tell you that every farmer in this province is going to be affected by the increase in corporation capital tax. — (Interjection) — So many of the suppliers, whether they be fertilizer manufacturers, whether they be equipment dealers or any of those people who are producing the goods that the farmer has to buy will

pass along that increase in corporation capital tax to the farmer. Absolutely. There is no question about it. By adding \$15.5 million in increased corporation capital tax, every nickel will be borne by the average Manitoban because every one of these suppliers, businesses, who has to pay that increased corporation capital tax will pass it along and the farmers and the ordinary Manitobans will pay for that increased tax to the corporations.

Taxes always fall upon people, Mr. Deputy Speaker, even if they are placed on corporations, and what are the effects of your tax increases? What are the effects of the tax increases in this Budget? Because in the long term, despite the fact that this government believes it can go on indefinitely with deficits of half-a-billion dollars a year, the day of reckoning — and they believe that the day of reckoning will never come — I don't believe that and I don't think that the average Manitoban will, and they realize who ultimately has to pay the bills.

So the only long-term answer is growth in the economy, growth in the economy to overcome these revenue shortfall problems and the only way the government is going to pay off these debts that it is accumulating and pay for the increased debt service charges and all of the ongoing responsibilities for the continued demands for health care, for education, for social support programs, for agriculture, for all of those areas of our economy, the only way the government in future is going to pay for those is not going to be from increased taxes because you can start to look at each and every one of the taxes on a provincial comparative basis and you find that we're edging up to the top of almost every category.

In fact, the Minister of Finance had to keep making different references for the comparisons. When he increased the large corporation tax, he had to compare that to Saskatchewan because it is the only one that has tax at that level, so we're at the highest, tied with them. When he increased the corporation capital tax, he had to compare it to the province that had the highest because we're catching up to be the highest. So the room for increased taxes, Mr. Deputy Speaker, isn't there.

The only answer is that we have to attract and create long-term economic growth, and we have to ask ourselves: is this a likely consequence of this Budget? Is there anything in this Budget that is going to produce new investment and new economic growth? Will it produce particularly, Mr. Deputy Speaker, because all of us should be vitally concerned about it, will it produce the jobs that we must have for our youth?

The Budget says that they are coming back to Manitoba — our sons and daughters. Well I happen to have a particular vested interest because I've got a daughter who is leaving the province for her first job and that's perhaps a sad commentary on how you can make rhetoric tell a story, but it isn't necessarily the whole story. Mr. Deputy Speaker, will it produce the jobs for our young people, because youth unemployment continues to be over 15 percent. In fact, despite the Budget's attempt to show progress, youth unemployment has had no improvement whatsoever in the last two years in Manitoba. From January, 1984 to January, 1986, there was no increase in youth employment in this province.

What can we look to? Will the large corporations expand and invest and grow as a result of this Budget?

I have to say it's not likely, with a 2 percent increase in large corporation income tax, from 15 to 17 and a 50 percent increase in corporation capital taxes. The fact is, Mr. Deputy Speaker, I'd be concerned that there may be more removals from Manitoba of head offices of major corporations. We've had that over the past four years. We've had the removal of the head office of Tan Jay, of Monarch Life, of Citadel Life. Those two were probably more a reflection of the fact that the government was looking at getting into the life insurance field at that time and there was a great nervousness in that field. We had the removal of the Canadian corporate headquarters of Safeway from Manitoba very quietly during that period of time. We had Inter-City Gas Corporation remove its corporate headquarters out of Manitoba.

(Madam Speaker in the Chair.)

Madam Speaker, that is a concern because that's where investment decisions are made, that's where decisions that can affect job creation and expansion are made. This is a burgeoning corporate giant, Inter-City Gas and I know that my colleague, the Member for River Heights, knows well about that. They are people who we should not discourage, as we should not discourage anybody who wants to take risks and invest because there, and only there, is the hope for the economic future of our young people, the opportunities for jobs, the people who will be employed in meaningful work, in all sorts of challenging opportunities, will be employed by those burgeoning, expanding companies. Will they be encouraged, or will they find incentive in the measures in this Budget? I think not, Madam Speaker.

Investment decisions may well be affected by this, and all of us have to be concerned about that. In case the Premier — and I know the way that he wants to twist words and make arguments — in case he wants to say that I'm holding out a brief or a candle for the large corporations, I want to tell him right here and now, Madam Speaker, that this argument is not, in any way, supportive of or in favour of more profits for large corporations, absolutely not.

He won't do to me as he did when I talked about the potash market and us getting into the potash business. I had a news conference scrum with the media, and not once did I mention Saskatchewan. I mentioned only, with respect to the investment in there, that we were getting into a market in which the major opportunities were not there. The world demand for potash wasn't strong. And he said that I was out supporting Saskatchewan. I was merely pointing out to him that, in fact, the world demand for potash was down, and that Manitoba was getting into it at a time when nobody could survive. Even those who had major mines were losing money. Maybe, if he wants to say that is Saskatchewan, that's true. Madam Speaker, my point was that we were investing in a proposition that at this time couldn't make money, because of the fact that the world market didn't have any demand for the potash and he was investing in it.

You know what his theme was? His theme was that I was supporting Saskatchewan and I was anti-Manitoba. Well that was a specious argument, and I tell you, Madam Speaker, that I won't let him do that on this corporation issue.

I am not arguing in favour of the corporations. I am arguing in favour, Madam Speaker, of the people of

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this province who are looking for job opportunities, of the youth, the one in six of our youth who is unemployed today and deserves to have an opportunity for employment. That's who I'm arguing in favour of, and that's why I'm questioning what the effect of the increased taxes will be on large corporations who might want to expand and create economic opportunities in our province for all of our people. Because, Madam Speaker, if investment opportunities are lost to our province, job opportunities are lost for our young people. They go hand in hand, and it's bad for Manitoba. We'll never have the growth to pay for our health care needs, for our social programs, for our education, if we have corporations make decisions not to expand and grow in Manitoba. It's as simple as that. That's what concerns me, and that's what all of us ought to be concerned about as we review the downstream effects of this Budget.

