

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, September 18, 1989.

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

TABLING OF REPORTS

Hon. James McCrae (Attorney General): Mr. Speaker, I am tabling today the 66th Annual Report of the Manitoba Liquor Control Commission for the fiscal year April 1, 1988, to March 31, 1989.

INTRODUCTION OF GUESTS

Mr. Speaker: Prior to oral questions, I would like to take this opportunity to draw Honourable Members' attention to the Clerk's Table, where we have with us today Mr. Smirle Forsyth, who is a Clerk Assistant of the Ontario Legislative Assembly. On behalf of Honourable Members, we welcome you here this afternoon.

ORAL QUESTION PERIOD

Goods and Services Tax Premier's Intervention

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, it is good to be back. It is time for this Government to once again be held accountable.

This Government ran a campaign on the theme of management, but good management is not letting the federal Government walk all over you. Good Government and good management is not firing, pushing aside the head of day care because you do not like the message that the day care director delivers. Good management is not underspending in health so elective surgery becomes emergency. Good management is not giving personal staff salary increases of 15 percent to 24 percent. Good management is tackling difficult issues head-on and finding solutions.

The question on every Manitoban's mind and is the perfect example of poor management of issues exhibited by this Premier (Mr. Filmon) is why did this Premier, in his meeting with the Prime Minister on the 27th of August, not raise with the Prime Minister Manitoba's absolute rejection of the 9 percent GST?

Hon. Gary Filmon (Premier): Mr. Speaker, it is good to be back and I am delighted to hear that the Leader of the Opposition (Mrs. Carstairs) has not changed her tune or her position, so that makes it a lot easier for us. We know exactly what she is going to say, exactly what she is going to do. We know about her negativism, and we know about her wrongly-placed priorities in Manitoba.

As a "for instance," I recall approximately three months ago—maybe it was four—that she said the most important thing I ought to be doing is to meet with the Prime Minister to tell him about our concerns for economic development and job creation in Manitoba, specifically as it applies to Portage la Prairie, Mr. Speaker. So when I had the opportunity to meet with the Prime Minister of Canada, what did I talk about first and foremost as a priority? -(interjection)- I talked about—

Mr. Speaker: Order, please. The Honourable First Minister.

Mr. Filmon: Mr. Speaker, we talked about economic development and job creation for Manitoba and specifically what could we do to help the people of Portage la Prairie. Now of course the Leader of the Opposition (Mrs. Carstairs) has already abandoned the people of Portage la Prairie. She does not care about them. She does not care about them. She has got a new political issue that she thinks will get her more attention and more publicity, but I do not have those problems with consistency.

I went to talk to him about economic development. I went to talk to him about jobs for people in Manitoba and the people of Portage la Prairie, and we got an announcement very shortly thereafter. A combine plant, 200 jobs—

Mr. Speaker: Order, please; order, please. The Honourable Leader of the Opposition.

Mrs. Carstairs: Mr. Speaker, he had an hour-or-so meeting. He raised Portage, that the GST is going to have a bigger effect on economic development and jobs in this province than any single action of the federal Government, that on the GST the Prime Minister was going to read his press clippings. Well, the Prime Minister is so busy reading his own press clippings he does not have time for his.

Mr. Speaker, the First Minister (Mr. Filmon) betrayed Manitobans by not raising this issue and he betrayed them again in his inaction on cutbacks to VIA, his inaction on cutbacks to UIC, and his inaction on early grain payments to farmers. When will this First Minister take the opportunities that are given to him, and they are given to him rarely, to speak up and out on behalf of the people of Manitoba?

Mr. Filmon: Well, Mr. Speaker, I knew precisely that we had to get the attention of the federal Government so I went to the Premiers' Conference in Quebec City, and even though some of the leaders were Liberals there, I thought that some of those Premiers might join with us and come together in consensus to have a communique saying to Ottawa that we were opposed to the goods and services tax, that it was unacceptable. After some discussions all of the 10 Premiers agreed

on that and 10 Premiers, it seems to me, are a lot stronger than one Opposition Leader, or third Party leader, who go bleating away here in Manitoba. We got all 10 Premiers to agree on a communique that did catch the attention of the federal Government and the federal Finance Minister, to tell them that it was unacceptable in every province of this country. That is the way to fight the federal Government on issues.

Mrs. Carstairs: Mr. Speaker, then he blew it by not taking that communique directly to the Prime Minister when he had the opportunity.

Government Management Secrecy

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, good management is not intimidation. That may be acceptable in non-democratic countries; it is not acceptable here. First of all, it was the foster parents. Now it is the day care workers. Why is this First Minister's Government unwilling to debate issues with individuals affected, but practises secret representatives at meetings and secret polls?

Hon. Gary Filmon (Premier): Mr. Speaker, I am not sure what exactly is the genesis of that question, but I will tell the Leader of the Opposition (Mrs. Carstairs) this, that we as a Government have made a stronger commitment to day care than any previous Government here.

In two budgets, in the space of less than 16 months, we have increased day care funding in this province by 45 percent, \$13 million of new funding. That is a commitment to quality day care. We said we were going to work with them on quality, we are going to work with them on accessibility, and we are going to work with them on flexibility and we are willing to work with all elements of the day care community. We are not willing to pick favourites and choose only one aspect of day care, like the NDP were. We are willing to put our priorities behind a quality day care system accessible to people throughout this province, of all walks of life, of all backgrounds, regardless of where they live, we are going to provide quality, accessible day care to them. That is why we made an increase 45 percent over two budgets in less than 16 months, 13 million additional dollars, Mr. Speaker. That is our record. We will stand by it.

Mrs. Carstairs: Mr. Speaker, it will be interesting to the people of the Province of Manitoba that they also stand by their record of sending spies to meetings.

Day Care Standard Reduction

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, last spring, the Minister of Labour (Mrs. Hammond) —

Mr. Speaker: Order, please; order, please. I am having some difficulty hearing the Honourable Member's question. The Honourable Leader of the Opposition.

Mrs. Carstairs: —was prepared to reduce workplace standards. Now the Family Services Minister (Mrs. Oleson) is prepared to reduce day care standards. Why is this Government prepared to allow the deterioration of standards in a province, particularly in fields where vulnerable citizens are affected?

Hon. Gary Filmon (Premier): Mr. Speaker, I reject that statement completely. We will not allow the reduction of standards for quality day care in this province, period, paragraph.

Family Services Staffing

Mrs. Sharon Carstairs (Leader of the Opposition): The Community Services Minister (Mrs. Oleson), in her responsibilities in her department has consistently chosen economic security people over Community Services people. It is no wonder she is in trouble. She does not have her Deputy Minister; she does not have a director of Research and Planning; she does not have Communication; she does not have Finance; she does not have Human Resources, any of them staffed by people from Family Services. They all have come from Economic Security.

Now it is Mary Humphrey. Who is to be the next person in Family Services who is to be the scapegoat of this Minister and this Government?

Hon. Gary Filmon (Premier): We do not need scapegoats because we are proud of the fact that we have increased funding to day care by 45 percent in two budgets in a space of less than 16 months. We are proud of the fact that we have put 13 million of additional money into day care. We have made a commitment to day care, to quality, accessible, flexible day care that will serve the needs of all people of this province.

I tell you, Mr. Speaker, that we will ensure the people of this province get the day care that they need and, in fact, that day care workers will indeed get the improvements they deserve as well. We will work at it on a long-range basis, on a planned basis, because we know that it takes good management and sound planning to achieve that, not like the Leader of the Opposition (Mrs. Carstairs) getting her issues out of this morning's paper.

Mrs. Carstairs: But his own Minister of Community Services (Mrs. Oleson) said she could not do that. She said she had to go year to year, she could not possibly be involved in long-term planning because that is not the way the budget worked.

Family Services Minister Resignation Request

Mrs. Sharon Carstairs (Leader of the Opposition): Can the First Minister (Mr. Filmon) tell this House today if he is prepared to protect vulnerable adults, vulnerable children in our community and get the resignation today of the Minister of Family Services (Mrs. Oleson)?

Hon. Gary Filmon (Premier): Mr. Speaker, I regret the fact that the Leader of the Opposition (Mrs. Carstairs) believes that it is good politics to stamp on and stomp on an individual Member of Cabinet to try and get personal in her attacks and her slights against individual Members.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. The Honourable First Minister.

* (1340)

Mr. Filmon: The Member for Concordia (Mr. Doer) will have his turn to flop in just a minute.

Mr. Gary Doer (Leader of the Second Opposition): I think the record is clear in terms of the Government's inability to deal with their federal counterparts on any major issue affecting Manitobans. It is becoming embarrassing in its extreme to watch changes such as the UIC, Via Rail, Regional Development Grants, the change in our Medicare system, our post-secondary education. All of these changes are done without a whimper from the Filmon Government, the Conservative Government of the Day, the Premier of the Day, and the Ministers in the Government that are more concerned about being in complicity on environmental issues and other issues as a Conservative club rather than standing up for Manitobans.

