

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, 26 February, 1988.

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 Energy and Mines.

HON. J. STORIE: Madam Speaker, it is my privilege to table the Annual Report for the Manitoba Energy Authority for the year ending March 31, 1987.

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

INTRODUCTION OF GUESTS

MADAM SPEAKER: Before moving to Oral Questions, may I direct the attention of honourable members to the gallery where we have 20 law students from the University of North Dakota, under the direction of Mr. Don Dearstyne.

On behalf of all the members, we welcome you to our Legislature this morning.

ORAL QUESTIONS

Opinion poll results

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker. My question is for the Premier.

On Monday, the Deputy Premier took a question as notice in the Premier's absence and, on Wednesday, the Premier took the same question as notice.

Madam Speaker, the question was about a province-wide poll conducted last week and this week by Criterion Research Ltd., covering such issues as health care, job creation, pay equity, opinions of this NDP Government's handling of provincial affairs and a question about how people would vote if an election were called today.

I wonder if the Premier could indicate now whether or not this polling was being conducted on behalf of the Government of Manitoba, any of its departments, agencies or Crown corporations.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, except for the question involving voting intentions, the questions were being done on behalf of the government and they

related to areas of agriculture, housing, labour, health and constitutional affairs, and they did an omnibus survey coordinated by the Cabinet Committee.

MR. G. FILMON: Madam Speaker, who was the question, related to how people would vote today, being done for?

HON. H. PAWLEY: Madam Speaker, as I indicated, that question was not paid for by the Provincial Government, so I don't believe that I am obliged to answer that particular question.

MR. G. FILMON: Madam Speaker, I'm sure we can assume that question was tagged on for the NDP party of Manitoba, which shows how this government uses taxpayers' money . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

If the question was not in the administrative responsibility of the Premier, then he doesn't have to answer it.

Opinion poll costs

MR. G. FILMON: Madam Speaker, I wonder if the Premier could indicate the cost of this poll to the taxpayers of Manitoba.

HON. H. PAWLEY: I believe there is an Order for Return and that information could be obtained, but I want to say this to the Leader of the Opposition. Every Provincial Government in Canada, the Federal Government undertakes surveys for very good reasons, reasons that the Leader of the Opposition ought to be applauding, and that is to attempt to obtain the views and opinions of the people of the Province of Manitoba.

In this particular case, in relationship to issues involving Meech Lake, constitutional reform, matters pertaining to pay equity, other matters pertaining to agriculture, every Provincial Government in Canada properly undertakes surveys in order to provide them with assistance insofar as general public reaction to current issues of importance. The Leader of the Opposition can name me one government that doesn't undertake regular surveys.

MR. G. FILMON: Madam Speaker, since the Premier obviously knows about the poll and had some role in approving this poll being done, is he telling us that he doesn't know what the cost of that poll is, or is he merely embarrassed to tell the public that he's spending tens of thousands of dollars on polling, while he's closing down beds in hospitals?

HON. H. PAWLEY: Madam Speaker, let me remind the Leader of the Opposition that it is the Conservative

Government in Ottawa and the previous Liberal Government who have reduced the spending on health care to the Province of Manitoba, such since 1980 to the present time, the amount of reduction amounts to the total amount of funds that would be required to support every rural hospital, every rural personal care home in the Province of Manitoba.

So let the Leader of the Opposition not lecture me upon this Provincial Government's commitment to health care when we have the example . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, is this Premier telling us that he is ignorant of the cost of this poll, or he's just embarrassed at spending tens of thousands of dollars on this poll, while people are being sent to North Dakota for CAT scans?

MADAM SPEAKER: Order please, order please.

That question is the same or substantially the same.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

The Honourable Leader of the Opposition's question was out of order. He may ask another if he chooses.

Budget - prior release to media

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you, Madam Speaker. I direct my question either to the Premier or to the Acting Minister of Finance.

Madam Speaker, the Minister of Finance has chastised me for asking questions with respect to the Budget. He's indicated, in the strongest fashion, that I should wait until the reading of the Budget today for any details of the Budget.

You can imagine my surprise, Madam Speaker, when I opened up the Winnipeg Sun today and noticed specific details associated with the Budget. Firstly, that there would be more experts for computer programs, the government would hire its own; secondly, that they were going to combine personnel functions in different departments; thirdly, that some administrative units would be eliminated.

Madam Speaker, I ask either members of the front row who want to answer this question: Why would the Minister of Finance choose to release specific details associated with the Budget to the press, rather than read it in the Budget today?

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, the suggestion that the Minister of Finance has released specific details of the Budget is just a silly red herring being raised by the Finance Critic in this House, because the Finance Critic in this House is concerned about the message

the Minister of Finance is going to provide later on in this House; a solid, concrete Budget which will maintain health care services, social services and still demonstrate prudent management of the finances of this province.

MR. C. MANNES: Madam Speaker, the Premier can baffle all he wishes. The question was very specific. It dealt with the propriety of a Minister of Finance releasing specific details of the Budget before the set hour when that Budget would be read.

I ask the Premier whether or not he will apologize to the House and to the people of Manitoba for the impropriety of his Minister of Finance in breaching the long parliamentary tradition of keeping all of the matters of the Budget until the time of the reading of that Budget?

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, we have a bit of a dilemma in that the Opposition doesn't know what it is they really want from this government.

On the one hand, they want us to explain those sorts of things which are being done to benefit the overall provincial economy and to be accountable for those sorts of things, which we do in this House and outside of this House every day, and they consistently and constantly seek information.

Then, on the other hand, when we give that information to the public of Manitoba, they get up on their high horses in this House and suggest that we shouldn't be talking about the types of things that are being done in order to provide for the greater economic health of this province, Madam Speaker. They cannot continue to have it both ways. They cannot only seek that information which they believe fulfills their political needs.

We have an obligation to provide information to the public which explains the types of actions which we are undertaking as a government to ensure the long-term viability and health of this province. We will not shy away from any opportunity to provide that type of information to the people of the province, no matter how agitated it makes members opposite, just because it happens to be information that is important, and more importantly, Madam Speaker, information that is of a positive nature.

So let them not make any straw-man case out of this particular instance. This is an example of a good government providing good information, when that information is important to the people in the public.

Cancer Foundation - treatment delays

MADAM SPEAKER: The Honourable Member for Gladstone.

MRS. C. OLESON: Thank you, Madam Speaker. My question is to the Minister of Health. My question concerns the Cancer Foundation, Madam Speaker.

The former Minister of Health admitted, when questioned during the last Session on this Legislature, that there were severe problems at the Cancer

Foundation. A report of October 1984 indicates serious concerns with the radiation equipment and the fact that there was a shortage of radiologists, and the fact that that equipment needed replacement when it was working overtime. It is now 1988 and the situation is so bad that people are waiting six to eight weeks for cancer treatment.

Can the Minister tell us why there is no improvement, only worsening of the problem?

MADAM SPEAKER: The Honourable Minister of Health.

HON. W. PARASIUK: Madam Speaker, I'll take the question as notice with respect to specifics, but I would point out that the Federal Conservative Government has reduced spending by \$125 million per year to Manitoba for health care and educational spending.

Madam Speaker, to have Conservatives on the other side of the House get up and ask me why we can't improve our health care system faster or better - because their colleagues in Ottawa are cutting back money to Manitoba, Saskatchewan, Alberta and B.C., right across the country as part of their particular philosophy with respect to health care - is disgraceful.

MRS. C. OLESON: I think the Minister's answer is disgraceful.

Madam Speaker, the situation continues to worsen. As I said before, this is 1988. In 1984 and prior to 1984, as early as 1982, the former Minister knew there were problems at the Cancer Foundation and nothing has improved in that time. There was a report done in early 1987 which further emphasized the problems at the Cancer Foundation. Will the Minister table this report?