So what about the other source of job creation and investment, small business? This administration has acknowledged from time to time that small business has a role to play in the development of jobs in our economy. They've said that they want to invest \$10 million in a loan fund to help small business.

Madam Speaker, I want to ask you: what help will this really be? Are you being pressured as a member of government, or has anybody been pressured over the last while to say that there isn't enough loan capital available in Manitoba? Are small businesses phoning up and telling you that the big problem is they can't get loans in Manitoba to be able to invest here and grow here?

I haven't heard that as an issue, Madam Speaker. In fact, I have read the presentation of the Canadian Federation of Independent Business, that presentation that was made to the government when no Minister wanted to see them in early February of this year, when no Minister would meet with them to talk to them about this small business report, their annual report on the Province of Manitoba. I tell you, I know why the government is in the difficulty it is, because they set out to try and help small business, and they don't do anything that small business asks them to do for them. That's the problem, Madam Speaker.

These are the people who we are relying upon for the future economic growth, for the job creation opportunities in the future. Instead of listening to them and trying to facilitate their needs, they give them a loan fund which is not anything within this booklet, within this presentation that they've had, that doesn't address the problems they face.

So what do they want, Madam Speaker? What do the small businessmen of this province really want? I say to you that these are the people who even this government has acknowledged create from 70 percent to 80 percent of the new job opportunities in our province. What did they say in their annual report were the big problems with respect to business development, growth and job creation opportunities in Manitoba?

Let's take a look at it, and let's begin with the one line, I think, that says it all when they come to analyze their relations with the Province of Manitoba and the opportunities that they look for in the Province of Manitoba. And let's be honest, Madam Speaker. These people are the largest group representing small business in this entire province of ours. They represent

thousands of small businesspeople and entrepreneurs, and they are the voice of small business in our province, the Canadian Federation of Independent Business.

They started out, in the report that they gave to this government that didn't have a Minister with the courage to sit with them in February, and I quote: "Seldom if ever, in the 14-year history of the Canadian Federation of Independent Business, has one province stood out so dramatically by generating so many serious concerns." They go on to talk about the "pernicious payroll tax," and those are the words they use. They go on to say that, despite the rosy figures and the rhetoric being put forward by this government, they aren't telling the whole story about just where the economy is heading and what is happening in the private sector.

They say, and I quote again, "Manitoba was one of the few provinces in Canada last year where the number of business failures rose over 1984. In fact, Manitoba showed the highest increase in business failure compared to any province in the country." I didn't see that in the Budget, Madam Speaker. Maybe I missed it when the Minister of Finance said it, but I didn't see that in the Budget.

They said further: "Unlike most other jurisdictions in Canada, Manitoba has also shown some dramatic increases in man-days lost through strikes and lockouts in 1985; for example, jumping up to 2,850 person-days lost in the first four months of 1985, compared to 530 lost in the comparable period of 1984." I didn't see that in the Budget, Madam Speaker.

I also didn't see in the Budget, Madam Speaker, that the proportion of private investment that is represented in the overall increased Capital spending in this province that they glowingly referred to, the proportion of private investment of that Capital investment has declined from 38 percent in 1981 to only 29 percent in 1985. So instead of the investment coming from the private sector, from the small businesses and the corporations, it's coming from the government. That is the underlying theme in everything that is contained within this administration's policy and even in fact, Madam Speaker, in the glowing reports of the Bank of Montreal and the Royal Bank.

So they say, Madam Speaker, that this alternative view, these concerns that are not expressed anywhere in government documents and government information, this alternative perspective becomes even more pronounced when comparing the qualitative perceptions of Manitoba small business owners with the views held by other business communities in other provincial jurisdictions.

I'm quoting: "The Manitoba results provided a staggering contrast to the results received anywhere else in Canada. Out of a list of nine different factors, the Manitoba small business community expressed the highest proportional concerns compared to every other province on a total of five of these issues." On five of nine issues, Manitoba concerns rated the highest in the country in their CFIB Annual Report.

Here are the areas that they told this administration they were concerned about, and see if any one of these has been addressed in this Budget, Madam Speaker. No. 1. Provincial Government regulations, paperwork and red tape. They referred to the fact that small business is drowning in a sea of red tape and regulation

under this NDP administration. Is that addressed anywhere in the Budget or the Throne Speech, Madam Speaker? No, highest level of concern expressed in any province in the country on that issue not addressed whatsoever by this administration.

No. 2, labour laws and regulations: is that addressed anywhere in this Budget or in the Throne Speech that preceded it? No, but that was a major concern, in fact, of utmost concern to the Canadian Federation of Independent Business.

Madam Speaker, the Member for Inkster is sitting in the back row, chirping away with his anti-business views, as he always does, against small business. You know, he is demonstrating to us why the members of his party named him the head of the nerd wing in their party at the annual meeting.

Madam Speaker, the third point that the Canadian Federation of Independent Business annual review said about this particular government, the major concern, higher in level than any other province in the country, was the total tax burden; 60.4 percent of the people who responded to that CFIB survey in Manitoba, the highest proportion of any province in the country said the total tax burden. Is that addressed in a positive sense in this Budget to try to help those small business people? Absolutely not, Madam Speaker.

The fourth point was the lack of cost control of government. Is that addressed in any positive way in this Budget by this new Minister of Finance? Of course it is, but then in fact that's why the regional representative, Madam Speaker, of the CFIB last evening panned this Budget because in fact he said, they haven't learned anything from any of their discussions with any of the people who have been attempting to ask them for their help and consideration, that their cost control circumstances are not yet addressed.

Madam Speaker, the fifth point that they said they were concerned about was Provincial Government involvement in commercial activity. Again, that was the highest proportional response of any province in the country. What are they talking about there? They're talking, of course, about Manfor; they're talking, of course, about Flyer; they're talking, of course, about many different things.