Goods and Services Tax Finance Minister Position

Mr. Gary Doer (Leader of the Second Opposition): My question is to the Minister of Finance (Mr. Manness). Given the concern of all Manitobans on the goods and services tax, does the Minister of Finance (Mr. Manness) still stand behind his position that "Michael Wilson is a person of high credibility and integrity," and secondly that "he, as Minister of Finance, will not fight this project tooth and nail with Ottawa"?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I remember the first quote, that dealing with the credibility of the Minister of Finance federally. Certainly events have occurred over the last three or four weeks, and indeed the last three or four months, that call into question the statement that I made at that time. The second quote, I have no memory of, I do not recall.

Mr. Doer: Well, I am pleased to see that there is some slight difference now between the Minister of Finance (Mr. Manness) and his absolute and total trust for the federal Minister of Finance, but I would quote from his press conference on August 8 asking whether he was going to "fight this tooth and nail with Ottawa" and he said "no" at that press conference, Mr. Speaker.

Finance Minister's Position

Mr. Gary Doer (Leader of the Second Opposition): My question to the Minister of Finance (Mr. Manness) is how can we trust him to fight as the lead Minister at federal/provincial finance meetings when he has taken a position of total trust with Michael Wilson, and he has not stated that he would fight this position tooth and nail on behalf of Manitobans, in terms of the damage of \$629 per family that this tax will do? How can we trust him?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I trust my father implicitly and explicitly, but I do not always agree with my father. I trust Members of this Legislature, but I do not always agree with them. That is the real world. With respect to the transcript that came out of that meeting, I would like to see the questions and the answers provided in their full context, because I have a letter before me that I wrote to the federal Minister of Finance dated August 14 in which I raised several concerns and weaknesses with respect to the proposed goods and services tax. That is well known to the Leader of the NDP (Mr. Doer). He chooses not to accept them, and I say to him I could also dig up a number of facts in the past where his Government was a strong supporter of sales tax reform.

Cost to Manitobans

Mr. Gary Doer (Leader of the Second Opposition): Mr. Speaker, I would ask the Minister of Finance whether he would be willing to table the tax, and in terms of our analysis—or table the letter—given the fact that we have made statements on the effect of this tax on the average family. We have made statements of this tax in terms of the inflation rate in this province. We have made statements on the interest rates that he does not feel will hurt farmers in this province—that is another direct quote from his press conference. Would the Minister of Finance tell us how much this tax is now going to cost the average family in this province, how much this tax is going to cost in terms of the inflation of this province, and what are the projected interest rates that will be in this province on January 1, 1991, with the introduction of this tax? Can he tell us that so the people of Manitoba have straight goods on this goods and services tax?

* (1350)

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, without accepting any of the wandering preamble of the Leader of the NDP (Mr. Doer), who happens to be all over the map on most issues, let me say for the record that we are now, as we were asked to do by the Premier's communique, we are attempting to measure many of the elements of the impact of the goods and services tax on certain sectors of the economy of the Province of Manitoba and ultimately upon the fiscal standing of the province. Again, as I said at that August press conference that we sense that the impact upon the economy as a whole would be in the realm of \$200 million to \$250 million. That is a ballpark estimate. Bearing in mind that as that

money is withdrawn from the Manitoba economy, the federal Government for the most part directs it back by way of agreements and programs to the province in a whole host of areas, but nevertheless that is the outside measurement that we have today. The sectoral analysis will continue and once they are completed, we are prepared to share them with the people of Manitoba.

Mr. Doer: The analysis the First Minister (Mr. Filmon) has produced to us in the House today is the same analysis he had, I believe, on August 8. Mr. Speaker, it is based on the Minister of Finance's (Mr. Manness) paper which has now been called into question. The integrity of his paper has been called into question by Wood Gundy; it has been called into question by the Accountants Association of Canada; it has been called into question by the Housebuilders Association. They say that the house costs will be three times that of what is in the technical paper.

I would ask the Minister of Finance (Mr. Manness) why after six weeks he cannot tell Manitobans what the ballpark figure is going to be in terms of our Manitoba economy, how many jobs it will cost, and why he is using the old figures based on Michael Wilson's paper and not an independent Manitoban look at the effect of this tax on our economy?

Mr. Manness: Mr. Speaker, I reiterate what I just said. We were mandated by the Premiers, indeed I was mandated by the Premier of Manitoba (Mr. Filmon), to try and find out specifically the impact on the province with respect to all its sectors, indeed with respect to the fiscal part of it. We inherited from the former Government the same economic analysis section that was in place when they were there. We have the same resources at work, the same people at work. We have the same models at work and indeed the lack of models at work, because we do not have a large model that can measure the Manitoba economy and allow us to plug in a few variable changes and give us the final answer. We do not have it. I wish we did. Nevertheless we are trying to use whatever tools we have to provide the answers, not only to ourselves in the sense of trying to build the policy question as to the hard way in which we are going to fight aspects of this tax but also to share those answers with all Manitobans.

Family Services Minister Resignation Request

Ms. Avis Gray (Ellice): My question is for the Premier (Mr. Filmon). The Premier has indicated in this House today that his Government has a stronger commitment to day care than any other Government in Manitoba.

Some Honourable Members: Hear, hear!

Mr. Speaker: Order, please. Order. The Honourable Member for Ellice.

Ms. Gray: Thank you, Mr. Speaker. Wait until they hear the next part, then they will really clap. If his Government has a stronger commitment to day care, then I would suggest to the Premier (Mr. Filmon) that the three major

associations representing day care in this province are angry with this Government. We have had more rallies over the last two years of parents and children and child care workers on the steps of the Legislature. We have had more letters and phone calls from child care workers and parents, and we have a possible work stoppage of child care workers in this province which is unprecedented. So if that is his strong commitment to day care in this province -(interjection)- then I would like to see—

Mr. Speaker: Order, please; order, please. Is this thing working? The Honourable Government House Leader (Mr. McCrae), on a point of order.

Hon. James McCrae (Government House Leader): Mr. Speaker, this is the resumption of our Session, and I can understand some Honourable Members wanting to tell all that they have to say for the duration of the Session in the space of one preamble. I would suggest that Honourable Members on all sides of the House should be reminded that briefer questions do lead to briefer answers.

* (1355)

Mr. Speaker: I would like to thank the Honourable Government House Leader.

The Honourable Opposition House Leader, on the same point of order.

Mr. Reg Alcock (Opposition House Leader): I would ask that the Government House Leader (Mr. McCrae) provide the same advice to his own Members. Long answers also produce long questions, and I think we should start the Session with an attempt to have a little control on both sides.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Order. I would like to thank all Honourable Members, and I think it is advice that we should all adhere to. The fact, as the Honourable Government House Leader (Mr. McCrae) has pointed out, shorter questions and shorter answers, and the House would tend to move along that much more smoothly. The Honourable Member for Ellice kindly put her question now.

Ms. Gray: My question for the Premier (Mr. Filmon) is, will the Premier intervene today to resolve the day care crisis that is looming in this province by removing the Minister of Family Services (Mrs. Oleson) and by ensuring that we will have good child care in this province? Will he do that today?

Hon. Gary Filmon (Premier): Mr. Speaker, one thing I will assure the Member for Ellice and all Members of this Legislature is that we will do everything in our power to ensure that we have a quality, accessible, flexible day care system in Manitoba that meets the test of the needs of all the people who use day care and depend upon it for the care and well being of their children. That is why we made a commitment of a 45

percent increase in two budgets over a space of 16 months. That is why that increase of \$13 million over those two budgets was there to show our firm commitment to day care.

The greatest commitment that has been made by any Government in this province in terms of overall increases in expenditure because we believe that that kind of quality system of day care must be provided for the people in this province who must have it, and we are carrying through with that commitment, Mr. Speaker.

Mentally Handicapped Service Reduction

Mr. Speaker: The Honourable Member for Ellice, with her supplementary question.

Ms. Avis Gray (Ellice): The other issue is services to the mentally handicapped. Can the Minister (Mr. Filmon) indicate to this House today if he supports his Minister of Family Services (Mrs. Oleson) who writes parents and says services to the mentally handicapped are a priority for this Government, and on the other hand, she has already prepared a budget where there are no volume increases and services to the mentally handicapped? Is that policy with the Tory Government?

Hon. Gary Filmon (Premier): It is a policy of this Government that services to the mentally handicapped are a priority. Indeed we have taken—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. I am sure the Honourable Member for Ellice would like to hear her answer. The Honourable First Minister.

Mr. Filmon: My Minister of Family Services (Mrs. Oleson) met last week with people, representatives from various communities and various groups that serve the mentally handicapped in this province. They came away with an understanding that the Minister did have some news for them in terms of the specifics of budget questions that they asked, and that that would be provided as soon as we come before the House with Estimates of Expenditures so that she can provide the information to them on these areas. It remains a priority area. We remain committed to providing these services for the needs of the vulnerable in our society, Mr. Speaker.

Family Services Minister Premier's Support

Mr. Speaker: The Honourable Member for Ellice, with her supplementary question.

Ms. Avis Gray (Ellice): I have a final supplementary to the Premier (Mr. Filmon). Can the Premier indicate to this House why he continues to support a Minister who time after time makes decisions at the beginning of the year, and then after much lobbying and community pressure from the Opposition and the

community then realizes that she made a mistake and goes back and changes her mind? Can the Minister indicate why he supports a Minister who does not have the management capabilities?