HON. W. PARASIUK: Madam Speaker, I said I would take the question under advisement and I would get back with respect to the specifics. I intend to do that and then I'll take that question under advisement as well.

But I will point out to the member that today, finally, the Standing Committee on National Health and Welfare of the Parliament of Canada has indicated that they will have public hearings sometime in March to look into the questions of pressures on the health care system, and whether in fact the ability of the current health care system and its funding arrangements is sufficient and adequate to deal with the health care pressures.

I would hope that Conservatives on the other side of the House look at what other Conservative governments in this country are facing in what they've said and whether, in fact, they would join with us, in an ecumenical way, Madam Speaker, to make sure that the Federal Government goes back to a 50-50 funding arrangement for health care.

The Conservatives of this country cannot have it both ways. They cannot cut back the health care to the tune of \$8.5 billion over a five-year period and then, Madam Speaker, get up and criticize provinces for not putting enough into health, when it's their federal colleagues who are undermining it.

MRS. C. OLESON: This government has been in power since 1981. They have been warned continually that

there were problems at the Cancer Foundation. To blame it now on the Federal Government is ridiculous. I am not asking for more money in particular. The funding may - I qualify it - may be adequate, but what is being done with it? How is it being emphasized and what is being done for the cancer patients of Manitoba?

HON. W. PARASIUK: Madam Speaker, I've indicated that I'll take the question as notice, that I would come back with specifics. I could provide some information right now for the interests of the member. I do say that these things in fact require money. I'm pleased that I'm able to get answers quickly. I would hope that the member would be pleased as well.

We, in fact, are doing something. We've been in office, as I said, since 1981. We have increased the proportion of what we spend on health care from about 28 percent of our Budget to 36 percent of our Budget. That's what the Provincial NDP are doing, despite the hysterics of the Member for River East, who should point her hysterics to Jake Epp because, in that interval, the Federal Government has reduced its health care funding and education funding by \$8.5 billion.

Despite that federal cutback, we, in this province, are moving to provide an additional high energy machine, a replacement for the old energy machine at the Cancer Foundation. This new equipment and related construction will cost \$3.7 million and will come into service in October of 1988.

Consideration is also being given to moving the St. Boniface cobalt machine to the Cancer Foundation . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

HON. W. PARASIUK: . . . where it would replace older cobalt equipment. The St. Boniface's cobalt equipment machine is being replaced by a new energy linear accelerator. I think we're doing quite a bit, Madam Speaker. They asked a question, they should wait for the answer.

MADAM SPEAKER: Order please.

I remind Honourable Ministers that answers to questions should be as brief as possible.

Public Library Advisory Brd.- reinstatement

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Minister of Culture, Heritage and Recreation.

The Manitoba Library Development Committee, in its final report of January 1988, made significant recommendations regarding the state of libraries in this province. One of these no-cost recommendations, Madam Speaker, could be implemented today.

Will this Minister order the immediate reestablishment of the Public Library Advisory Board described in sections 3 and 4 of The Public Libraries Act?

MADAM SPEAKER: The Honourable Minister of Culture, Heritage and Recreation.

HON. J. WASYLICIA-LEIS: Thank you, Madam Speaker. I'd be delighted to respond to that question.

As I've stated in response to the members who worked very hard to produce this extension report on the state of libraries throughout the Province of Manitoba, we take very seriously all recommendations and particularly the recommendation to re-establish the advisory board as outlined in the current legislation. We are working on pursuing that recommendation. An announcement will be forthcoming in the very near future.

Let me also say to the Member for River Heights that it was this government that began to turn around the library situation in Manitoba beginning last year, with a considerable injection of funds in the library system. Madam Speaker, that initiative, in conjunction with municipalities, has resulted in the creation of two new branches in Winnipeg and the establishment of five new library services in rural Manitoba.

MRS. S. CARSTAIRS: With a supplementary question to the same Minister, will this Minister, in light of her past plans, now accept responsibility for the development of a coherent plan for library development based on a five-year projection?

HON. J. WASYLICIA-LEIS: Perhaps the Member for River Heights has missed some of my public statements in this regard. Last year, during Estimates, I clearly stated that we were working on a long-term development plan.

We have spoken with officials and councillors at the City of Winnipeg level. I have spoken throughout the province with library activists and indicated that we need to get on to a long-term planning strategy. It's clearly essential for the betterment of library services throughout Manitoba. It's our intention to do just that.

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

The present per capita funding formula is highly discriminatory in rural Manitoba, particularly in the areas of declining population. Will the Minister investigate models in other provinces which are not based on the per capita model in order to develop a more equitable formula for rural Manitoba?

HON. J. WASYLICIA-LEIS: Madam Speaker, let me remind the Member for River Heights and all members of this House that it was this government last year who substantially increased the per capita funding arrangement for library services in rural Manitoba, an increase that has helped library services throughout rural Manitoba increase and grow as I've just mentioned. I've received very, very positive feedback throughout Manitoba for that initiative on our part, an initiative that was difficult to do, given our current economic situation.

A similar increase has been found for the City of Winnipeg and that also has been appreciated and put to good use. Madam Speaker, as part of any long-term development strategy, we will obviously want to look at funding formulae, at the regional make-up of libraries, the whole range of questions that are part of any serious long-term planning study.

So all questions will be taken into consideration, but I'm very pleased that it was this government, in these difficult economic times, who has been able to take very major steps in the direction of improving library services throughout Manitoba.

Autopac - renewal extension

MADAM SPEAKER: The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Madam Speaker. My question is for the Minister responsible for MPIC.

Due to massive changes and massive increases in cost at MPIC, the renewal forms this year are very complicated. The people going to the wickets to renew their Autopac have a myriad of forms to fill out. They need the attention and they need the information that those agents can provide to them to deal with the massive changes.

Not only that, now we have last-minute changes introduced by the Minister for a number of vehicles and a number of classes. My question today, Madam Speaker, is the Minister now going to accept some responsibility for the bungling that has gone on in the Autopac renewals this year, and is he considering an extension of the renewal date?

MADAM SPEAKER: The Honourable Minister responsible for MPIC.

HON. B. URUSKI: Madam Speaker, I want to indicate to my honourable friend that, in consultation with the agents, our advice is that renewals are ahead of last year, that the amount of renewals processed to this date are ahead. It appears, on the advice of agents, at least as of last night -(Interjection)- Madam Speaker, I am advised that agents have indicated that in the majority of cases, motorists are moving in and out with no great lineups.

I'm sure that there will be lineups this weekend but it appears, at this time and given the circumstances up to today, that there will not be any need to have any further extension. However, we will be monitoring the situation until Monday and then we'll make the decision on that date. But as it stands now, we're ahead of last year and it doesn't appear that there is any need for an extension.

Western Grain Stabilization Fund - impact on farmers

MADAM SPEAKER: The Honourable Member for Virden.

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

Last Wednesday, the Minister of Agriculture put some grossly deficient information on the record in response to a question from the Member for Lac du Bonnet. Madam Speaker, he did this in response to the question of the financial impact to the Western Grain Stabilization Fund on Manitoba farmers.

Madam Speaker, it was absolutely the height of hypocrisy that the Minister would not put on the record that Manitoba farmers have received over the last five

years, \$36 million, \$88 million, plus \$120 million, plus \$260 million, plus \$200 million; \$735 million under this program for premiums paid of \$40 million, Madam Speaker, a return on premiums paid of 1,800 percent, Madam Speaker - 1,800 percent.

I would like to ask the Minister if he is now prepared to correct the record and tell this House how many thousands of farmers have been kept on the land by this program, and how many hundreds of small businesses have been kept open in rural Manitoba because of this very beneficial program to the farmers of Manitoba, Madam Speaker, \$735 million received for \$40 million paid.