Thankfully, Madam Speaker, this government is being pressed to the wall, because those investments under this administration have gone so sour, have turned so rotten that this government can't stand it any further. After blowing \$100 million in four years on Flyer, they finally had to, with tail between their legs, divest themselves of that investment.

Madam Speaker, we're going to be asking the questions about Manfor because, despite the fact that the former Minister responsible for it, the Minister of Education, avoided having to have Flyer's financial statements become public prior to an election campaign because he extended their year-end by another three months to give them a 15-month year-end this year so that they wouldn't have to come forward with a financial statement; despite that, we're going to find out what Manfor bodes for the future of Manitoba. We will know whether indeed this administration will continue to invest in commercial activities to try and compete with small businesses, as they were suggesting they were going to do with respect to the gasoline price

situation, going to go into competition with all of the little service stations in this province and put them out of the business because they felt that would satisfy the Premier's promise of the election campaign.

Madam Speaker, is it any wonder those are the concerns that are laid before us by the Canadian Federation of Independent Business? I ask you, Madam Speaker, where were any of those five outstanding concerns addressed in the Budget or the Throne Speech? Not at all and that, Madam Speaker, is why the solution that they propose of more lending money, of more loans to small business is not the solution that is going to create the jobs that we have to have in our economy.

Madam Speaker, where will the economic growth come from to provide the jobs that we are looking for for our youth, for our sons and our daughters that the Budget says are coming back to Manitoba? It isn't here. It isn't in this Budget, and that is the biggest tragedy of this Budget overall, Madam Speaker. It provides no indication of a plan to get us to that point that we want to be, where the Premier said that we will achieve jobs and more jobs in our economy; where we will be able to do something about that 15 percent youth unemployment rate that we have here in Manitoba; where we will be able to tell our youth with confidence that they indeed can be employed right here in Manitoba. Where will we know that, in fact, there isn't a brick wall at the end of this whole process, a brick wall that we'll be crashing headlong into when we run out of money for our health and our education and our social service and our agriculture programs?

Madam Speaker, you know, my colleagues and I have been accused of being too preoccupied with the deficit. Members on that side have said over and over and over again that you Tories, you Conservatives, all you think about and concern yourselves with are deficits, and it's time that you people started to think about something else.

I really got an insight into that when I was at the First Ministers' meeting in Halifax, and the Budget reminded me of it because the Budget quoted from the Prime Minister's statement in Halifax about Manitoba's economy. Of course, at that particular time, the Prime Minister was telling the Premier that he should be thankful for the Federal Government initiatives that had resulted in jobs right across this country, half-a-million more people being employed and many of them here in Manitoba, because most of the improvement had taken place not since 1981, the fall of '81 when this Premier was elected, but since the election of a Conservative Government in Ottawa. That was the point that the Prime Minister was getting at that went totally over the head of this Premier, I might say, Madam Speaker.

But, in any case, Madam Speaker, here is what happened when I was sitting in Halifax and having an opportunity to chat with some of the people who were there as part of the Manitoba delegation. Some of the people were interesting. I spoke, Madam Speaker, just sitting there quietly, with one of the chief advisors to this administration, one of the people who they rely upon for their advice on economics, on tax matters and all of those different things.

This person said to me, wasn't it regrettable that Michael Wilson had to sit there being berated by every

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province in the country about the size of our deficit and about his preoccupation with reduction of the federal deficit, and that he was having to take all the slings and arrows for having to apply good fiscal management and try to get the federal deficit under control and try and stop the Federal Government from rushing headlong into that brick wall, whereby none of its increased revenues could go to services but all would have to go to service the debt. He said, isn't it incredible that Wilson knows what has to be done in a financial sense and in a logical and reasonable sense, that this has to be addressed, and yet all of his colleagues know that deficit reduction isn't even an issue on any public opinion polling that is being done. It isn't even an issue with 1 percent of the electorate in this country, and Wilson has to sit there and take the abuse for doing what's right and knowing that politically there are no points to be gained by doing it.

Well, Madam Speaker, this is the kind of thing that is behind the thinking in this Budget, that these people are being advised by people who know that all you have to do is read public opinion polls. He was telling me that the deficit could never be an important issue, reduction of the deficit, control of the deficit, because the people didn't care about it. It might be something logically that should be done, it might be something that you could argue in a financial and fiscal and economic and responsible sense, but it wouldn't get you elected or re-elected, and that is the tragedy of it all and that's the kind of advice that lies behind this Budget, Madam Speaker. I think that is a very sad circumstance.

All we have to do is look at the growth in expenditures that took place to get us to where we are. How is it that this year, in this Budget, one-third of the increase of all our expenditures is taken up by an increase in debt service charges? Well, it goes back four years, despite the glowing tributes that were paid by the new Minister of Finance, to his predecessor — it lies right in his grasp, in his responsibility. Because his first four Budgets essentially set the tone and the pattern and brought us to where we are.

Do you realize, Madam Speaker, that in the past four years Manitoba's expenditures increased by 48.9 percent? That is what the expenditure increase was under that Finance Minister in four short years. May I remind you, Madam Speaker, that two of those years — the first two — were six and five years under the Federal Government's restraint program that they were advocating, and provincial governments across the country, were agreeing to join in with that and reduce their expenditure growth. These people were coming in with almost 17 percent and almost 14 percent in those first two years, aided and abetted, I might say, by the new Minister of Urban Affairs, who, in his role, negotiated a 27 percent increase in 30 months and a no-cut contract for his employees to put them in a situation that totally hamstrung and bound the hands of every individual in this province. Because there is no way that you can control your expenditures if you give that kind of contract out and he, together with the former Minister of Finance, negotiated that sort of agreement. Of course, his reward is that he's now the Minister of Urban Affairs.