* (1400)

Hon. Gary Filmon (Premier): Mr. Speaker, I am sure that the Member for Ellice (Ms. Gray) is very anxious to demonstrate her management capabilities. I am sure that she may have some to show, but at this point in time there has been no evidence of that. She can work on the questions first, and then maybe some day she will have an opportunity to work on the answers. It may be a long time away, but she can keep working on that. The fact of the matter is that the Minister of Family Services (Mrs. Oleson) will continue to meet with, to discuss important issues with all elements of the community. She is an individual who is very sincere, very dedicated and I do not think that she deserves the kind of ill treatment she is getting at the hands of the Member for Ellice or her Leader.

Mr. Reg Alcock (Osborne): Mr. Speaker, she is getting the treatment that she has earned. We were patient with her for a long time.

Mr. Speaker, before I begin my question, I would just like to comment on one thing. The Minister of Finance (Mr. Manness) did reference a letter, he did not table it.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Minister of Finance (Mr. Manness) did not quote from any letter. Therefore, I do not believe the Honourable Member for Osborne (Mr. Alcock) should be asking the Honourable Minister of Finance to table such a letter. The Honourable Member for Osborne with his question.

Goods and Services Tax Federal Support Funding

Mr. Reg Alcock (Osborne): I am pleased, Mr. Speaker, to hear the Minister of Finance (Mr. Manness) talk about finally doing some studies, because when I asked him this question in June, he said that he was relying on verbal assurances from the Minister of Finance.

I was also interested to hear his comment that the impact would be between \$200 million and \$250 million, and that money would come back through federal programs. Does he have assurances from the federal Minister of Finance that we will receive that sort of increase in our federal support in this province?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I am trying to refer to those dates in June 22 and 23 when the Member did ask me some specific questions on this matter.

With respect to additional funding, I did not make the claim that there would be additional funding. I am saying that the federal Government, I never did ever

make the claim that there would be additional funding to \$300 million. I am saying that there are right now, that the federal Government is making commitments in a number of areas including EPF funding, including some of the other agreement areas, and the basis of that funding for the most part is borrowed funds, borrowed funds of which there is an itinerant high cost of public debt cost.

The point that I was trying to make that this money would probably, in some respects, be coming back but at this time not to be borrowed to be done so.

Mr. Alcock: Mr. Speaker, \$200 to \$250 out, maybe some back. The reference, by the way, is June 9 for the Minister of Finance (Mr. Manness).

Cultural Industry Impact

Mr. Speaker: The Honourable Member for Osborne (Mr. Alcock), with a supplementary question.

Mr. Reg Alcock (Osborne): Several studies show us that the impact on cultural organizations will be severe, and small social service agencies. These organizations are largely funded by Government. Can the Minister of Finance (Mr. Manness) offer them any assurances that they will not have to cut their operations, that they will not suffer significant losses and be unable to operate as a result of this tax?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, we can provide no assurances because it is not our tax. This Government has one direction with respect to taxation, and that is to reduce it. That is to reduce the personal tax rates that all Manitobans pay by \$60 million, to reduce the payroll tax from \$300 thousand to \$600 thousand, and to reduce taxes wherever it can. The Liberals of this province have an opportunity to vote once on tax measures that are not federal in nature, that are provincial in nature, and have chosen to vote against it.

Mr. Alcock: Yes, and they have one way on day care staff salaries and another way on their own staff salaries. They got lots of different positions, and lots of different issues.

Individual Family Impact

Mr. Reg Alcock (Osborne): Mr. Speaker, the Minister of Finance (Mr. Manness) has given us a figure of between \$200 million and \$250 million as the estimated impact on the Province of Manitoba. We have all sorts of studies coming out now that show the impact on a family. What do his studies show about the impact on an individual family in Manitoba?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, the simplistic arithmetic calculations as to the impact on the family are such if there is a \$300 million impact on the economy, and there are 300,000 families in Manitoba, then the cost is obvious. So, Mr. Speaker, -(interjection)- well he asked the families, the Member was asked the number of families in the Province of

Manitoba. So, obviously, as I have said at the press conference that all taxes, whether they are levied federally or provincially, reduce disposable income and as such they are a cost to the economy. That is why this Government is fighting so hard to reduce the tremendous tax levy, the high tax regime that was in place left to us by the former NDP Government, and we would ask for support from the Liberals to continue our course in this respect.

Machray Day Care Centre Premier Invitation

Ms. Judy Wasylycia-Leis (St. Johns): Mr. Speaker, I would like to ask the Premier (Mr. Filmon) a question on day care. The Minister of Family Services (Mrs. Oleson) has clearly shown little understanding of the issues of child care and little ability to manage this policy area.

Now, the Premier over the last few days has really shown also no appreciation of the professional, emotional, human physical demands that a child care professional is accustomed to.

Today the Premier, himself, received a request from the Machray Day Nursery from Pat Wege, the director, to spend a day at that day care centre and to get an understanding and appreciation of the work of the day care profession.

Is the Premier aware of this rather generous request, considering the Premier's qualifications do fall somewhat short of those required of a day care worker? Is he aware of the request and what is his response to that request?

Hon. Gary Filmon (Premier): Mr. Speaker, under no circumstances do I undervalue or undermine or believe that the work of day care workers is not a very important work nor a very valuable work to people in this society.

I indicated at our news conference on Friday that day care workers deserve more and that as long as we were in Government we would do everything we could to improve the circumstances of day care workers. We began by having to address many, many problems that were left for us by the former NDP administration of which the Member for St. Johns (Ms. Wasylycia-Leis) was a vital part.

If there has been neglect in the day care system, if there has been a problem in the day care system with respect to salaries, it has not happened in the last 16 months. All of these circumstances prevailed very strongly when that person was in Government. She chose to do nothing about it; she chose to ignore the problem. We have increased spending by \$13 million additional, by 45 percent in two budgets, over a space of less than 16 months. We are making our commitment to day care, and we know that it is valuable to society and we are going to continue to support it, Mr. Speaker.

Ms. Wasylycia-Leis: A supplementary to the Premier (Mr. Filmon).

It is actually the Premier's comments and this Government's record that has riled the day care

community and made the crisis of a withdrawal of service much more looming on the horizon day by day.

I would like to ask the Minister, since the Premier did not hear my question—and I will table for him a copy of the letter from Machray Day Nursery—I will put it directly to the Premier, if he is prepared to respond to this request from Machray Day Nursery to spend a day as a child care professional at Machray Day Nursery which points out our centre is open Monday to Friday from 7:30 a.m. to 6 p.m. Staff work a seven-hour day, with a 50 minute morning break and a one-hour lunch break. Sorry, no afternoon break. You are advised to dress casually and bring your own lunch—(interjection)—

Mr. Speaker: Order, please. Order.

Ms. Wasylycia-Leis: I have attached copies of job descriptions so you are better able to understand your role.

Mr. Speaker: The Honourable Member has asked her question. The Honourable First Minister (Mr. Filmon).

Mr. Filmon: Mr. Speaker, I know that the Member for St. Johns (Ms. Wasylycia-Leis) wants to make light of this or try and make a political—(interjection)—yes, yes, indeed. If she took the issue seriously she would have done a great deal more when she was in Government, but she totally neglected and abandoned all of the interests of the children, the families and the people who need day care in favour of political grandstanding.

Let me tell the Member for St. Johns (Ms. Wasylycia-Leis) that not only have I spent time, considerable time, in day care centres with children, with people who work there because I care about day care centres, Mr. Speaker, close family relatives and friends have worked in day cares and been directors of day cares, and I have spent time there getting to learn a lot about them.

When I was on the board of our church we started the first day care in the River Heights area, and I spent the time getting to know how it operates and what it has to do, long before this person, this political operative, who came to us from the Pawley administration, and all she wants to do is create political hate. Long before she had any conscience or understanding of day care I was involved in day care, Mr. Speaker.

* (1410)

Mr. Steve Ashton (Thompson): Mr. Speaker, I realize there is no rule in Beauséjour that prohibits Members from making cheap shots. Certainly if there were, the First Minister (Mr. Filmon) would be thrown out of this Chamber, I think, about every five minutes.

I would ask, Mr. Speaker, that you would caution the First Minister to deal with the question that was raised, which is identified in Beauséjour as being whether the response was an answer to a question and keep answers brief and to the point, something the First Minister has not done during the entire Question Periods.

Mr. Speaker: Order, please. I would like to thank the Honourable Member for Thompson. The Honourable

Member for St. Johns with her final supplementary question.

Ms. Wasylycia-Leis: Thank you, Mr. Speaker. I remind the Premier (Mr. Filmon) that it was the NDP administration that put Manitoba on the map for putting in place the best day care system in North America, and it is this Government that is tearing it apart, ripping it apart—

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

Ms. Wasylycia-Leis: The Members of the Government seem to have forgotten it was this Government that brought in the Salary Enhancement Grant Program.

Mr. Speaker: Order, please. Order.

Day Care Workers Salary Negotiations

Mr. Speaker: Would the Honourable Member for St. Johns kindly put her question now.

Ms. Judy Wasylycia-Leis (St. Johns): Yes, thank you. My question to the Premier (Mr. Filmon) is, will he act where his Minister of Family Services (Mrs. Oleson) has failed to act, will he avert a looming work action on the part of day care workers, something that my Liberal friends to the right of me refuse to support? Will he commit to the day care workers of this province a larger increase than 24 cents an hour? Will he call a meeting of day care workers and negotiate a three-year phase-in settlement to achieve salary levels recognized by this Minister and this Government when it comes to day care and the MANSIS Report?