MADAM SPEAKER: The Honourable Minister of Agriculture.

HON. L. HARAPIAK: Madam Speaker, the Member for Virden is not only misinformed but he's obviously wounded.

Madam Speaker, I think a review of the record will clearly show that I did not, in any way, criticize the Western Grain Stabilization Program. Madam Speaker, I indicated that the record will be reviewed, I indicated that the program was a good program, an insurance program, like Autopac.

Madam Speaker, what I was saying - and I am prepared to enter into that debate at any time with the member - I was pointing to the hypocrisy of the members opposite who would criticize this side of the House for a 24 percent increase in premiums, with no reference to the benefits of that insurance program, yet not make a single statement about an article in the Brandon Sun, a public statement by Charlie Mayer, the Minister responsible, indicating that there is consideration of an increase in the farmer contribution to that very good program, which would amount to a 500 percent increase.

Now, Madam Speaker, all I'm saying to the members opposite, if they want to compare figures in terms of cost, they should also talk in terms of benefits and it is unfair to reference a 24 percent increase as being unconscionable and make no reference, wherein a very good program at a deficit of \$1.5 billion is talking about an increase of 500 percent.

MR. G. FINDLAY: Madam Speaker, it's unfortunate that the Minister still does want to put misinformation on the record. He says a deficit of \$1.5 billion, Madam Speaker, \$750 million that has been written off by the Federal Government. Is he saying that he thinks Manitoba farmers need to be supported in this program? Therefore, is he prepared to have his government participate in future write-offs of the deficit, as presently in that plan?

HON. L. HARAPIAK: Madam Speaker, again we have an illustration of the lack of logic of members on the other side. What will we be dealing with on this side of the government, Madam Speaker, in terms of the insurance program, but the deficit. There was a . . .

MADAM SPEAKER: Order please.

The Honourable Minister of Agriculture has the floor. I presume the Honourable Member for Virden wants

to hear the answer. If other members don't, they can carry on their conversations elsewhere.

The Honourable Minister of Agriculture.

HON. L. HARAPIAK: Madam Speaker, I was indicating, in terms of comparison, that in dealing with the question of the Manitoba Public Insurance program, there was a deficit that had to be addressed, and in order to address that deficit, the question of premiums was dealt with.

The Western Grain Stabilization Program was faced with a \$1.5 billion deficit. The Federal Government chose to write off some of that, given the plight of the farmers, and I don't criticize their decision. They wrote off half of that deficit at the taxpayers' expense but I don't think anybody, nor members on the other side, should suggest that what should have happened in the case of the issue they are comparing it to, that there should have been a write-off.

There have been suggestions, Madam Speaker, in terms of the issue that has been posed, for the remaining deficit in the Western Grain Stabilization Program, that the province should participate in that. If the members opposite are encouraging us to do that, they are really saying then that the provincial taxpayers should be bearing that load. We are saying that load should be borne at the national tax base.

Free Trade Agreement - import controls dairy producers

MR. G. FINDLAY: On February 23, the Minister of Agriculture spoke in the House and said the Free Trade Agreement was going to be a failure because the dairy farmers of Canada had written a letter on November 26 about a certain problem with products that they wanted on the import control list, Madam Speaker.

I would like to ask the Minister: Is he so poorly informed that he did not know that on January 19, the following list of products had been added to that import control list to satisfy the concerns of the dairy farms of Canada, Madam Speaker, and the list included yogurt, liquid forms of skim milk powder, buttermilk, blends of these products, ice milk, and ice cream mix? Was he so poorly informed he did not know that problem had already been solved at least a month before he made the statement?

HON. L. HARAPIAK: Madam Speaker, I'm delighted the Member for Virden would avoid the issue that he initially raised and makes no indication of his view on the 500 percent increase of the premiums to the farmers. Now he ventures into another area where their position is ill-defined.

Madam Speaker, in terms of the letter that was tabled, and in my discussion on free trade, I tabled the letter from the dairy farmers of Canada which indicated that in their view - and they wrote a letter to all of the Premiers - this agreement would undermine the supply management program in Canada.

Now, it is true that there was a subsequent discussion at the federal level and certain items were added to the import control list, Madam Speaker, but that should not be taken to mean that all concerns related to the questions of supply and management have been addressed.

I would ask the members opposite to point out where, in the communication from the Federal Minister, all concerns with respect to substitute products for dairy have been addressed, those that have not been addressed. Where is the definition of pork under meat? Why is pork not clearly defined under meat? That has not been addressed, and the letters with respect to eggs and what public agencies can do, the letter tabled in this House by the Federal Minister indicating that we should down play this situation is dated . . .

MADAM SPEAKER: Order please, order please.

Manfor - debt write-off

MADAM SPEAKER: The Honourable Member for Turtle Mountain.

MR. D. ROCAN: Thank you, Madam Speaker. My question is to the the Minister responsible for Manfor.

Was the write-off of \$128 million of Manfor debt done with the express purpose of unencumbering the corporation for sale to the private sector?

MADAM SPEAKER: The Honourable Minister of Energy and Mines.

HON. J. STORIE: No, Madam Speaker.

MR. D. ROCAN: To the same Minister, is this write-off of \$128 million in addition to the \$51.3 million which was written off by this administration in April of 1983, and what other Manfor debt has been written off by this government?

HON. J. STORIE: Madam Speaker, members opposite are wont, I suppose, to forget the history of Manfor. Madam Speaker, the \$53 million that was written off in 19 - (Interjection)- Members opposite, as my colleague, the Minister of Agriculture, has noted, are a little sensitive on this topic because they know wherein the problem lies.

SOME HONOURABLE MEMBERS: Oh, oh!

HON. J. STORIE: Madam Speaker, the \$53 million write-off that the member referenced was directly related to losses that were incurred at the conception of CFI, transferring into Manfor, directly involved in that fiasco. The \$128 million that is referenced, Madam Speaker, was a requirement, a suggestion of the Auditor and reflects the fact that over the history of Manfor, over its existence, there have been losses.

Madam Speaker, those problems have been corrected. Manfor is reporting a profit this year, reporting an improved profit this year, and that alone is why this government has been successful in attracting potential investors.

MR. D. ROCAN: Madam Speaker, to the same Minister, we know the history of Manfor and it's that bunch over there that have run it for the last 14 of the last 19 years.

Now, in the course of the sale negotiations, is this government going to attempt to recover the \$179 million that taxpayers gave away to the government write-offs?

HON. J. STORIE: Madam Speaker, I want to point out to the member opposite, who hasn't had the good fortune to be in this Chamber that long, that in fact the losses which have been incurred at Manfor, particularly over the last five years, were as a direct result of the failure of the previous government to make any investment decisions, to make any appropriate management decisions, to give any directions at the political level to run the corporation in a responsible manner.

Madam Speaker, I have put on the record minutes of the board of directors of meetings in 1978, 1979 where the board of Manfor crying for direction, crying for support, crying for the government to make responsible business decisions. That government did not have the guts either to act or to invest.

Madam Speaker, we made those choices and today Manitobans are the benefactors, the people in The Pas are the benefactors of those decisions.

Cancer Foundation - treatment delays

MADAM SPEAKER: The Honourable Minister of Health.

HON. W. PARASIUK: Thank you, Madam Speaker.

Earlier in question period, I took as notice a question from the Member for Gladstone regarding what she called a six-to-eight week waiting list for radiotherapy.

The information that I have, and was received only a few days ago from Dr. Israels who is head of the Cancer Foundation, indicates that there are no people on a six-to-eight week waiting list for radiotherapy.

I would ask the Member for Gladstone and all people not to fear monger with respect to Health. It is a sensitive issue, it is emotional, but to have people do that, Madam Speaker, without checking their facts, I think is very unfortunate.