Madam Speaker, we have asked before how much longer can these high deficits go unchecked, and we

have one more Budget that says that they obviously believe — the New Democrats believe — they can go on one more year, unchecked, and without a plan. It's not so much, Madam Speaker, that this year's deficit is virtually unchecked versus last year's budgetary deficit that was announced in the former Minister's Budget, it's the fact that he gives no indication that deficit is any priority or any concern, and he says that deficits are a necessary evil. That's the statement the Minister of Finance made and he doesn't give any indication to the people of Manitoba that he is attempting in any way to change the priorities or to change the direction or to allow this administration to be able to tell us there is indeed light at the end of that tunnel. That is the worst part of it, not just the fact that this deficit comes in at \$489 million this year, Madam Speaker.

As I said earlier, the overall proportion of the Budget that goes to debt service is 9.7 percent, as opposed to less than 4 percent in 1981 when the Conservatives were in government. So it's 2.5 times — as a proportion of the Budget — that has grown under this administration and that's just in four years.

Madam Speaker, when does this continuing deficit financing in the level of \$0.5 billion become unacceptable? Do we wait until every dollar that is being collected, every new dollar in taxes that's being collected will go simply to pay increased interest and debt service charges? Is that when we know that it's gone too far?

Madam Speaker, because again we have to remind ourselves that those dollars are not going to help the people of Manitoba, not to service their needs in health care and education, that in fact those additional \$83 million in debt service charges this year are going to the financiers and the bankers who the NDP say they hate. But every increased tax dollar that is paid to them, to those people that the NDP have no use for — those financiers, those bankers — every increased dollar that is being paid to them is \$1 less that goes to health and education and agriculture and all of the things they say are priorities.

We may not yet have hit the brick wall that we've talked about in the past. We may not have run headlong into that point in time where we've gone too far in our expenditures, but I know that the Finance Minister believes we haven't gotten there yet. He obviously hasn't taken any care or consideration about that. He thinks that we can keep going, that \$1 out of \$3 increases in expenditures going to debt service is acceptable to him today, because he and his advisers have obviously come to the conclusion that Manitobans have been lulled into that sense of accepting \$0.5 billion deficits. They haven't complained before. They re-elected them on March 18, so they don't have to look beyond to the future because they believe that the ordinary Manitoban doesn't look beyond to the future.

Madam Speaker, they know — ordinary Manitobans know that the bills have to be paid at some point, the interest for sure and eventually the debt, but they're governing again by what the polls tell them. Deficits are not an issue and they won't motivate the ordinary Manitoban to vote for or against a government. Well, Madam Speaker, I believe that ultimately there comes a point at which the ordinary Manitoban becomes aware in one way or another.

It's interesting, my standing here, criticizing the Budget of the Minister of Finance, because he and I grew up in much the same environment. His father was my first boss. He ran the bowling alley where I set pins in the bowling alley, as a youngster, age 13, 14, 15, so I have that in common with him. We come from much the same environment. He knew my father, and I can tell him this, the thing that I've said over and over again, when I've lectured to classes in business administration, I have told them about the different attitude that we have today towards credit, towards debt, and towards deficit financing.

The different attitude we have today versus the attitude that we had, for instance, in just a generation ago — my father. My father didn't own a credit card in all of his life. He refused to have a credit card. He used to go and visit my aunt in British Columbia by car and he would have to take with him cash and travellers' cheques to ensure that he could pay the gas at every station along the way. This went on until he died back some 10 years ago, and that's not a long time ago, because even at that point in time, even when I got out of university, Madam Speaker, the first thing that happened, you get a degree and your name gets on the list and everybody sends you credit cards. So I got a Gulf credit card and an Esso credit card and all of these things and I didn't know what to do with them, because my father had never had a credit card in all of his life.

Well, I'm going to tell you, Madam Speaker, that he operated on the principle that you had to pay your debts and you certainly had to avoid paying very much of your income to interest. I would say to you, despite the fact that times have changed, there are many, many people out there in that economy and that environment today that still operate on that principle. Many of our senior citizens are not lulled into a sense of security and led to believe that government provides them with everything and that they have to be dependent on everything from government. They believe, I think, like my father believed, that you eventually have to pay your way and they aren't going to accept, forever and a day, that this government can go on with the kind of deficit financing that it has embarked upon.

Madam Speaker, we are talking about a different time but I believe that the values remain the same and the concepts that are underneath and underlying so many of our people in Manitoba are still the same. I test that out by listening to my children. I have a 19-year-old son who is today at university and working at a couple of part-time jobs throughout the summer and all of these things, and I find it amazing. Yes, he's taking courses in economics, but I can tell you, quite truthfully, that I don't attempt to influence him philosophically. I don't go home and sit at the supper table or the breakfast table and give philosophical lectures about what I believe in economics. In fact, because I want to try and keep some separation so that their whole life doesn't revolve around father's political commitments and involvements, I let them make up their own minds on things like that and listen and make up and be influenced by the things that they read, understand and believe. You know, he understands, at 19 years of age, that you can't continue to build something on somebody else's money. Eventually, if you borrow money, you've got to pay it

back and, if you spend it, you've got to have it in order to spend it. It can't go on forever.

I believe, Madam Speaker, that many ordinary Manitobans understand that. Despite the fact that they don't respond to the term "deficits," I believe that they understand that, when a government is spending such a huge proportion of its increased spending just on interest to pay for something that has long since been used and forgotten, the government is going to a point where it isn't serving the people. I believe that they understand it. Ordinary Manitobans, they will ask, how are we going to pay for it, like my son asks, like my father, were he here today, would have asked.

Madam Speaker, even Ed Schreyer, in running an NDP Government in the Seventies, understood under Keynesian economics that, in his view when times were bad, you had to spend more government money and have government go into debt in order to support the economy through the bad times. But when times got better and the economy started to burgeon and grow, then you cut back your spending and you got the government out of the its problems with the economy.