Hon. Gary Filmon (Premier): I have indicated that it is our commitment to work towards greater salary levels for the day care workers of this province, because we are concerned about the salary levels they were left with by the former administration. In order to address that, Mr. Speaker, we have increased the salary enhancement grants in two budgets by 38 percent, two budgets. We have made a commitment and we have said we are going to go further.

But if this Member, the Member for St. Johns, believes that she is helping out parents and children by exhorting the workers to go on strike and withdraw their services, she is wrong. That is not the way to help families; that is not the way to help workers; that is not the way to help children.

Mr. Speaker: Order, please; order, please.

Goods and Services Tax Labour Impact

Mr. Paul Edwards (St. James): Mr. Speaker, my question is for the Minister of Labour (Mrs. Hammond). In the last Speech from the Throne, this Government recognized the changing labour environment in this province and made a commitment to dealing with it.

Instead, the budget revealed a mere \$60,000 in new funding for the Labour Adjustment Branch, which was a pittance and an insult to the workers of this province. There was absolutely no strategy which came forward. Now this Minister's federal cousins are going to put the nail in the coffin with a federal sales tax which in effect in this province is a tax on jobs.

Mr. Speaker, we cannot afford a do-nothing Minister. We need a strategy, we need a strategy now. I assume that this Minister has taken the time to calculate the effect on Manitoba jobs. What are the results of her calculation?

Hon. Gerrie Hammond (Minister of Labour): We in our department are doing everything that we can to assess what is going to happen to workers with the new tax, but at the same time we do recognize that one of the areas we are able to help in this province is by reducing taxes and by reducing the payroll tax. That in itself will create more jobs in Manitoba than any other.

Labour Adjustment Strategy

Mr. Speaker: The Honourable Member for St. James has the floor.

Mr. Paul Edwards (St. James): It has been five months since that tax was announced. When is this Minister going to get on the job and find out what the effect on Manitoba workers is? We knew, we knew in 1982.

Mr. Speaker: Order, please; order. I have recognized the Honourable Member for St. James for a supplementary question. Would the Honourable Member kindly put his question now?

Mr. Edwards: Mr. Speaker, has this Minister got any plans to help Manitoba employers weather this storm, or is she going to bury her head in the sand like she has done with the effect of free trade in this province?

Hon. Gerrie Hammond (Minister of Labour): Mr. Speaker, our Government is doing everything possible to make Manitoba a good place to work in and to continue to be. We are working on reducing the payroll tax, we are reducing the provincial tax, and there are 13,000 more workers at work in Manitoba now than there were a year ago.

Mr. Speaker: Order, please. Time for oral questions has expired.

MATTER OF URGENT PUBLIC IMPORTANCE

Mr. Gary Doer (Leader of the Second Opposition): I would move that the ordinary business of the House be set aside to debate a matter of urgent public importance, namely, the effect of the goods and services tax on Manitoba, seconded by the Member for Logan (Ms. Hemphill). Can I read the WHEREASes, Mr. Speaker?

Mr. Speaker: Order, please; order, please. Before determining whether the motion meets the requirements

of our Rule 27, the Honourable Member for Concordia (Mr. Doer) will have five minutes to state his case. The Honourable Member for Concordia.

Mr. Doer: Mr. Speaker, I can see where the Member for Tuxedo (Mr. Filmon) is going to vote in a few minutes. We will see in a minute where he stands, I guess, on this tax.

Mr. Speaker, this is obviously within the criteria of an urgent public matter. We have received on August 8, the technical report of the Finance Minister, the federal Finance Minister. This is the first opportunity since that date to discuss the actual details of that report. We did debate this issue on the first budget date in May when we had the general impacts of the federal budget before us. We were pleased at that point that you supported our emergency resolution. But I think we should really focus in not on all these little simplistic House issues, we should deal with the effect on Manitoba families, Manitoba communities, and the effect on this province, because when we look at all those impacts I think that all political Parties should put aside their differences and vote with Manitobans to have an emergency debate on the impact on all of us on this insidious and dishonest tax that is being proposed in the federal arena that would impact every Manitoba family.

Mr. Speaker, it will cost every Manitoba family \$629 on average. That is the analysis not only that has been conducted by our research department, by independent bodies such as Wood Gundy, by chartered accountants organizations, by other groups such as the other organizations, and everybody is demonstrating the clear and concise possibility for families. That is a matter of urgent public importance.

Mr. Speaker, Mr. Wilson's figures have already been disputed by every major reputable organization. The inflation will not be 2.3 or 2.5 percent as he said in his paper. It will be close to 3 percent or over 3 percent. Every independent organization has said that, and that will have a very, very urgent impact on the people of Manitoba. Again that is why it is worthy to place this before the Assembly today.

* (1420)

Thirdly, Mr. Speaker, we know when inflation goes up that the federal Government under the present and former policies on interest rates, they will jack the interest rates up. That is why I do not know why the Minister of Finance could say this will not have any negative impact on farmers. Clearly, any farmer I speak to, and I know that the Minister of Finance (Mr. Manness) speaks to a lot more than I do on his day-to-day basis, but any farmer I have talked to knows the devastating effect of interest rates, and that is a matter of urgent public importance to be debated in this Legislature today as well.

Mr. Speaker, the Prime Minister and the Minister of Finance are asking us to come up with an alternative and there is an alternative. In 1950, the amount of taxes the corporations paid in this country amounted to 37 percent of the proportion of total taxes in this

country. In 1984, when the Liberals left office, that proportion of taxation was down to 11 percent. Since that time it has gotten worse, not better. There are more and more loopholes in our tax system and it has now gone from 11 percent of the portion that corporations pay down to 9 percent. That is unacceptable. There is an alternative, Mr. Speaker. The \$30 billion in deferred taxes in 1985 that was owed to the people of Canada by corporations should be paid at a minimum corporate tax, rather than a consumer tax, should be implemented in this country. We believe this is a matter of urgent public importance.

We believe that all Members of this Chamber should vote on this matter of urgent public notice. We do not believe it is a partisan issue. We believe we should all stand up with Manitobans and vote for this emergency debate. I look forward to the votes of all Members of this Chamber to deal with the impact on families, communities and Manitobans. That is the important issue, not partisan politics today, Mr. Speaker.

Mr. Speaker: A spokesperson for each of the other Parties will also have five minutes to address the position of their Party respecting the urgency of the debate on this matter.

Mr. Reg Alcock (Osborne): So, Mr. Speaker, the Member for Concordia (Mr. Doer) wishes to debate the effect of the goods and services tax on Manitoba. On June 21st, when we wanted to debate the impact of this tax on Manitoba, he voted with the Government against us. When we wanted to debate this tax before the technical paper was written in stone, before it came out, they voted against us. Now, that debate was very important then, Mr. Speaker.

Mr. Speaker: Order. Order, please. This is a very serious issue and I am having some difficulty in hearing the remarks being made by the Honourable Member for Osborne (Mr. Alcock).

Mr. Alcock: This is an important issue. It is a vitally important issue to this country and to this province, and it is as important today as it was then that we debate this. The Members of my caucus will be asking you to use your discretion under Rule 27 to permit this debate to proceed. You have the ability to call upon the House to vote on this matter, and we would urge you to do so, sir. We thought that it was time then to send a message to Ottawa, it is that much more important to do it now. We missed a very important or very vital opportunity. We cannot miss this one. We have to tell Ottawa and the rest of the country how Manitoba feels about this horrible, destructive tax.

Hon. James McCrae (Government House Leader): Mr. Speaker, aside from the fact that the Minister of Finance (Mr. Manness) and the Premier of Manitoba (Mr. Filmon) have made very clear, both publicly and to federal officials, the position of the Manitoba Government on the goods and services tax, there are other problems with relation to the motion the Honourable Member for Concordia (Mr. Doer), the Leader of the New Democratic Party, wishes to raise in the House today.

The fact is, under our rules, Mr. Speaker, the urgency of the debate on this or any other matter which is the subject of a motion under this rule, urgency of debate is the criterion to be decided in deciding whether a debate should be allowed or not allowed. I do not believe either Honourable Member, either the Honourable Member for Concordia (Mr. Doer) or the Honourable Opposition House Leader (Mr. Alcock), has dealt with the issue of the urgency of this debate.

Both Honourable Members know, Mr. Speaker, that the tax proposed by the federal Minister of Finance is to come into effect on January 1, 1991. Both Honourable Members know that at this point there is no federal legislation in place for this Legislature or even for federal parliamentarians to react to, so those Honourable Members are suggesting that in that kind of vacuum we should be debating that today in this House.

Both those Honourable Members, I suggest to you, Mr. Speaker, know full well the rules of this House having been around, in the case of the Honourable Member for Concordia (Mr. Doer) since 1986, and in the case of the Opposition House Leader (Mr. Alcock) since the recent election. However, in the Opposition House Leader's case, he should know as an Opposition House Leader what the rules are.