There are waiting periods of up to - nine people are on for one week, 10 people for two weeks, 10 for three weeks, seven for four weeks. The longest waiting list is nine to five weeks for one machine. That machine, by the way, creates an average of 48 patient treatments per day. So we, in fact, have a very good system.

There are lists of one week or two weeks, three weeks with respect to the low-energy linear accelerator. Cobalt is one to two weeks. But certainly they're not in the range that they were talking about, and we compare very, very well in relation to other provinces.

We are also adding to the program. Last year's funding increase was 7.8 percent, which is much above inflation. We are doing chemotherapy outreach, Madam Speaker. We're constructing a dedicated oncology ward at the Health Sciences Centre for cancer. I believe that more has to be done, Madam Speaker.

But when they in fact ask questions, Madam Speaker, and they try and trivialize the answers when we're talking about most people having waiting lists of one to two weeks, we would hope that people would want to act in a responsible way with respect to health. We are trying to act in a responsible way.

We'll try and do more, we'll try and do better, Madam Speaker, but it would appear very obvious it will have to be people on this side of the House who will deal responsibly with the health matters, not people on that side.

Cancer Foundation - tabling of internal report

MADAM SPEAKER: The Honourable Member for Gladstone.

MRS. C. OLESON: Thank you, Madam Speaker.

When the Minister received his information, did he receive any information on the internal report that was done? Is he willing to table it now, too?

HON. W. PARASIUKE: Madam Speaker, I believe that I have not seen that report. I would certainly take a look at it.

But the interesting thing is she's talking of a report of a few years ago. I'm talking about concrete actions that are being done right now, Madam Speaker - right now. We're not waiting around for federal monies in this respect, we're acting. We're acting and providing money above the rate of inflation. We recognize that there are problems. We want to do a better job, Madam Speaker.

And let me assure you, I would compare the record of this government to that government when they were in office, between '77 and '81, and especially in comparison to other Conservative Governments in this country, Madam Speaker. We can set up the tests and we can judge the results and we know what they'll be.

Rideau Park Centre - delay in opening - costs

MADAM SPEAKER: The Honourable Member for Brandon West.

MR. J. McCRAE: Madam Speaker, my question is also directed to our long-winded Minister of Health.

What is the cost of keeping Rideau Park Centre in Brandon vacant for four-and-a-half or more months while labour problems are worked out and while 100 psycho-geriatric patients must live in substandard conditions?

MADAM SPEAKER: The Honourable Minister of Health.

HON. W. PARASIUKE: Madam Speaker, I believe that the New Democratic Party Government has built something in the order of \$20 million worth of personal care home facilities in Brandon. I believe that the record of the Conservative Government from '77 to '81 was zero. I think that shows the commitment of this government for personal care.

But it's just not a matter of money, it's a matter of sensitivity in terms of the transfer. There is a program under way whereby people who were living in the psycho-geriatric ward of the previous facility will in fact be moved, not in one day, but over a period of time, because there's an orientation program required. These people, some of them will be moved there for a period one day, one hour at a time, building up to a period when they can . . .

SOME HONOURABLE MEMBERS: Oh, oh!

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

The time for Oral Questions has expired.

May I direct the attention of -(Interjection)- The time for Oral Questions has expired.

Does the honourable member have leave to ask a final question? I don't hear unanimous consent.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

Does the honourable member have unanimous consent? (Agreed). Thank you.

The Honourable Member for Brandon West, with a question.

MR. J. McCRAE: I appreciate the indulgence of honourable members, Madam Speaker.

The construction of the Rideau Park Centre took some considerable time allowing plenty of time for advanced planning and time to make arrangements for the union problem. Now given the fact, Madam Speaker, that we've heard recently about an organic fusion between high level members of the union movement and members of the government opposite, wouldn't - why is it? Is it this organic fusion that puts the interests of the union bosses in this province ahead of the interests of 100 patients from Brandon Mental Health Centre who need to move to Rideau Park Centre?

MADAM SPEAKER: The Honourable Minister of Health.

HON. W. PARASIUKE: When people on this side of the House gave leave to the Member for Brandon West, we didn't think that we'd have to follow him into depths of depravity where he tries to speculate about organic fusions. Let him do that in the bathroom, Madam Speaker. We'd rather deal with serious matters in this Legislature.

We are indeed following a program whereby people are moved through an orientation program, Madam Speaker, because they can't be moved from wards where 20 of them have been in a ward for 20 or 25 years, into single room facilities, which I think is a tremendous improvement - I think everyone in this House would agree with that - in one day.

And that is only one facet of what's involved, Madam Speaker. Those are very important ways of dealing with this, Madam Speaker, and I would ask the Member for Brandon West to in fact recognize that we are providing the increased facilities for Brandon that are required in order to make that place a better facility in terms of personal care homes, Madam Speaker. That's in direct contrast to the Conservative area where they spent nothing, Madam Speaker.

There's a difference, and now this man tries to get up and act as if somehow this type of breaking in of a new facility is unusual. Madam Speaker, that is not unusual in comparison to schools, or in comparison to hospitals, or other personal care homes, Madam Speaker.

INTRODUCTION OF GUESTS

MADAM SPEAKER: May I direct the attention of honourable members to the gallery where we have from Hampstead School 60 Grade 5 students under the direction of Mr. Paul Smolarski, and the school is located in the constituency of the Honourable Minister of Urban Affairs.

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

ORDERS OF THE DAY

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Madam Speaker, by agreement with Opposition members, it's been determined that we'll recess the House until eleven o'clock this morning, at which time the proceedings of the House will recommence with the reading of the Budget. So for those individuals in the gallery, let me please explain to them that it will be a very short recess. The House will reassemble at eleven o'clock, at which time we will commence with the reading of the Budget immediately.

MADAM SPEAKER: Is that agreed? (Agreed).

The House will recess until eleven o'clock.

RECESS

MADAM SPEAKER: The Honourable Minister of Finance.

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

I move, seconded by the Minister of Energy and Mines, that this House approve in general the budgetary policy of the government.

MOTION presented.

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

It is an honour for me to present my third Budget to the Legislature and the people of Manitoba.

Today's Budget builds on the long-standing commitment of this government, commitments we have made to the people of Manitoba; commitments we will continue to keep; a commitment to defend the right of all Manitobans to live in a just and equal society; a commitment to create jobs by economic development; a commitment to protect and enhance health, education and other vital services which improve the quality of life; a commitment to restore fairness in taxation; a commitment to conduct our government's affairs in a fair, balanced and fiscally responsible manner.

Today's Budget will show how we are bringing form and substance to these promises. It will show that we have managed well; that we are undertaking major initiatives to improve this province's health care system; that we are meeting the priority needs of Manitobans and, at the same time, making major reductions in the deficit.

In every Budget since 1981, we have acted on our belief that social progress and economic progress go

hand-in-hand. We have continued a consistent strategy. That strategy has demanded difficult choices. Competing demands and different viewpoints have to be considered. No government is perfect. But we have always worked in the best interests of the people of Manitoba. Our record proves that this approach works.

Since New Democrats took office in 1981, the Manitoba economy has shown one of the strongest performances in Canada - six years of accomplishment. Elsewhere, Conservative administrations practised acute, protracted restraint and threatened the social programs Canadians have worked so hard to build. Our government has protected and improved public services. Manitobans are proud of the progress achieved since 1981. Working with one another, supported by the policies of our government, they have achieved a truly remarkable turnaround. Health, education and other public services are being protected and enhanced. Throughout the province, the government has worked with businesses, both small and large, to encourage investment and build a stronger future.

The family farm is receiving unprecedented support. Development of our hydro resource has been renewed. Downtown Winnipeg is being revitalized. Initiatives like affirmative action and day care are providing greater opportunity for those in need. Pay equity is contributing to greater equality for women in the workplace.