Now that was one of the things that I believed many members opposite, as Schreyerites, understood and were committed to. Yet today, their Budget says, 6.9 percent increase when inflation is 4 percent and the economy is growing at 3.5 percent. They still are priming the pump. Despite the fact that we're spending all the capital on Limestone, on the Manitoba Telephone System and all the capital works and all those things, we still have to prime the pump because they say that it's inevitable, that deficits are a necessary evil. Well, Madam Speaker, I don't think that Ed Schreyer and many of his supporters would have supported what is being done in this Budget, and I tell you that this is obviously a different administration.

Madam Speaker, the Budget says that we are strong, that our economy is strong. I ask the Minister of Finance — and maybe he'll tell us when he decides whether or not he can provide us with any projections into the future — when will we be able to back off? When will we be able to withdraw a little bit from our responsibility to stimulate the economy?

What will we do further to that, Madam Speaker, if there is a downturn nationally and our figures on income taxes, on corporate taxes, on sales taxes don't grow the way they are in this Budget? What will we do then, Madam Speaker? What will we do if interest rates go up 4 percent or 5 percent in the next two or three-year period? That is not inconceivable. My Heavens, I hope it doesn't happen, but it is not inconceivable, Madam Speaker.

What would this government do when it's already so far into deficit financing and so hooked on deficit financing that it can't get out even in times when it says the economy is growing? But what's it going to do if indeed many of the things that they have been fortunate to have existed through because of the growth nationally in the economy and the lowering of national interest rates and all of those things, what are they going to do if those things go a little bit in the reverse direction?

Madam Speaker, I know why they haven't addressed any difficult measures in this Budget. Because while we were in the midst of the election campaign, the Premier and I were on the Peter Warren show, and he

was put on the spot to say whether or not he would increase taxes in Manitoba. He said at that time for all to hear — I believe there is a listening audience of 100,000 people — that he would not increase the sales tax and he would not increase the payroll tax and all of these, he would not increase income tax. So he was put in that situation publicly of having cut off any opportunity on the part of the Minister of Finance to deal with the deficit, Madam Speaker, and they believe obviously, members opposite, that the Premier's credibility would have been destroyed to have gone against that commitment that he made . . .

MR. J. DOWNEY: Whatever is left.

MR. G. FILMON: Whatever is left of it, as my colleague points out, after his promise on the gasoline tax. There isn't a great deal left in terms of his credibility, but whatever was left would have been totally destroyed.

Madam Speaker, as I said earlier, this Budget has no indication of any incentive or any encouragement whatsoever for business investment. The corporation capital tax increase, the largest corporate tax rate increases are up to the highest in the country.

I listed all of the criticisms and the unfulfilled requests of the Canadian Federation of Independent business — and I don't express this concern on behalf of corporations because I want them to have increased profits. I express this concern for one reason and one reason only, because the real meaningful job opportunities that we must have have to come from growth in the economy, have to come from investment in the private sector, and aren't going to come as a result of this Budget.

Youth, I believe, will be the major losers from this Budget here in Manitoba, Madam Speaker. Youth will be the ones who will be most downtrodden as a result of this Budget here in Manitoba, because none of their problems, none of their goals and aspirations will be solved. None of their goals and aspirations for the future will be realized as a result of this Budget, because they have cut off the source of potential job creation that creates 70 percent to 80 percent of the jobs in our economy.

Madam Speaker, regardless of how taxes affect people's attitudes, these people have not shown anything that will encourage anybody to invest in our province and to create the opportunities that we need.

Madam Speaker, I talked before, but probably I haven't said enough about the need for incentive, for encouragement, for investment in our economy; the need to provide the people who are in business in Manitoba with a hope for the future, with a feeling that they can have some incentive to invest in growth, because we need those people who take the risks. We need those people who invest in Manitoba. We need those people who create the jobs, not only because they pay taxes that allow us to do the things that we need to have done in our society, but because socially it is important to us to have the kind of growth, opportunity, optimism and confidence in the future.

But, you know, what do we get from this side? We get the kind of statements that indicate to businesses — this is the kind of encouragement they give to business. They say, business isn't paying its fair share.

That was implicit in the Budget. In fact, I looked up to the audience in the gallery last evening and, when the statement was said that indicated that businesses weren't paying enough and that the fairness of the system was allowing businesses to avoid paying taxes; that they weren't taking their corporate responsibility to society; that they weren't working towards the social goals of the people of Manitoba, all of which they have said and the former Minister of Industry and Commerce and now the Deputy Premier have said this in this House — businesses didn't have the social responsibility, and they were going to make them show their social responsibility by the things that did in their budgetary policy that we see here, as we've seen it in successive Budgets that this administration has brought forward. They have passed legislation to encumber and to regulate businesses beyond their point of being able to respond to it, Madam Speaker. All of these things have affected the economy of Manitoba and our prospects for future economic growth.

I say to you, Madam Speaker, who will it affect? Will the measures here be a major disincentive to Great West Life or to the big corporations in Manitoba? I think not, Madam Speaker. The big corporations survive and, because of their very size, they just continue to grow because they can withstand the policies and the effects of almost any administration. They simply pass it along in terms of what they have to charge their customers, and they continue to burgeon and grow because of their size.

I tell you, I remember speaking with one of the senior executives from Alcan — you remember Alcan, don't you? — when they were thinking of coming to Manitoba and investing in an aluminum smelter and all of those things, I remember speaking to him and I asked him about his concerns about a change of government and what effect that would have. You know what this individual told me in so many words, Madam Speaker? He said that they operate in places throughout the world in which there are, with respect to Canada, Conservative or Social Credit or Liberal or New Democratic administrations, they've operated under any political stripe administration.

They've operated throughout the world in social countries, in right-wing dictatorships and it hasn't affected them. They have continued to do the things that they do best; they believe that they're the best in their particular field in the world and that they're going to make continuing increased profits because they know what they're doing best and it doesn't matter to them, the political stripe of any government.