Mr. Speaker, I also say it is passing strange that the Honourable Leader of the New Democratic Party (Mr. Doer) should wax so indignant about a tax at another level of Government when we all remember, and it is still very fresh in our minds, the 1987 budget of Mr. Kostyra when he was Minister of Finance in this province, a budget that Mr. Kostyra used to gouge Manitobans with the worst and largest tax increases in the history of this province.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Order.

Mr. McCrae: We know what prompted Mr. Kostyra's budget in 1987, and what prompted that budget was the mismanagement of the economy and the fiscal matters of this province by his predecessor, the Honourable Vic Schoeder, who was affectionately known around this place as "Dr. Debt", and who raised the deficits in this province to levels never before experienced.

We have to wonder about what kind of credibility can we place in the Leader of a third Party in Manitoba who finds himself in third Party status today because of his and his own Party's handling of the finances of this province in the past, then asking this Legislature to discuss something which is not even the subject of legislation at this point, something that is in the control of another level of Government.

As I say, Mr. Speaker, the position of the Progressive Conservative Party and the position of the Government of Manitoba has been made clear, and very appropriately so, I suggest, by the Minister of Finance (Mr. Manness) and by the Premier (Mr. Filmon). The Honourable Members of this House must recognize that a Government has a responsibility to marshal and

to order as best possible the business of the House with as much co-operation as possible with other Parties in the House.

I suggest there are ample opportunities for Honourable Members to discuss this matter in the House in such orders of business of the Estimates, Grievances in the House, daily Question Period. If Honourable Members cannot make their point, as they tried earlier today in Question Period, it is really not our fault. I would suggest we would welcome a debate like this at an appropriate time, but there is business to be done in this House. Honourable Members should set their minds to the business of this House and let the Minister of Finance (Mr. Manness) and the Premier (Mr. Filmon) do their work, as they have been so effectively doing since they took office.

Mr. Speaker, there is one other matter that comes to mind, and that is if you look at today's Order Paper, there is another opportunity for Honourable Members through Addresses for Papers and Orders for Returns to get the kind of information they want regarding issues relating to the goods and services tax or any other matter.

* (1430)

I see by today's Order Paper that the Honourable Opposition House Leader (Mr. Alcock) is making use of that vehicle, and I credit him for that, but surely both Honourable Members must recognize the position the Government is in, and that is that we are here to respect the Rules of the House, and Honourable Members opposite ought not with such frequency to attempt to use the Rules in a manner which is improper.

Mr. Speaker: Order, please; order, please. The Honourable Member for Concordia (Mr. Doer) did provide me with the required notice. I have listened with care to the comments of Honourable Members respecting the urgency of debating this matter today, and I thank them for their advice.

As Honourable Members know, Beauchesne Citation 389 provides that for a matter to be considered as a matter of urgent public importance, it must be so pressing that the public interest will suffer if it is not given immediate attention. Similarly, Beauchesne Citation 390 provides that there must be no ordinary opportunity which will allow the matter to be brought on early enough. As I stated when ruling against a similar motion on June 21, it is my understanding from the federal budget papers and from federal-provincial Government sources that the tax referred to by the Honourable Member will be not implemented until January 1, 1991. Additionally, our Rule 27(5)(d) stipulates that this type of motion must not anticipate a matter with reference to which a Notice of Motion has previously been given and not withdrawn. Notice of an Order for Return on today's Notice Paper in the name of the Honourable Member for Osborne (Mr. Alcock) does address the subject of this motion, in my opinion. Therefore, it is my view that the conditions referred to in Beauchesne have not been met and a specific rule of this House would be contravened. Consequently, I must rule the matter out of order as a matter of urgent

public importance. The Honourable Member for Thompson.

Mr. Steve Ashton (Thompson): With regret, Mr. Speaker, I challenge your ruling.

Some Honourable Members: Oh, oh!

* (1440)

Mr. Speaker: Order, please. Order. The ruling of the Chair has been challenged. Therefore, the question before the House is: shall the ruling of the Chair be sustained? All those in favour of the motion will please say yea. All those opposed will please say nay. In my position the yeas have it. The Honourable Member for Thompson.

Mr. Ashton: Yeas and Nays, Mr. Speaker.

Mr. Speaker: Call in the Members. The question before the House is: shall the ruling of the Chair be sustained? All those in favour of the motion will please rise.

A STANDING VOTE was taken, the result being as follows:

YEAS

Burrell, Connery, Cummings, Derkach, Downey, Driedger (Emerson), Ducharme, Enns, Ernst, Filmon, Findlay, Gilleshammer, Hammond, Helwer, Manness, McCrae, Mitchelson, Neufeld, Orchard, Pankratz, Penner, Praznik.

NAYS

Alcock, Angus, Ashton, Carr, Carstairs, Charles, Cheema, Cowan, Doer, Driedger (Niakwa), Edwards, Evans (Fort Garry), Gaudry, Gray, Harapiak, Hemphill, Kozak, Lamoureux, Maloway, Mandrake, Minenko, Patterson, Plohman, Roch, Rose, Storie, Taylor, Uruski, Wasylycia-Leis, Yeo.

* (1450)

Mr. Clerk (William Remnant): Yeas, 22; Nays, 30.

Mr. Speaker: The ruling of the Chair has been overturned. My ruling having been overturned, the question before the House is shall the debate proceed. All those in favour of the motion will please say yea. All those opposed will please say nay. In my opinion the yeas have it.

Mr. Steve Ashton (Thompson): Yeas and Nays, Mr. Speaker.

Mr. Speaker: Order, please. Order. Call in the Members.

The question before the House is shall the debate proceed. All those in favour of the motion will please rise.

* (1500)

A STANDING VOTE was taken, the result being as follows:

YEAS

Alcock, Angus, Ashton, Burrell, Carr, Carstairs, Charles, Cheema, Chornopyski, Connery, Cowan, Cummings, Derkach, Doer, Downey, Driedger (Emerson), Driedger (Niakwa), Ducharme, Edwards, Enns, Ernst, Evans (Fort Garry), Filmon, Findlay, Gaudry, Gilleshammer, Gray, Hammond, Harapiak, Helwer, Hemphill, Kozak, Lamoureux, Maloway, Mandrake, Manness, McCrae, Minenko, Mitchelson, Neufeld, Orchar, Pankratz, Patterson, Penner, Plozman, Praznik, Roch, Rose, Storie, Uruski, Wasylycia-Leis, Yeo.

Mr. Clerk (William Remnant): Yeas, 52; Nays, 0.

* (1530)

Mr. Speaker: Order, please. I declare the motion carried. The Honourable Member for Concordia.

Mr. Gary Doer (Leader of the Second Opposition): It is hard to make minority government work sometimes, it sometimes takes kicking and screaming to get onto the major issues facing Manitobans but we are pleased to have the vote, and the vote in favour of having this very, very important debate. It is unfortunate that it has taken us two votes to do it but I am sure, over the next period of time, we can talk about the devastating effect of this tax on Manitobans and Manitoba communities and their families.

Mr. Speaker, I was disappointed today when the Minister of Finance (Mr. Manness) did not have his own breakdown of this tax on Manitoba families. We have done our own analysis and came out with the figure \$629 per average family in Manitoba that has been supported by the chartered accountants' groups. It has been supported by a number of other independent analysts in terms of the effect of that tax on the province.

Mr. Speaker, it is an analysis that it is done without using Michael Wilson's technical paper because every organization that has looked at that technical paper has said it is discredited, it has no integrity, it is not honest. The figures are not complete and it understates the major impact of this tax in a number of major areas. Yet the Minister of Finance (Mr. Manness) today rose in his place, said he does not trust Michael Wilson any more but is still using the \$250 million figure that he produced on August 8 as the effect on Manitoba families, Mr. Speaker.

You cannot do that, Mr. Speaker. This is a matter of urgent importance, and he and his Government must have an immediate review of the effect on Manitoba families.

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

Mr. Deputy Speaker, we could provide our analysis to the Finance Minister (Mr. Manness). He has already said he does not believe our figures, but it has been already verified by a number of groups—and the effect

on this tax in 1991, as the way it is proposed, is \$629 per average Manitoba family, not taking 300,000 people and dividing it into \$250 million, because that does not include the offsets and it does not include the fact that most of us believe the effect of that tax will be close to double the \$200 million or \$250 million, and the Minister of Finance knows that. I am waiting for him to confirm that in this House shortly with the "independent analysis" that he has promised us to provide.

Mr. Deputy Speaker, we have had two different positions from the Minister of Finance (Mr. Manness) and the Premier (Mr. Filmon). We still have not resolved that issue in this House. When the Minister of Finance was challenged on this issue he said, "You know, I like Michael Wilson, this tax is not a bad tax." We have a few technical questions, we await his letter to see whether he is going to fight this to the hilt like his Premier said we might do or whether he has just asked a few of these little technocratic questions. We will be very interested to see when he tables that letter whether he is taking the position to fight this tax or whether he is just asking a few administrative matters, a few technical points, and whether he is going to talk about the devastating effect of this tax on families and communities. We will be very interested to see how far into the barricades he is going to go with the letter he has sent on behalf of all Manitobans on this tax.