Our record is good. Much has been accomplished, but still much more remains to be done to guarantee a just and prosperous future for Manitobans. Manitoba has entered its sixth consecutive year of economic expansion. Manitobans working together are building a stronger, fairer future with more job opportunities for all.

Over the last five years, real Gross Domestic Product in Manitoba increased at the third-highest rate among provinces - by 4.9 percent annually compared with 4.4 percent in Canada as a whole. Investment was a major factor in this strong growth. Nonresidential new capital investment spending increased 56 percent in Manitoba over the last five years, double the national increase. Large firms plan a strong investment program again this year.

Most sectors have shared in the expansion of the 1980's. The results include more businesses, more jobs, and better incomes. Some 36,000 new jobs were created in Manitoba between 1981 and 1987. Last month, Manitoba's unemployment rate was the second lowest in Canada. Personal income per person averaged over \$16,700 last year. Personal income in Manitoba has improved from 91 percent to 94 percent of the national average.

Aided by higher world prices, the mining and petroleum sector recorded a 33 percent increase in the value of production in 1987, surpassing \$1 billion for the first time in Manitoba's history.

Construction activity increased 4.1 percent in 1987 to \$2.9 billion - another record. Employment in construction increased to a nine-year high.

We share farmers' and rural communities' concern with the outlook for international grain prices. Low prices have dampened employment and income growth in many sectors of the economy. Sustained recovery in international grain prices would mean major benefits for Manitoba.

Food processing and other manufacturing industries are adapting to changing markets. Manitoba's central location was a key decision by Fripp Fibre Forms to build a new food packaging products plant in Winnipeg.

Ford-New Holland's federally assisted purchase of Versatile's four-wheel drive tractor plant secures Manitoba's leadership in exports of advanced technology farm equipment.

The disappointment at the loss of the CF-18 contract remains, but successful contract bids by companies such as Bristol Aerospace and Standard Aero in the aerospace industry, and by New Flyer Industries in urban bus manufacturing, ensure continued solid performance in the year ahead.

Major established firms and dynamic new businesses are contributing to job creation in Manitoba's service and manufacturing industries. Firms such as Investors Group, Rescom Ventures Incorporated, Comcheq, and IBM have all expanded or located in Manitoba over the past year. All told, there were more than 3,000 new business establishments and 9,000 new jobs in service industries in 1987.

Important strategic initiatives for the future must include measures to promote balanced growth and job opportunities among regions within Manitoba, and to promote stronger linkages among businesses. Confirmation of federal support for the rural sewer and water program would help strengthen our rural infrastructure.

Public health care in Canada has fostered the development of world-class technologies and research capabilities. The federal decision to establish the National Disease Control Centre, and the enhanced opportunities it will bring to businesses in the health industry, builds on these strengths in Manitoba. About 50 firms in Manitoba are involved in medical research, and producing health care products for the domestic and export market. Firms such as 3M Canada, Otto Bock, ABI Technology, Shur-lift Industries, Unisys Canada, are all working to develop further initiatives in this regard.

Further initiatives to develop the health industry sector in Manitoba has been identified as top priority. The importance of proceeding with these initiatives was confirmed during Prime Minister Mulroney's meeting with Premier Pawley in Winnipeg last summer. We are optimistic that the Federal Government will sign the formal Memorandum of Agreement to pursue these health industry development initiatives shortly.

International and national developments will continue to influence our economic performance. Many Canadians and Manitobans support trade liberalization. The Canada-U.S. Trade Agreement, signed last month, however, goes far beyond matters of trade to affect foreign investment, management of energy resources and the future viability of Canadian cultural industries. Complex labour market adjustments are expected to involve thousands of lost jobs and job replacements. Uncertainty about the federal commitment to regional development programs, coupled with the lack of guaranteed adjustment assistance, have served to heighten Manitobans' concerns about the trade arrangement.

Manitoba's economy has shown substantial progress in the 1980's. The stage has been set for continued solid gains.

The Canadian economy is expected to continue to fare relatively well in 1988, with real growth forecast at 2.5 percent. Lower interest rates would enhance growth prospects and help reduce regional unemployment disparities and create more jobs.

In Manitoba, a number of major construction projects are under way or on the drawing boards. The Toronto-Dominion Bank will invest \$70 million on a major new office tower at Portage and Main in Winnipeg. Federal Industries Ltd. will expand its headquarters into a new \$15 million building.

Overall growth in Manitoba in 1988 is predicted to be close to or, according to some forecasters, above the Canadian average.

Good budgeting requires responsible choices and balanced priorities. Service and programs must be provided, and taxes must be kept fair and competitive. Investment and borrowing undertaken now must be balanced with future payment obligations.

Manitobans can point with pride to the fact that they received services which were among the best in the country. Health care is provided without regressive premiums or unfair user fees. Our day-care system is the best in Canada. Jobs and training have a high priority. Yet, Manitoba's overall spending remains moderate. It is the fourth lowest among provinces, and almost \$200 per person lower than the 10-province average. That is good value for money. We are determined to make even more effective use of each dollar that is spent.

A number of improvements in expenditure management, including some streamlining of internal government operations, are being undertaken. As announced in January, 21 senior managing positions in 13 departments have been eliminated. In communications, our reorganized system will result in economies of scale, with cost savings in excess of \$0.5 million. In personnel administration, we are re-aligning workloads, involving salary cost reductions of close to \$300,000.00.

In general administration, the operations of eight smaller departments will be consolidated to reduce costs, a reduction of more than \$100,000 annually.

In computer systems development, we have reduced reliance on external consultants, and costs will be reduced by some \$0.75 million through this initiative.

These measures are designed to improve and streamline the internal operations of Government without affecting public service.

Spending in 12 departments have been held to less than the rate of inflation. In six departments, spending growth has been limited to less than 3.5 percent. In six other departments, spending authority for 1988 is less than last year.

Funding for programs has been reprioritized wherever possible, and savings have been achieved in areas which will not affect services vital to Manitobans. These decisions have not been easy, but they were necessary. I'd like to cite a few examples.

Disbanding the Law Reform Commission will save \$277,000 annually, while eliminating funding to the Manitoba Design Institute will save an additional \$65,000.00.

In Government Services, costs are being reduced in a number of areas to save more than \$1 million.

Energy conservation programs are being streamlined to save another \$275,000.00.

Our payment system for out-of-province or out-of-Canada hospital benefits for people travelling or on vacation will be changed, in line with other provinces, to equate to comparable costs of services provided in Manitoba, at an expected cost saving of \$1 million.

The resources saved have helped us to meet the higher priority needs of Manitobans.

Long-term reviews of areas with potential for increased efficiencies and improved effectiveness are continuing. We are striving to make good government better and to meet the priority needs as efficiently and as effectively as possible.

Our efforts to ensure full value for money do not end with departmental operations and direct program delivery. We are aware of problems in some Crown corporations and we are taking action. Last year, we initiated the first comprehensive reform of Crown corporations in Manitoba's history. The Crown Corporations Accountability Act provides ways that makes the corporations more accountable to Manitobans. The Public Investments Corporation of Manitoba has now been established with a strong mandate for financial monitoring, to ensure the corporations meet their prime objective of serving Manitobans. And the major Crown corporations will hold public meetings to ensure Manitobans have an opportunity to raise their concerns and questions.

The taxes and charges Manitobans pay remain among the lowest in Canada for average-income earners. Our taxes are distributed more fairly, according to ability to pay with higher income earners expected to pay a fair share. Total revenue in Manitoba remains third lowest among provinces on a per person basis, some \$250 below the 10-province average.

Manitoba's emphasis on protecting vital public services, creating jobs and streamlining the economy is securing good fiscal results compared to many other jurisdictions.

Manitoba's deficit is fifth lowest among the provinces on a per capita basis. Moreover, our deficit is being reduced much faster than the federal deficit. The 29 percent reduction in Manitoba in 1987 is a marked contrast with the 4 percent federal reduction. This Budget continues on that path.