That, basically I think is the philosophy of almost any major corporation, so you're not going to change the Great West Life by what you've done in this Budget; you're not going to change their attitude toward Manitoba in much likelihood, other than that they may expand somewhere else. They probably aren't going to move head office or make major restructuring. It could happen to some extent, but it's not likely going to be a major thing, but where it does affect people is at the individual level, where the little person, the ordinary person makes a decision to invest in a business and make it grow.

Those entrepreneurs who have that fierce independent spirit, those people who responded to this Canadian Federation of Independent Business survey,

who tell government to get off their backs because they want to do something for society for themselves and create jobs and opportunities and all they want is for government to get out of the way.

Those are the people that I have concerns about, Madam Speaker, and I'll give you an indication and I hope the Premier will read about this in Hansard because it concerns a constituent who phoned me at the time when the Premier made his strong statement about imposing pay equity on the private sector.

This individual identified himself as a small business operator, a service business in the Constituency of Selkirk. He said, "I tell you, this is the last straw. I almost folded up my operation when the payroll tax came in."

He said, "I'm in a small service business. I basically started it as an individual and I could go out and make a good living doing it," but he said, "along the way I decided that it might a good thing for me to hire some staff and to do it on a larger basis." So he had a clerical support person in the office and he had a couple of extra technicians on the service business with him and he expanded to five people.

His own take from that whole expansion of providing four jobs and all the increases, his own personal take increased by about 30 percent. But he said that the headaches and the hassles of having to look after and supervise and do all those things, he almost always wondered whether or not it was worth it; but he kept going because he thought it was good for the town in which he was located; he thought it was good for the economy; he thought it was good for the people he employed, but he almost turned back when the payroll tax came in because it was a great irritant and annoyance to him.

I want to point out, Madam Speaker, that members opposite oftentimes want you to believe a five-person employment compement doesn't pay any payroll tax; but five people, at the average industrial wage of \$17,000 is over \$75,000 and he's paying the payroll tax; so he's indeed affected by the payroll tax, despite the fact that he's a small business.

When pay equity came in and he had the thought that they were going to legislate, regulate and tell him what reporting he was going to have to do and how he was going to have to show comparisons to prove that he was paying his female staff adequately and on and on and on, he went on for about half an hour saying, "That's it; I will fold my tent and go back to being an individual in a service business, take 30 percent less and live comfortably and not put up with all the hassles and the Government of Manitoba will have lost my four jobs, so will Selkirk and so will the Premier."

That isn't an unusual story. I want to tell you that's not an unusual story. I have heard that story time and time and time again; and again, if you want any indication of how small business looks at measures you bring in, look at this part of the survey that was done by the Canadian Federation of Independent Business that asks the question, what effect has the Manitoba Government's 1.5 percent payroll tax had on your business? 31 percent said it has caused them to reduce their hiring, 31.2 percent.

Another 8.6 percent said it caused them to lay off workers, so where is the payroll tax hitting? Is it hurting the big corporations? I want to tell you, the big

corporations adjusted to it like that. Small businesses reduced their hiring and laid off people. That's where it hits and that's where every one of the measures that you bring in that affects the attitude of the entrepreneur, affects the small business, not the big corporations.

Madam Speaker, time and time and time again I have known of situations, when the corporation capital tax first came in, I'll tell you about a circumstance in which an individual was asked to pay corporation capital tax because the tide line at that point in time was only \$100,000.00. Anything above \$100,000 of assets employed had to pay the corporation capital tax.

Madam Speaker, visualize a business in which all of the money has been borrowed because an individual has just bought into a business and they've had to do leasehold improvements, buy new equipment, desks, typewriters, calculators, all of those things, and they have \$150,000 of borrowed money invested in that new business; and they've also borrowed money at the bank to pay off the shares of the company and so on and so forth, all this to be in business.

What happens is that before they've made any profit, on comes a corporation capital tax, and it doesn't tax assets that they own; it taxes assets that they have borrowed money for from the bank. So they're paying a penalty over and above that, on that corporation capital tax.

Madam Speaker, that business was put in a situation where the individual just about threw up his hands and said, "I've had it. I don't need to put up with this." The business had lost money for two years in a row, had refinanced, had done all these things and then had to pay a corporation capital tax on capital that it didn't even own, that was owned by the bank and all the financial people that it was beholden to.

That kind of thing was the beginning of the corporation capital tax, the beginning of this wrongheaded approach to taxing people before they've even made money, even while they're losing money, put extra taxes on them, for the economy.

That's what I call disincentive, Madam Speaker. That's what I say destroys the attitude of people who say I want to come into Manitoba or I want to expand or I want to quit my job at the Telephone System and invest in a small business and I want to create the jobs that we need for our youth in this economy. No, all of it goes because of measures such as the ones that have been brought in by this administration.

Madam Speaker, we have to create a climate that allows people to pursue their dreams, to take risks, to become successful. Is there anything wrong with becoming successful? Is there anything wrong to our economy? Is there anything wrong to any of the people because anybody becomes successful from this? Let's give them a chance to build the economy with us and for us.

Madam Speaker, I see nothing in this Budget that would result in any of that happening.

I'll change the direction for just a moment because I want to compliment the government on some of the areas that they have tackled in this Budget.

No. 1, on the restoration of CRISP benefits to farm families. Madam Speaker, by increasing that asset level, as we argued for two years in this House, they have finally given farmers the same ability to access to that CRISP Program that other families have throughout this province.

We argued for two years; you've finally done it. We compliment you on it, two years late but we compliment you on it.

Madam Speaker, they've enhanced SAFER. That's another good move. We continue to maintain that it is the most efficient way to use tax money, government money, to provide affordable housing for seniors, absolutely, and it has been said so across the country. Madam Speaker, it's ironic these two programs that the NDP are enhancing in this particular Budget — the CRISP and the SAFER — are two programs from that hard-hearted Conservative Government, from 1977 to 1981. Two programs that they brought in — that hard-hearted administration the Minister of Finance referred to — are now being clutched to the bosom of this administration and enhanced as a major initiative in this Budget.