* (1540)

We are getting between 800 and 1,000 cards a day on this tax and I think that is important to say no to the 9 percent tax. But I also agree with the Prime Minister on one small area, and when the Prime Minister says we should have an alternative to this tax—Canadians should have an alternative—I agree with him. We should have an alternative tax. We do have an alternative, Mr. Deputy Speaker. We believe the billions and billions of dollars that have been let go by successive federal Governments in creation of loopholes should be plugged and it should be plugged in a fair and equitable way for all Canadians. The Auditor General, in 1986, identified some \$35 billion in 1985 that was written off. Diane Frances, in her book, in 1985, identified a \$30 billion in deferred taxes the corporations have not paid in the 1985 year. Thirty billion dollars, that is equivalent to 15 percent of a national sales tax as proposed by Michael Wilson, because it is a \$3 billion tax per point on the tax system.

We believe strongly that many of the taxes, federally and many of the taxes even provincially, should be reformed. The taxes provincially are too high and the taxes federally are too high and those taxes are too high on families, they are too high on families, Mr. Deputy Speaker, and we need a minimum corporate tax as part of tax reform. We need to get rid of those loopholes.

In 1965, again, Canada had the 12th fairest tax system in the economic community. The OECD countries, Canada had the 12th fairest tax as evaluated in Brussels by an independent body. By the time 1985 has come along, again an independent study, Canada was 24 out of 25 for fairness in taxes. Only Turkey, the country of Turkey, had a more unfair and regressive tax system.

I would suggest, Mr. Deputy Speaker, under this 9 percent tax that Canada will have the dubious and dishonourable place of having the most insidious and worst tax system in the free world of economic countries.

The Minister of Finance (Mr. Manness), from his place, again indicates why he supports this tax, he is talking about the European countries. Many of these countries, many countries have a minimum corporate tax and have much lower taxes on families and individuals than the Canadian system. I would recommend to the Minister of Finance instead of expressing his support for the value added tax system and concept that he is expressing from his seat and he has expressed at press conferences, he should start fighting, with Manitobans, to fight this tax and go to the alternative of a minimum corporate tax to deal with the deferral of tax payments and the actual loopholes in our tax system that are driving families into a state of not having the disposable income that they deserve.

This is not just a consumer issue, and I believe it is, but it is going to increase inflation. It will increase the labour management strife in this country. That has already been made as predictions by many people in the country, and it will also increase inflation by approximately 3 percent, a figure that is much higher than again the figure the Minister of Finance (Mr. Manness) of Manitoba has used because he has really only parroted back the position of Michael Wilson in terms of the 2.3 percent. He has not looked at some of these other independent studies or his own independent studies that show well over 3 percent for inflation in this country and in the Province of Manitoba.

Mr. Deputy Speaker, we also have made the claim that when inflation goes up interest rates go up, and when you look over the last 10 years, whether it was the federal Tory Government or the federal Liberal Government, that interest rates have been tied to dealing with inflation. The old Phillip's curve is the model that the Government uses and they squash economic development and job creation with an insidious increase in interest rates. That, too, costs families and farmers millions and millions of dollars.

We have calculated the amount of money that farmers, small business and families owe in this country to be about \$640 billion and when you look at that amount of money in Manitoba, it is billions and billions of dollars. Therefore, when interest rates go up to deal with inflation, again something when we predicted, the Minister of Finance (Mr. Manness) said no, but when now we have Wood Gundy and other organizations saying yes, the Minister of Finance does nothing about it. He is, again, in complicity of a Tory club, really, in terms of this tax, and he is not standing up for Manitobans, in terms of the effect.

We could go on and we will go on with all our speakers. It hurts women more than men. It hurts rural communities more than urban communities, it hits northern communities even more than rural and city communities, it hits services and people receiving services more than it hits other people. Why do we have a system where transactions with stockbrokers are excluded, but when we go to the drugstore or when

we go to other consumer items, homes and other issues, you get clobbered by this new Wilson-Mulroney tax? We believe it is an insidious tax, it is a horrible tax for families and, yet, we should talk about tax reform, but we should talk about a minimum corporate tax and the removal of loopholes in terms of deferred taxes in our tax system. If we returned our tax system to the 1965 position where corporations paid at 20 percent of the tax, Mr. Deputy Speaker, we not only could get rid of this 9 percent tax but we could get rid of some of the taxes that Manitobans pay provincially, because we would have much higher income at the federal level which would translate into more income in the - (interjection)- That is right. That would translate into more tax income for Manitobans, more revenue for Manitobans.

Let us talk tax reform, but let us not talk of consumer tax, let us not talk about the 9 percent tax, let us talk about a minimum tax in this country, and let us all join together to fight for that, not fight for this insidious and ridiculous tax. Thank you very much, Mr. Deputy Speaker.

Mrs. Sharon Carstairs (Leader of the Opposition): I am delighted to join in participation of this debate, but you know I rise today with some sense of wonder at the change of positions that we find ourselves in, in this particular House.

Let us go back a little while and take a comparison with Meech. First there were the Liberals, then there were the NDP with a Leader that did not quite mean what he said but he came all the way over, and then we had the Tories. Well, today we see another miraculous conversion. First it is the Liberals in June, then NDP voted against an emergency debate and then we have them saying oh, yes, we are over on the side, we have to come along on this train ride. Then very reluctantly, today, even the Conservatives voted in favour of having a debate on the issue—

Mr. Doer: A point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: The Honourable Member for Concordia, on a point of order.

Mr. Doer: If the Leader of the Opposition (Mrs. Carstairs) would read the May 19 Emergency Debate Resolution, which we proposed, she would clearly see the goods and services tax was on a month before she proposed the second debate on the same issue. I think she should be honest about it.

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

Hon. Clayton Manness (Minister of Finance): Mr. Deputy Speaker, the Government voted with the House on the second vote because it was clearly the wish of the House that the emergency debate proceed. They disputed the facts. It is not a point of order.

Mrs. Carstairs: Let the media recall that on the 21st of June the NDP voted against an emergency debate, and this afternoon, before the House Leader (Mr.

McCrae) presumably got the whipping on, many of the individuals over there voted nay when the voice vote was cast. The reason we wanted the debate on the 21st of June was because we wanted the Premier to be well briefed on the position of Manitobans, well briefed before he went to the Premier's Conference in August which was already scheduled. We were not given that opportunity to present, in this House, the views of Members of the Manitoba Legislature, perhaps if we had the Premier would have had the courage to raise it with the Prime Minister, courage which he lacked on the 27th of August.

Today, we hear from the Attorney General that the Premier and the Finance Minister (Mr. Manness) are doing their best. Well, Mr. Deputy Speaker, we do not think their best is near good enough because the phrases that come out of their mouths are so soft. They are so afraid of damaging their reputation with the feds—although I do not know what reputation they had since every time we turn around Manitoba gets it in the neck—that they will not speak clearly on this particular issue. For the NDP this afternoon to talk about tax reform—I mean, I sat in this House in 1987 with the biggest tax rip-off of the taxpayers of this province that ever existed, and then of course, they do not like sales taxes. They do not like taxes that are sales taxes because they believe them to be regressive.

Well, I too believe them to be regressive and, therefore, I want to know why it was an NDP Government that raised it in 1983 and an NDP Government that raised it again in 1987. This general sales tax, also referred to as the value-added tax, also referred to as the National Sales Tax—its bad by any name—is a tax which is a windfall revenue for the Government of Canada and the impact will be felt by small business and families in this nation of ours. The only ones who will receive benefits from this particular tax are big businessmen and big business corporations. They will find that the shift is very much in their favour as they operate their corporations, many of which are multinational and the profits of which go south of the border.

* (1550)

What have critics said in the past about value-added taxes? They have said consistently that when they are introduced prices would take off, that consumer spending would plunge, that imports would increase, that unemployment rates would rise dramatically. That was what the critics said in Britain and, Mr. Deputy Speaker, every single one of those scenarios took place. Prices did take off. Consumer spending went down; inflation went crazy. In some of the nations that were surveyed by the international monetary fund, 63 nations, every single one of them saw an increase in inflation, every one of them, from a low of .67 in West Germany to a high of 6.5 percent in New Zealand, which is one of the most recent advocates of the value added tax. But it is the families, Mr. Deputy Speaker, that are going to suffer.

Michael Wilson has the gall to stand up and talk about the fact that he is going to return money to low income families. He has not even indexed that payment

to low income families. The result is that the average family in the first year will get money back to the tune of about \$415, but within four years that will have declined to \$356 per average family.

An Honourable Member: You do not worry about inflation.

Mrs. Carstairs: So these—

An Honourable Member: You do not care about inflation.

Mrs. Carstairs: I care about families, unlike the Minister of Finance (Mr. Manness) in this House, who only seems to care about the bottom line economics of inflation. Inflation most hurts those low income families. Those who earn high income levels can in fact deal and cope with inflation, because they do not have to spend every iota of their funding on their housing, on their clothing, on their food products. They have the luxury of putting money away. They even have the luxury in inflationary times, because usually with inflation comes high interest rates, of putting the money in the bank and cushioning themselves for those inflationary effects, but the low income family never does.

It is the low income family that is going to be hit with inflation. It is the low income family that is going to be hit with the de-indexing, and the middle class is going to be hit, Mr. Deputy Speaker. That is the impact of this tax. This is the message that this Government must take to Ottawa, that for Manitoba it is an unacceptable tax and it must be reformed.