Borrowing has helped finance past investments in our public infrastructure, supporting the economy and protecting services for people when revenues were insufficient to meet needs. The annual cost we pay through debt charges are balanced by the benefits of these investments and services, not only for us today but for our children and for our grandchildren.

These benefits are extensive. Consider our province's investments in highways, roads, bridges, hospitals, schools, colleges and universities. The continuing benefits of these investments balance the interest on the debt required to finance them.

Consider our hydro system. It provides low-cost, safe, secure energy that is the envy of the world.

Our telephone system provides world-class service to Manitobans at reasonable costs.

We believe it is important to build for the future, where long-term benefits balance the borrowing costs of such investments.

Manitoba's total debt is about \$500 per person less than in Conservative Saskatchewan. Our debt ranks fourth highest among provinces. In contrast, the last

Conservative Budget in Manitoba, in 1981, reported that Manitoba's debt was \$1,794 per person more than in Saskatchewan, and second highest on a per capita basis among the provinces.

The majority of Manitoba's total debt is self-sustaining, and costs are paid from investment income. The net debt for provincial purposes supported by taxation is equivalent to less than one year of government revenue today. In contrast, former Premier Duff Roblin noted, in the 1962 Manitoba Budget that: ". . . in 1945 it would have taken 2 1/2 years to retire the outstanding net debt from annual current revenue, in 1961 this could have been accomplished in less than 1 1/4 years."

Today, it would take less than one year to retire the outstanding net debt from current revenue.

Debt service costs paid by taxpayers remain in the mid range among provinces. In 1987, five provinces had higher debt costs per person than Manitoba.

Providing public services for over a million Manitobans requires substantial resources. This Budget proposes over \$4 billion for programs and services in 1988, up \$284 million or 7.5 percent. Public debt costs, estimated at \$523 million, bring total spending to over \$4.5 billion.

A breakdown of the program spending increases shows our priorities. Health care receives \$111 million, or 39 percent of the increase. Education receives \$36 million, or 13 percent of the increase. Tax credit payments and assistance to local governments receive \$53 million, or 19 percent of new funding. Community Services and Corrections, including Child and Family Services, receive \$28 million, or 10 percent of the increase. Economic and Resource Development, including Agriculture, receives \$19 million, or 7 percent of the new funding.

For members of the New Democratic Party, the provision of quality health care available to all is a basic commitment, the very foundation upon which our party was built. We remember the struggle led by Tommy Douglas to establish Hospital Insurance and Medicare programs in Canada. For the Manitoba New Democratic Party Government today, the provision of quality health care is a responsibility which must be fulfilled.

This Budget meets our commitment to preserve and improve health care for Manitobans with over \$1.4 billion in resources for 1988, an increase of 8.4 percent over last year.

These resources are devoted to meeting the priority health needs of Manitobans today and in the future.

The cost of prescription drugs continues to escalate dramatically. The Pharmacare budget will be increased by some \$7 million or 23 percent, to help Manitobans with these costs. Last year, 119,000 Manitobans received an average benefit of \$248 under Pharmacare. Manitobans have clear preferences about health care. They want more care at home, within a supportive family and neighbourhood environment. They also want preventative health measures. These services are often an important alternative to high-cost institutional care. Last year, some 25,000 Manitobans were served by our Home Care Program.

We have made significant investment in community care and preventative health

programs over the past few years. This development will be accelerated with a 24 percent increase of \$12.5 million, bringing the Community Health Services budget to \$66 million.

Manitoba's Personal Care Home Program provides residential care for more than 8,000 Manitobans, mostly senior citizens.

The Medical Services Program is set at \$251 million, up \$17 million. Hospital services funding will increase \$42 million or 6 percent, to \$749 million. The high standard of our hospital care will be maintained and important improvements will be initiated.

I am especially pleased that this Budget provides for funds for a major health care initiative introduced by the Minister of Health yesterday. We are determined to meet the long-term care needs of citizens, to enhance our efforts at preventative health, to introduce community alternatives to institutional care, and to develop a health system that is more innovative and responsive to new ideas and changing needs in keeping with the traditions established by Tommy Douglas and the NDP. To meet those challenges, we are creating a special \$50 million Health Services Development Trust Fund. The Health Fund will be established, with start-up funding of \$10 million available in 1988.

The Health Fund is a good example of the way this government chooses to invest its resources in order to improve service and to get better value for our health care dollars. It is a progressive way to meet the challenges of health care and to forge a new partnership with all segments of the health community.

In addition to the Health Trust Fund, we are continuing to provide resources for other new health initiatives.

A new and expanded out-of-province transportation policy is to be introduced. Under this policy, critically ill Manitobans requiring transportation to medical centres outside of Manitoba for approved services not available in this province will be transported by the Provincial Air Ambulance Program, without cost to the patient.

In addition, effective April 1, 1988, people referred to medical centres outside the province for approved procedures or tests not available in Manitoba will be eligible for reasonable transportation costs. This program expansion will further enhance Manitobans' access to highly specialized medical services without the financial barrier of prohibitive transportation costs.

Measures to strengthen health research were promised in the recent Speech from the Throne. I am pleased to announce a special additional \$1.5 million grant to the Manitoba Health Research Council to aid in their efforts in 1988.

Health care expenditure is budgeted at \$1.439 billion in 1988 or 36 percent of provincial program expenditures, up from 29 percent in 1979. Lottery revenue of \$10 million will be dedicated to health care next year.

The future of family farms is a concern to all Canadians. It is particularly important in Manitoba because farming has become so important to our Manitoba economic development. That is why our government has introduced and maintained initiatives to support farmers and their communities in coping with the consequences of very difficult international forces.

Last year, the Manitoba Agricultural Credit Corporation offered clients an opportunity to purchase lower interest rates on long-term loans. Over 1,100 farmers chose this option.

Last year, the government announced a Special Farm School Tax Assistance Program. To date, applications representing over 20,000 farmers have been processed.

I am pleased to announce that an extension of the Special Farm School Tax Assistance program for a second year has been approved. The Budget includes provisions for \$12 million in benefits.

The establishment of the Manitoba Mediation Board has helped ease pressure on farmers in financial distress. By mid-February, the board had received 250 applications.

Farm income support programs will be strengthened. A new stabilization program for cattle feeders will be established to encourage feedlot finishing of cattle and to increase the number of finished cattle marketed in Manitoba.

A new Rural Development Institute will be established at Brandon University. The Institute will undertake studies on the long-term prospects, challenges and opportunities facing rural communities.

In total, resources committed to supporting the farm community through the Agricultural Department increase to \$90 million, a 28.2 percent increase over the last two years and 129 percent more than budgeted by the last Conservative Government in 1981.

This Budget provides a record \$783 million for education, an increase of 4.8 percent. Our commitment to improving the skills and knowledge of all Manitobans, especially our young people, is reflected through our continuing record of support to education. School divisions will also benefit from the accelerated schedule for receipt of payments from municipalities.

As announced last week by the Minister of Education, provincial funding to four Manitoba universities will increase by \$8 million or 4.5 percent to \$184 million. This Budget will support a new University Access Fund aimed at increasing participation of groups who have experienced barriers to entry and success in universities. The Fund is expected to assist Natives, immigrants, the disabled and, in special cases, adult learners and women. Total university financing will also provide \$7 million in capital funding.

Child and Family Services will receive \$121 million, up \$20 million or 19.4 percent over 1987. The Child and Family Services budget provides for increased support for children in foster care and for services provided by agencies' expansion of the Child Abuse Program.

Day care funding will be increased by \$7 million or 24.6 percent. This program reflects our continued commitment to assist families with young children, particularly those with special needs. Our public, not-for-profit, day care system will remain the leader in Canada in terms of accessibility, affordability and quality of care.