Madam Speaker, the increase in supplements for seniors, we've already welcomed — and I repeat — in this Budget Speech. The agriculture programs — we believe that these may be misdirected, Madam Speaker. We'll have to find out more detail, because it appears, Madam Speaker, that they may be either a scattergun or they may be aimed at those who can't survive in any case in the circumstances there are, and the money that this administration is putting may not help in any case and it may not do the things that the farm community has asked for and has talked about.

Madam Speaker, the measure on the direct gas tax rebate, we have been advocating since well before the election. We promised it during the election campaign, and in fact the system that was put forward in this Budget by the Minister of Finance was advocated by my colleague, the Member for Pembina, a year or so ago to the former Minister of Finance. So we believe, obviously, Madam Speaker, that's a good move.

Madam Speaker, there was one area that curiously was left out of the Budget that I wondered about and I went back to just check, because I recall statements in two previous Budgets that compared our gasoline taxes, as they are today, versus the tax that would have been charged on an ad valorem basis under the Conservative Government's proposals previously. So I went back and I got the copy of the 1984-85 Budget in which the former Finance Minister said, "I might add that our gasoline rate will remain at 7.5 cents per litre, the lowest litreage rate amongst fuel tax provinces.

"Based on a price survey on April 16, the current Manitoba tax is four-tenths of a cent lower than the 20 percent ad valorem rate introduced by the former Conservative Government and removed by our New Democratic Government." So you're saying that although our taxes are high on gasoline, that they're lower than they would have been under the former Conservative ad valorem rate.

In the next year, Madam Speaker, the Budget said again under this former Finance Minister, and I quote, "Mr. Speaker, members will be pleased to know that the general rates proposed in this Budget will remain lower than the ad valorem rate system legislated by the Conservatives in 1980," and he goes on to make the comparison.

Well, I didn't see any comparison in this Budget, so I thought maybe I should look into it and find out what happens under the comparison between the ad valorem rate that was in, that was repealed by this

administration, and the current levies we're placing on gas tax. Then, of course, Madam Speaker, the only reason it's of interest is that gas prices are falling and the ad valorem tax is applied to the gas price as it arrives to the dealer before they add on the provincial tax and it's 20 percent of that price.

So if gas taxes have been falling, the provincial tax on an ad valorem basis would have been what? Well, if we look at regular leaded, the current tax is 8.9 cents a litre; that's what we're applying under this NDP administration's policies. Under the ad valorem basis of the former Conservative Budget, it would have been 7.3 cents a litre, 1.6 cents less.

Madam Speaker, on unleaded fuel and it's currently 8 cents a litre, on an ad valorem basis on the Conservative approach, it would have been 7.7 cents a litre, .3 cents less. So, Madam Speaker, that isn't even mentioned in the Budget and I had to wonder why. I guess the Minister of Finance must have forgotten when he prepared the Budget.

Madam Speaker, before concluding, I've said that I would always be positive in looking at anything that this administration was doing, that not only would I criticize and express the concerns — the legitimate concerns of the people of Manitoba — but I would propose solutions. So I will suggest what we would have done differently because I know that the first speech that's made by a member opposite will say tell us where you'd cut; tell us where you would have cut in this Budget; tell us where you would have made the cuts. I know that will be the first speech that will be put forward and possibly in every speech.

So, Madam Speaker, I don't have access to all of the intimate details of the budgetary process of the Estimates, department by department. We get global lines in the Budget that tell us about millions here and millions there. So we have to try and operate with as much information as we have, knowing that the questions we can ask in the Budget process, in the Estimates process, knowing the information that we can put together, we have to operate with the best that's available to us, so I'll attempt to do it.

The Budget and every speech that is being made by the Premier, the Finance Minister, and everyone else on that side says that our economy has recovered. If that's the case, Madam Speaker, why do we need to continue to keep the spending up on the Jobs Fund? Surely we could have cut it back \$40 million, Madam Speaker. Surely we could have made a cutback in the Jobs Fund because the economy is growing. That's what you say; if you believe it, if you can back it up with the proof, then you don't have to spend the money out of the public Treasury on the Jobs Fund. That was the idea that was there and that idea has not been pursued, Madam Speaker.

Madam Speaker, we know about many other areas. We've talked about them and I won't belabour them. The apple polishers that the Minister of Urban Affairs and his former incarnation referred to — those apple polishers, more than 130 of them, who were added by this administration to their services as political support staff. Madam Speaker, they have now been increased. I looked at the Orders-in-Council, they have been increased since they have taken government. We now have a new executive assistant for the Minister of Native Affairs. We now have a new executive assistant for the

Speaker. We now have new additional support staff in the Orders-in-Council that have been put forward thus far and there's more to come, you can be sure of it.

Madam Speaker, I believe that there's \$4 million minimum to be cut out of that area. Madam Speaker, I believe there's \$3 million minimum that could come out of the increase in senior administrative staff, again identified courtesy of the Minister of Urban Affairs, a 60 percent increase in senior administration by this government during their four years and increased further because we have more departments and we have more senior administrative staff as a result. I believe that there's \$3 million available there.

Madam Speaker, I believe that at least \$4 million could be cut out of the advertising budget. There's \$6 million there and I believe that \$4 million could be cut out of the advertising budget. Madam Speaker, I believe that we — knowing what we know over the last couple of weeks — could cut back on so many of the consultants and so many of these people who are on term contracts. Those people who are doing political work in reports for the government and on the side doing a lot of other political work for the government. We know about the Anstett contract, about the Decter contract, about the Davison contract. What about some of the term people? There's a former Deputy Minister of Education, well-known, who has been here on term positions and shifted back and forth throughout their period of time.