Mr. Deputy Speaker: Before I recognize the next speaker I want to caution all Honourable Members that if you speak before you are recognized you are not going to be recorded. The Hansard people have been instructed not to record until such time that you are first recognized. The Honourable Minister of Finance.

Mr. Manness: It is a pleasure to rise at this particular time and try to lay before the people of Manitoba certain views with respect to the goods and services tax and the federal Government.

Let me reiterate, Mr. Deputy Speaker, this is not a tax of the provincial Government. This is a tax that has been conceived, this is a tax that is being implemented, this is a tax that is being defended by the federal Government. It is not one that I stand in my place and defend today. I never have and I never will.

Mr. Deputy Speaker, I have enough trouble defending my own taxes of which I am the trustee, I suppose, on behalf of all Manitobans. I do not plan to stand here today and defend Michael Wilson's tax. I never have and I never will.

Mr. Deputy Speaker, the gall of the NDP is unbelievable. When we took over Government we had the second highest taxation regime in the country. All of our efforts in good management have been trying to reduce the level of taxation in this province. The gall of the Liberals surprises me also, because our best

efforts have manifested within two budgets to try and reduce payroll tax for the creation of jobs, to try and reduce personal income taxes so again people have more disposable income and ultimately cause jobs to be created. They have voted against.

Yet today on issues where they have no vote, they bring it forward and try to make it appear as if it is our tax. It is not, and I will say for the record, I will say that the gall of the Opposition Parties in this issue is beyond surprise to me. I do not really understand what it is they are trying to do. Still, many of the points made by leaders opposite today, there are some points that I agree with. I wish I had the time to rebut some of the ones that I do not. I do not, Mr. Deputy Speaker. I propose to read from a short proposed text because I think it is important that we clearly put on the record the Government's views on this matter. Let me also say though that in due course, in future debates, I will take the opportunity to rebut some of the matters, particularly as brought forward by the Leader of the NDP. Since the federal Government released its technical papers on the goods and services tax last month, Canadians have been closely examining the implications of these proposals. There has been a great deal of concern expressed about the GST by consumers, industry associations and provincial Governments, including the Province of Manitoba. It is clear that the proposal must be modified to safeguard the interests of consumers, business and provincial and local Governments. But whatever problems there may be with the proposal now on the table, one fact is clear, the federal sales tax system must change and there is common agreement by all Parties on this, Mr. Deputy Speaker, we are not different. People and Parties of all political stripes have said for years there must be fundamental change to the manufacturing sales tax. The status quo is not an option.

Some Members opposite do not seem to have a firm grasp on why change is necessary. Let me review the facts. The federal sales tax now in force, the manufacturing sales tax, is applied on production, as is our retail sales tax which comes under criticism over and over again because we are (interjection)- taxing the bases. The Members says, another Tory tax. One that they never changed one bit when they were in Government, Mr. Deputy Speaker. This causes many problems.

Goods which go through several stages of production are taxed several times. This is known as tax cascading, it increases the ultimate price of goods, the goods that consumers pay. Businesses who export are at a competitive disadvantage because the price of their products includes the manufacturing sales tax. Their competitors in most other industrialized countries do not face a similar tax.

Mr. Deputy Speaker, we are an exporting country. The price of our goods has to compete with the price of the goods of other nations and, indeed, if our manufacturing sales tax is built into those products when it is not in other nations, obviously we are at a competitive disadvantage. Imported goods are generally taxed on a lower base than domestically produced goods. The existing tax cost jobs in Manitoba and across the country.

The multiplicity of tax rates in effect today causes confusion and inequities. The manufacturer sales tax is 13.5 percent. We pay it on our cars, we pay it on our fridge, we pay it on our TV. The federal tax on construction materials in our homes is 9 percent; the federal tax on alcoholic beverages and tobacco was 19 percent; the telecommunications tax is 11 percent. Because the base for the manufacturer sales tax is narrow, the rate is higher than it need be. For many years there has been agreement among—again I reiterate—all political Parties that it was necessary to replace the manufacturers sales tax.

In 1966 the Carter Royal Commission on Taxation recommended a national retail sales tax.—(interjection)- Hear, hear, the Member says. During the late 1970s and early 1980s the Liberal Government recognized the necessity of replacing the existing sales tax. Mr. Turner, Mr. MacEachen and Mr. Lalonde, when they were Finance Ministers, all produced papers which set out the problems of the manufacturing sales tax and sought solutions which have shifted the tax to wholesale or retail level. The NDP, both federally and when they were in Government here in Manitoba, have also acknowledged the need to change the manufacturing sales tax.

Most economists of all political Parties agree that a general sales tax in the long run will be beneficial to Canada—more particularly, Manitoba. It is the transition period that is so upsetting and subject to criticism. Mr. Deputy Speaker, the Member also talks about the Wood Gundy Report, and I quote from Wood Gundy. First item, why politicians are tend to want to do, quoting out of context: "The Government's blueprint for the goods and services tax holds out the promise of substantial long-term benefits for the Canadian economy. Before realizing these benefits, the economy would first undergo a painful transition."

So, Mr. Deputy Speaker, let the Member from Concordia (Mr. Doer) be honest. Why did he not read the whole quote? So we do know the transition area will be problems. This Government is disturbed with those problems and this Government has made its case known strongly to Ottawa through the transition period. When our Party took office, we continued participation in the same process initiated by the former NDP Government. Manitoba, like most other provinces, took a positive and constructive approach to transforming an ineffective sales tax system into one which better serves Canadians. As the Minister of Finance, I am compelled to try to eradicate inefficiencies and redundancy with respect to collection and make sure there is some fairness with respect to our businesses and consumers. We were disappointed when the federal Government terminated that process last spring and announced that it would proceed on its own. We believe that progress was being made and that discussions should be continued to find a consensus among federal and provincial Governments.

We also believe that a federal retail sales tax, operating in addition to existing provincial systems, would cause confusion, unnecessary duplication, inefficiencies and administrative chaos.

* (1600)

Mr. Deputy Speaker, now that we have reviewed the details of the sale tax proposal, we have some very serious concerns. We are particularly concerned about the potential inflationary effects on the 9 percent rate. We are also concerned that the GST will have negative effects on some sectors of the provincial economy, and I named them. It will endanger our tourism industry by increasing costs; it will make housing more expensive; it will make life more complicated for the province's farmers. The inflationary effects of the task may result in a high-interest policy which would be damaging to many Manitobans.

As I said, Mr. Deputy Speaker, there are many points that the Opposition Leaders have brought forward that we do not disagree with. Meeting the administrative demands of a whole new retail tax system will place unreasonable demands on business. In addition, the new system will cost nearly a billion dollars to administer.

I have one page left, Mr. Deputy Speaker, with your permission.

The Government needs to have assurance that GST will not have an adverse effect on provincial finances. We have said repeatedly that the federal tax should be visible at the point of purchase. We do not wish to reap excess revenue, any additional revenue, by levying the provincial sales tax on top of the GST. However, the province should not be saddled with higher program costs and reduced revenues from sales tax and personal income tax.

Likewise, other levels of Government and non-profit institutions must be protected from adverse effects. Let me say that within the area of municipalities, universities, schools and hospitals may face higher costs for which they will need compensation. The federal Government had been silent on rebates to this point in time, and yet we are waiting for the details to the federal commitment for compensation to municipalities, universities, schools and hospitals.

This Government believes it is vital that the federal Government resume discussions with the provinces about the future in goods and services tax. Too many uncertainties exist about the present proposal for it to become law. By resuming discussions, as we were asked to do in some respect by the Premiers of this country, who asked us to try and help work toward a better system, inequities and redundancies can be eliminated from the federal sales tax plan.

There are many questions still to be answered about the fiscal effects on the GST on Manitoba. It is not as simple as the Leader of the NDP (Mr. Doer) would make one to believe. We are committed to invest the time and the good will it will take to achieve an effective national reform of a badly flawed manufacturing sales tax which Parties of all political stripes in this country have agreed to. I only hope that the Parties, that the Opposition Members in this House will see fit to try and work through this dilemma in a constructive fashion rather than just to try and score some political points.

The Leader of the NDP (Mr. Doer) challenges me to table my letter. I am prepared to do so this week. I have no problem with that.

Mr. John Angus (St. Norbert): Will the Minister permit a question?

Some Honourable Members: Leave.

Mr. Angus: My question is very brief. Will the tax that you have just discussed be on top of the provincial 7 percent, or before or after, and will it be hidden or identified, something that sits within your purview?

Mr. Manness: Mr. Deputy Speaker, let me say, as I have said on many occasions, the essence of the remarks I have made, the federal sales tax has to obviously cross many hurdles which are, I guess, going to be assisted by Mr. Wilson and his attempt to get him through those hurdles before that tax comes into being. Right today there is not a goods and services tax in place. The commitment that we have made to Manitobans is that if this tax sees the light of day we will exercise all of our energies to make sure that it is visible. Everything within our power to make sure that it is visible will be done.

Mr. Deputy Speaker, let me also say that right now we are collecting roughly \$35 million as a result of ourselves, as a province, taxing on top of the federal tax, particularly in all goods. Now, if the Members opposite then are saying that in the fact that we forced the federal tax to be visible and, therefore, we then will tax alongside, are they also suggesting that we should give up \$35 million of revenue on the sales tax side, on the provincial sales tax side? We have always said we do not want to enhance our sales tax revenue by one dollar but, surely, we should not be expected to lose \$35 million should the federal Government bring forward this tax.