Resources for Employment Services and Economic Security will increase by \$14 million or 6 percent to \$250 million. A key element of the government's efforts will be directed towards increasing employment opportunities for social allowance recipients.

While Manitoba's unemployment rate has declined and ranks amongst the lowest in Canada, our

government remains committed to full employment. We are determined to improve employment opportunities for our young people. We will, therefore, maintain our commitment to programs such as Careerstart and Jobs and Training. We will also put in place additional financial measures to improve youth job opportunities, particularly in areas where opportunities are most limited. In this way, we will continue our commitment to help Manitoba's young people become active participants in our growing economy.

Strengthening opportunities for the establishment and growth of small and medium-sized businesses and the thousands of jobs they can create has been a consistent strategy of our government since New Democrats were returned to office in 1981. Direct initiatives include the Development Agreement Program, the Technology Commercialization Program, the Manufacturing Adaptation Program, the Venture Capital Program, and the Small Business Growth Fund.

Consultation with labour and business organizations and individual Manitobans indicate more can be done. Today, I am pleased to announce two new initiatives to help create jobs and expand investment and control by Manitobans in local enterprises.

Following consultations, a Labour-Sponsored Investment Fund will be established in Manitoba. The objectives of the Fund are to broaden investment opportunities for Manitoba workers, to create and preserve jobs, and to improve participation of workers in business decisions. The Fund will facilitate equity financing for investment by small and medium-sized Manitoba businesses. By providing this needed equity, these Manitoba companies will have better potential to grow and to create jobs.

The possibility of introducing a stock savings plan as a means for securing additional capital for Manitoba businesses has been the subject of discussion with the financial and investment community. However, the costs of issuing special shares to qualify for traditional stock savings incentives is prohibitive for all but the largest corporations. Thus, some modification to a stock savings plan approach are necessary for the program to help small and medium-sized Manitoba businesses expand and create jobs.

We are proposing the creation of Manitoba Equity Funds, similar to the Labour-Sponsored Investment Fund model. These Funds would be independent, professionally managed and responsible to individual investors. Within broad guidelines, they will provide equity financing to active medium and small Manitoba businesses.

Further consultations are required prior to finalizing details of the initiative and introduction of the required legislation.

The innovative Manitoba Equity Fund and the Labour Sponsored Investment Fund proposed in this Budget are intended to help Manitoba businesses and workers cooperate on investment opportunities for greater job creation and income growth throughout our province.

Capital expenditure will continue to build and maintain the infrastructure necessary for economic development, job creation and the effective provision of services. As in the past, three departments of government are responsible for the largest Capital expenditures. Highways and Transportation, Health, and Education will account for 63 percent of the total budgeted Capital expenditures of \$268 million.

Assistance to local governments over the past six years has been maintained and supplemented with special initiatives even during years when other provinces have frozen municipal support. Total funding in the Departments of Municipal Affairs and Urban Affairs has increased by 66 percent, from \$70 million in 1981, to \$116 million in 1988.

Provinces have faced a difficult task in finding needed resources for health and other priority services in light of the constrained federal funding. Legislation will, therefore, be introduced to limit the growth of Provincial-Municipal Tax Sharing Payments to a 3 percent increase over amounts paid in 1987. These limits will apply until such time as federal funding for health and higher education is restored to an equal 50 percent share. The savings realized from this decision will be dedicated to ensuring that our health care system continues to provide quality service to all Manitobans, without requiring regressive premiums or unfair user fees.

In January, the government announced that municipalities would be required to turn over school taxes collected for school divisions to divisions on a more timely basis, as recommended by the Provincial Auditor. School divisions benefit from the lower interest costs.

In response to requests for transitional help, I am pleased to announce a Special Provincial-Municipal Tax Sharing Payment of \$5.5 million will be made to municipalities next month. This special payment will ease them through this transition year.

Manitobans recognize that the equality of opportunity for all Canadians, rich and poor, in all regions, require a committed central government.

The initial federal commitment to pay 50 percent of health, hospital and medical costs was crucial to the introduction of universal public health care. Equalization helped poorer provinces finance public services with reasonably comparable tax levels.

Recent federal actions are threatening this progress.

Federal funding for health and higher education was cut back by the previous Liberal Federal Government, and further limited to a declining share of Canada's Gross National Product by the Conservatives.

In Manitoba, federal funding has dropped to 43 percent of the costs of health and higher education. The federal contribution now falls over \$123 million annually short of an equal 50 percent share in our province.

The \$123 million annual shortfall is equivalent to more than the annual cost of operating all hospitals in rural Manitoba; it's more than the annual cost of operating Seven Oaks, Misericordia and Victoria Hospitals.

Equalization has been reduced from 1.3 percent of the nation's income in 1982 to 1.1 percent today. For poorer provinces, that means \$1 billion a year less to finance health, education and other services. The capacity of all equalization provinces to provide health care and other public services is impaired by federal constraints on direct cost-sharing and on equalization.

Federal transfers are showing growth this year on a Budget-to-Budget basis. However, that growth follows less than 1 percent growth in two of the last three years. If the 1988 estimate is realized, the average increase in federal transfer payments will be less than 4.1 percent since 1984, clearly inadequate to meet the health and other priority needs of Manitobans.

The federal decisions are matters of priority and choice. There is money in the federal Budget for nuclear submarines, for frigates, for fighter aircraft. There's money for reduced tax rates for large businesses. There's money for reduced tax rates for the rich. We believe some of that money should be redirected towards funding priority services.

Canadians know that adequate health care for young and old requires a solid commitment from both the Federal and Provincial Governments. It cannot be protected with a declining share of our national income. Certainly, public costs can be reduced to a smaller share of our national income if less is provided, poorer services for the elderly, less access. That's what Conservative Budgets would mean in Manitoba, just as they have meant in Saskatchewan, Alberta and British Columbia. Over time, more costs would be shifted to individuals, and services would be limited to those who could pay. New Democrats reject that approach.

A major overhaul of federal-provincial financing arrangements is required. The Federal Government should: fulfill their election commitment to equal 50-50 sharing in the costs of health; and return equalization to the all-province national average.

I would hope that all members of the Legislature would support these efforts to restore a fair and secure funding base for these services for all people in all regions of Canada.

Federal control of the personal and corporation income tax bases has also had a pronounced effect on provincial revenues over the years. Provision of tax preferences and benefits for big business and the wealthy were a common thread in federal Budgets since the early 1970's.

Our government welcomed tax reform measures proposing to broaden the tax base and close loopholes. The change from exemptions to credits will also contribute to progressivity and fairness. Unfortunately, as the House of Commons Committee Report on Tax Reform noted, the large rate cuts for the wealthy cancelled any improvement in progressivity resulting from the positive elements of the proposals.

In light of the federal changes, I am proposing a number of changes to Manitoba's system of income taxes and tax credits to protect benefits for low and moderate-income Manitobans.

The maximum Cost of Living Tax Credit will be changed to dollar amounts, roughly equivalent to the 4 percent of personal exemptions which was the basis for calculating the 1987 benefits.

The Manitoba Tax Reduction will be changed to dollar amounts, reduced by 2 percent of net income, as announced last November.

The threshold for Manitoba's surtax on higher incomes will be adjusted to ensure that surtax applies only to those with net incomes in excess of \$30,000.00. For families and seniors, the surtax threshold will be higher. Only the top 15 percent of Manitoba tax filers will pay the surtax.

These changes are necessary to harmonize Manitoba's income tax system with the new federal structure. These adjustments will mean a small net saving to Manitoba tax filers over and above the reductions in Manitoba's personal income taxes which result directly from the federal changes.

Our government remains committed to preserving vital services to benefit all Manitobans, especially health, education and income support. We remain determined to continue our efforts to foster balanced development of the provincial economy, and equal opportunities for all Manitobans.