We know about the fair share office that was set up that added a bureaucracy and all of those expenses and charges to this administration that isn't serving the people of Manitoba. The PR agency for these people is nothing more than a PR agency and is producing pamphlets and folders with misinformation and not doing anything, Madam Speaker, to serve the needs of the people of Manitoba.

Further, Madam Speaker, what about the office that's been set up to inform people about — not about the concerns about the environmental aspects of the hazardous waste disposal, or at least the nuclear waste disposal, but to inform them about what the government is doing about it — that's what the news release said — not to inform them on the issue, but to inform them about what the government is doing, another P.R., hack, flack operation for this administration. That's where the money is, Madam Speaker, and you get into it and you got some money there.

I've added up, at this point in time, \$55 million or so on the things that I've said, that I believe could be — Oh, there was one other one, Madam Speaker. I am aware of one individual who was hired by the government on a special term contract to organize the Queen's visit to Manitoba, but that individual is still here. The Queen has come and gone a long time ago. Madam Speaker, magically, that individual — and my colleague from Springfield will be interested — because that individual managed the election campaign of the former Member for Springfield.

A MEMBER: Well, how about that?

MR. G. FILMON: Just came in handy, happened to be on staff, and happened to have the kind of expertise and nothing to do, because the Queen isn't coming for another 20 years. So, Madam Speaker, that's the kind of thing that we're talking about.

Madam Speaker, I have already added up \$55 million that I believe very properly could have been addressed and removed from the Budget by this administration and, if you give us an opportunity to get in, department by department, line by line, there's much more that can be done.

Madam Speaker, they will say that we would have spent more. That will be the line, because the Minister of Urban Affairs — I think he used the preposterous figure of saying that we were going to spend 800 million more. Was it 600 million or 800 million more? Madam Speaker, he is just about as competent to add figures as he was when he was negotiating that contract with the government. Madam Speaker, fortunately, it was his research staff that did the figures on the government employees. This one was out of his head, let me tell you, \$600 million to \$800 million.

Madam Speaker, we said, and I repeated it in this speech, 6.5 percent increase on the social end alone and, beyond that, the other commitments that we made were about \$30 million. Many of them were in agriculture and, obviously, would have been our response to — instead of what's in this Budget on agriculture.

Madam Speaker, we know as well though that, on the revenue side, we talked about some significant things. The payroll tax removal, Madam Speaker, that's obviously something that we were committed to. I say this to you, given the financial circumstances that we face with a \$55 million more increase in deficit over what we knew about before the election, we would have been hard pressed to deal with that. I probably would have said that we would have started by removing it for payrolls up to \$500,000-a-year, so that we would at least address the concerns of small business, the people who are employing 25 and less.

I say, Madam Speaker, we can't get the figures because the Minister of Finance maybe doesn't have them, but the CFIB, the Chamber of Commerce and ourselves have tried to figure out what is the level and the value of exempting payrolls of \$500,000 and less, and they either don't have the figures or won't share them. But I suggest to them, that is still a good move, and it may only be a factor of \$15 million or \$20 million to begin with but that is where they would give the most help. That is where they would really address the needs and concerns of small businesses. If they really believe in small business, you start that way. Maybe eventually over four years, we would have removed the whole payroll tax. That would have been our goal and objective, but we would have at least started by making a meaningful effort at removing it from those who needed it most, Madam Speaker, and that's the way we would have done it.

Madam Speaker, we talked about the removal of \$11 million of education tax on farmland, and that too would have been important, more important I suggest than some of the things that are being done for agriculture in this Budget.

Madam Speaker, we talked about a tax rebate for new job creation. The interesting thing about that is it would have had no net effect on the first Budget, because we wouldn't have had to pay it out until after we collected the income from all of the people who were hired and paying income tax on this. So we would have gotten it in our pockets before we had to pay it out, no net cost on that.

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Madam Speaker, the tax holiday for new business is the same thing. You can't give away something you don't have. If new business isn't there, it's not paying tax. If it comes, you can give them a holiday for a couple of years, as we had said we would.

So, Madam Speaker, all of those things, I believe, would not have affected, in any way, shape or form, and make poppycock of the statement that was made by the Minister of Urban Affairs about the \$800 million.

Madam Speaker, I don't believe that this Budget will create the opportunities that we need for our youth. I believe that it is misdirected. I believe that, as a Budget, it may have satisfied the NDP and its supporters, but it's just like a soother that you give to babies to make them stop crying. That's exactly what this Budget will do for the people that the NDP want to pacify.

At this point in time, they won't call out and they won't complain, because they haven't done anything visible to the ordinary Manitoban. But what they have done is they have pacified the public. They've lulled them into a sense of security by which they are accepting half-billion dollar deficits as a necessary evil, but they have given them no hope for future growth. They've given them no indication of confidence in the fields of agriculture or business, any confidence in the future.

They've given them no assurance of jobs for our youth in the future, Madam Speaker.

I move, therefore, seconded by the Member for St. Norbert

THAT THE MOTION BE AMENDED by deleting all words after "House" and adding:

Regrets that in presenting its Budget, the government has:

1. Given no indication of a plan of action to restore confidence in agriculture and business;
2. Abandoned its responsibility to manage wisely the financial affairs of the province;
3. Has developed a taxation system and investment climate that discourages job creation and opportunities for our youth;
4. Has failed to portray accurately and clearly the long-term effects of increased debt service costs caused by continuing high deficits.

MOTION presented.

MADAM SPEAKER: The Honourable Minister of Industry, Trade and Technology.

HON. V. SCHROEDER: Thank you, Madam Speaker.

I move, seconded by the Minister of Agriculture, that debate be adjourned.

MOTION presented and carried.

MADAM SPEAKER: Is it the will of the House to call it 12:30? (Agreed)

The hour being 12:30, according to the Rules, the House is now adjourned and stands adjourned until 2:00 p.m., Monday next.