I am pleased to report we have managed to meet these commitments without any general tax increases this year. There will be no increase in sales taxes. There will be no increase in personal income taxes, and there will be no increase in small business taxes.

The Budget does propose a significant reform in mining taxation in Manitoba.

In the early 1980's, Manitoba's mineral mining industry underwent a very difficult period of poor market conditions. During this time, the government played a key role in sustaining the industry. By way of example, since 1982, Manitoba spent over \$15 million on geological and other services for the industry. Inco received more than \$4 million in new investment tax credits for its mining and processing facilities. A loan of \$10 million was made to Sherritt Gordon Mines Limited to maintain production at the Ruttan Mine. A loan of \$4 million was made to Sherrgold to help develop the MacLellan Mine and maintain the town of Lynn Lake.

Mineral prices have recovered over the last year and many companies are enjoying record profits. We believe it is now appropriate to take action to secure a fairer return to the people of Manitoba for our non-renewable resources.

Highlights of the changes include:

The general mining tax rate will be increased to 20 percent, the same as Ontario;

Processing allowances will be adjusted more in line with assets used in processing;

The investment tax credit will be rescinded;

A special 7 percent refundable mining tax will be introduced to ensure mining companies pay a fair minimum tax to Manitoba; and

A new Mining Development Fund will be created.

These changes will provide a stable, competitive and fair mining tax regime in Manitoba, for the industry and for all Manitobans.

The new Mining Development Fund is a new and innovative approach. This fund will ensure that some of the wealth generated by the province's mineral resources is reinvested along with private sector investment, in the mining industry and mining communities, thereby helping stabilize the economy of northern Manitoba. The Minister of Energy and Mines will be providing details of the Mining Development Fund during this Session.

The establishment of the new Mining Development Fund signifies the government's continued commitment to a healthy mining industry, jobs, and a secure economic base for northern Manitoba.

Health and environmental concerns are reflected in two special revenue measures:

The tobacco tax will be increased 9/10 of a cent per cigarette, effective March 28. We expect cigarette consumption to decline 15 percent, with ongoing benefits to the health of Manitobans, partly as a result of this measure.

One of the most significant sources of lead in the environment is exhaust emissions of vehicles

using leaded gasoline. Exposure to lead has been linked by medical studies to lead poisoning, causing disorders and problems in the mental development of children.

The special surcharge on leaded fuels will be increased by 0.9 cents per litre effective July 1. This is intended to eliminate the oil industry's current price structure which promotes the use of higher-pollutant leaded fuel. With the surcharge, unleaded fuel should be available at or below the price of leaded fuel in Manitoba. We anticipate a 30 percent decline in leaded fuel sales and a positive effect on the environment. All marked fuel for farm use will of course remain tax free.

Two selective fuel tax changes will be effective April 1. The locomotive fuel tax rate will be increased 1.4 cent per litre to 15 cents and the aviation fuel tax rate will be increased 2.0 cents per litre to 6.8 cents. The government's fiscal strategy is working. The fiscal plan shows sharp improvement in the operating deficit. As indicated earlier, this Budget proposes total spending of over \$4.5 billion. Revenue is estimated at just over \$4.2 billion, up 11.9 percent from 1987. As a result, the net budgetary requirement will be \$334 million. This is \$80 million, or 19.5 percent lower than last year, which in itself was a six-year low.

The net budgetary requirement is also significantly lower in relative terms than in 1981, the last year of the former Conservative administration. It's true, it's 29 percent lower as a share of government spending. Now, it is 31 percent lower as a share of revenue, and it is 16 percent lower as a share of gross domestic product since that time. Some \$268 million in capital spending, which creates assets and benefits of lasting value, is included in the Budget.

The operating position reflects the progress the Government has made in paying for its day-to-day requirements from current revenue. This Budget further reduces the operating deficit from \$158 million last year to \$66 million this year, a reduction of \$92 million, or 58 percent. Our operating deficit has been reduced by 78.7 percent over the last two years.

I am pleased that substantial progress has been accomplished:

- while protecting the health, education, and social services enjoyed by Manitobans;
- while maintaining efforts to foster balanced economic development; and
- without general tax increases this year.

For 1988, the total borrowing requirement amounts to \$1.3 billion, which is lower by \$230 million, or 17 percent from last year.

Increases in the Canadian market capacity for Manitoba bonds should allow at least 65 percent of public market requirements to be met in Canadian dollars. It is our intention to negotiate swap agreements for other than Canadian or U.S. dollar issues in our 1988-89 borrowing program.

Last year I announced a new opportunity for Manitobans to invest directly in our province and its future, through Manitoba Investment Savings Certificates. Manitobans responded positively to the first issue last year.

Today, I am pleased to announce that the Manitoba Investment Savings Certificates will again be offered to Manitobans. Selling will commence in early May.

In this Budget, we have proven that our government responds to the social and economic priorities of

Manitobans. We have proven our willingness to make difficult choices in order to meet our commitments; commitments in regard to economic development, job creation and the preservation of services vital to people. This Budget shows that our fiscal management has been sound. Taxes will remain stable, while the deficit is being cut. This Budget shows innovation in services and recognizes that there are many needs still to be met, many tasks still ahead.

And most importantly, Madam Speaker, most importantly, this Budget shows that by working together, the people and the Government of Manitoba can build a future based on justice and progress for all. We pledge ourselves to that goal.

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, I move, seconded by the Member for Morris, that debate be adjourned.

MOTION presented and carried.

MESSAGES

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Madam Speaker, I have two messages from His Honour, the Lieutenant Governor.

MADAM SPEAKER: The Honourable the Administrator of the Government of the Province of Manitoba, transmits to the Legislative Assembly of Manitoba, Estimates of sums required for the services of the Province for Capital Expenditures, and recommends these Estimates to the Legislative Assembly.

(French translation)

L'administrateur du Gouvernement de la Province du Manitoba, transmet à l'Assemblée Législative du Manitoba, le budget des sommes relatives à l'immobilisation qui sont requises pour l'administration de la Province et recommande ce budget à l'Assemblée Législative.

The Honourable the Administrator of the Government of the Province of Manitoba, transmits to the Legislative Assembly of Manitoba, Estimates of Sums required for the Service of the Province for the fiscal year ending the 31st of March, 1989 and recommends these Estimates to the Legislative Assembly.

(French translation)

L'administrateur du Gouvernement de la Province du Manitoba transmet à l'Assemblée Législative du Manitoba le Budget des sommes requises pour couvrir les dépenses relatives à l'administration de la Province pour l'année financière se terminant le 31 mars 1989 et recommande ce budget à l'Assemblée Législative.

MADAM SPEAKER: The Honourable Minister of Finance.

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

I move, seconded by the Minister of Industry, Trade and Technology, that the said Messages, together with the Estimates accompanying the same, be referred to the Committee of Supply.

MOTION presented and carried.

MADAM SPEAKER: The Honourable Minister of Finance.

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

I move, seconded by the Minister of Labour, the Deputy Premier, that this House will, at its next sitting, resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried.

MADAM SPEAKER: The Honourable Member for St. Norbert.

MR. G. MERCIER: Madam Speaker, I move, seconded by the Member for Morris, that debate be adjourned.

MOTION presented and carried.

MADAM SPEAKER: The Honourable Minister of Finance.

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

I move, seconded by the Minister of Cooperative Development, that this House will, at its next sitting, resolve itself into a Committee to consider of Ways and Means for the raising of the Supply to be granted to Her Majesty.

MOTION presented and carried.

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Yes, Madam Speaker, I move, seconded by the Opposition House Leader, that the House be now adjourned.

MOTION presented and carried and the House adjourned and stands adjourned until 1:30 p.m. on Monday next.