I talked about this dilemma openly, and Members like to shoot at me and say, well, we do not know where we are going, but that is part of the dilemma that we have. We will force visibility to the extent that we can. Our retail sales tax provincially is visible. We sense that if the federal Government is going to move into what I sense is provincial jurisdiction in a conventional sense, then darn it, they can very well make that visible too. In doing that, we should not have to lose \$35 million, and that is what we are trying to work around right now.

Mr. Doer: One question, just a short one?

Some Honourable Members: Leave.

Mr. Doer: I am pleased he is going to table the letter. Would he please give a copy of the letter to the Page to make copies for us? It is very important for us to know as we proceed in this debate, and the Minister has asked us to proceed in the debate in the most constructive way possible. I think that letter would help us in being constructive and I would ask him if we can get a copy today so that we can work on it.

Mr. Manness: Not today. You will have it this week.

Mr. Doer: I beg your pardon?

Mr. Manness: You will have it this week.

Mr. Doer: You could give a copy to the Page. We will just get a copy of it. I am sure it is on the -(interjection)-

Mr. Deputy Speaker, my question is to the Minister. Would he table a copy now, give us a copy now? Really, if he wants us to be constructive I think that is a valid challenge to us. We have to know what are the issues that we have to be dealing with in terms of being constructive, so I respect the Minister's challenge to us to be constructive. I would ask him in the spirit of constructiveness and openness to give us a copy and table it now so we can work on it in a positive way without guessing.

Mr. Manness: Mr. Deputy Speaker, I made an undertaking to provide that letter to this House this week. I will do so. Let me assure the Leader of the Second Opposition (Mr. Doer), the essence of that letter and the parts of the GST with which we have great concern as of the beginning of August are for the most part totally covered within that letter. He will not be disappointed in the stance that the provincial Government has taken with respect to the GST.

Mr. Jerry Storie (Flin Flon): Mr. Deputy Speaker, I have to say to begin with that I am pleased the Members of the Government decided to support in the final analysis the debate that we have entered into. It is an interesting process. We have become accustomed to watching the Premier and many of his colleagues do flip-flops on occasion. On most occasions they have had the common decency to wait a period of weeks or a period of months before they have changed their positions. We have now seen a new record in terms of flip-flopping from one position to another, a matter of about 20 minutes. We heard nays from the Government side when the question was raised as to should the debate continue. They do not want to have this debate and frankly, we would be surprised if there was anything but half-hearted attempts to debate the merits of this proposal.

The fact of the matter is, and the Minister of Finance (Mr. Manness) is as guilty of this as any Member of the front bench over there, that their position has changed substantially as a result of public opinion and as a result of this forum, not because of any principled opposition to the federal Government's proposal, not because of any principled opposition to the nature of this tax. Mr. Filmon's opposition to it is clearly an opportunistic move, just like his opposition now to Meech Lake was.

The First Minister (Mr. Filmon) now tells us that he is going to whole-heartedly oppose the introduction of this sales tax. He has sat meekly in his chair with his hands conveniently placed under his seat. There has been no frantic phone calls to the Prime Minister, no attempts on the part of this Government to remove this province from the grips of the tyranny of the federal Government.

The fact is that we have lost \$60 million in benefits from unemployment insurance that have been taken out of this province, \$350 million as a result of the cancellation of the child care commitment, about \$70

million annually to the province, about \$41 million lost in revenue to our post-secondary education institutions as a result of reductions in EPF, about \$101 million that translates into in terms of our health care, \$40 million withdrawn as a result of the Forces bases being closed in Portage La Prairie and in Winnipeg, millions lost as a result of the VIA cutbacks, millions lost because this Government has not been able to renew regional development agreements whether they be forestry agreements, mineral development agreements, northern development agreements or transportation agreements, hundreds of millions of dollars.

* (1610)

So, this Government has been a disaster at protecting the interests of Manitoba. Now perhaps we have an opportunity as legislators to do something collectively to protect the citizens of Manitoba. I want to make it clear, and there should be no doubt in anyone's mind about the motives behind the conversion of the Conservative Government with respect to this tax, the conversion is a direct result of the thousands of coupons that are being mailed daily to the New Democratic Party Caucus office opposing this tax.

The Minister of Finance (Mr. Manness) spoke at some length about the desire of all Parties to substantially alter the manufacturers sales tax, that 13.5 percent tax that is applied to the production of goods across the country. There can be no denying that there is some need of reform, and the reform particularly has to affect those manufacturers who are designating their product for export. That is a legitimate goal, a legitimate goal. But the fact of the matter is that what the Conservative Government, what Michael Wilson calls tax reform, is nothing but a tax grab. You do not double or triple your revenue and call it tax reform.

Mr. Deputy Speaker, it takes no imagination whatsoever to devise a way of reforming the manufacturing sales tax in a way that is more consistent and more fair. My Leader, the Leader of the New Democratic Party, has outlined several ways in which the Government could recoup equal or greater revenue by simply changing some of the loopholes, eliminating some of the capital gains exemptions, changing some of the provisions which affect the distribution or the collection of tax on wealth in this country.

There are alternatives, and the alternatives are two, to name a number. The first one, of course, would be the elimination of the manufacturer's sales tax on export products alone. That would not cost the federal Government anywhere near the \$9 billion to \$12 billion that is going to be collected through this general federal sales tax. Mr. Deputy Speaker, they could eliminate the manufacturers sales tax altogether and recoup the interest by simply closing some of loopholes my Leader referred to. Everyone within the federal Department of Finance knows that there is between \$30 billion and \$40 billion worth of exemptions on an annual basis, and it does not take a genius to know that the only reason the Conservative Government, the only reason Michael Wilson, the only reason Clayton Manness, the only reason Conservative Finance Ministers across this country are not supporting those kinds of amendments,

those kinds of reforms, is because corporations would have to pay their share.

Mr. Deputy Speaker, you will have noticed I am sure that in the emergency resolution that was presented we state that from the period 1950 to 1984 the share that corporations pay, by way of income tax, has shrunk from 37 percent to 11 percent, and it is a sad reflection on the nature of the present Conservative Government that since 1985 to the present day those contributions have continued to shrink from 11 percent to 9 percent. What that means to the average Manitoban, the average taxpayer across this country, is that the little person, the wage earner in this country, is paying substantially more than his fair share.

So, Mr. Deputy Speaker, let us not have any rhetoric from Members opposite about fair share and the GST being fairer for Canadians. It is only fairer if you assume there is no other option; it is only fair if you assume that corporations should not be paying their fair share; it is only fair if you assume that the 9 percent the corporations currently contribute to the overall income tax revenue is their fair share.

Well, New Democrats across this province and across the country do not believe that. We have never believed that. There is a substantial difference between the phony opposition that we see from Conservative Members in the Manitoba Government to the GST and the real opposition that is felt by the New Democratic Party because the GST is inherently unfair and because the federal Tory Government has been going in absolutely the wrong direction for the last four years, simply like following the tradition of the Liberal Party in the previous dozen years.

Mr. Deputy Speaker, the income tax system has not been getting fairer. The share of corporations has been getting smaller and average people are picking up the tab while Conservative Members from across the country speak with a great deal of sincerity, feigned sincerity about the need for tax reform in the country, feigned sincerity. The fact is that it is no secret that Mr. Wilson is going to spend some \$12 million to \$20 million promoting the Government sales tax, the general sales tax, in the country. It is no secret as well, Mr. Deputy Speaker, that while Mr. Filmon will put on a front and oppose the sales tax, he will do very little, if anything, in a concrete way to oppose this sales tax. It will be a public relations gesture and all we can hope is that with the continued support of the New Democratic Party Opposition that the message gets across to average people, because the only way we are going to stop this sales tax is if there is a tax revolt, a tax revolt in a positive way where people are mobilized by a concern over the imposition of this tax to contact their Members, their Members of Parliament, Conservative Members of Parliament, and make it known to those individuals in no uncertain terms that this sales tax is not only punitive to the average family, it is going to be punitive to the country as a whole.

Mr. Deputy Speaker, I would like to speak for a moment on the impacts of this tax on northern Manitoba, and I was sparked to make these remarks as I heard an individual, an independent businessman, speaking on a national radio program about the impact

of this tax on his small business. It struck me as extremely ironic that Mr. Wilson could say that they were not taxing food. Well, I want to tell you that the imposition of this tax, if it is imposed in Manitoba, will affect the cost of living in northern Manitoba. It will affect the cost of our food and our gas and our clothing and our living arrangements. It is going to affect the cost of living for everybody. The unfortunate part of it is, because we live in a remote part of the province and people from across Canada are going to feel the same impact, the imposition of this tax is going to be compounded upon the people whom I serve in the Flin Flon constituency. It is a horrendous tax, it cannot be supported, and I only wish that the opposition that was expressed by the First Minister (Mr. Filmon) was real, because then we would see some action and not just rhetoric. Thank you, Mr. Deputy Speaker.

Mr. Richard Kozak (Transcona): Mr. Deputy Speaker, I welcome the opportunity to repeat and explain my Party's violent objection to the federal Conservatives proposed goods and services tax. I am pleased that the New Democrats have decided to share in many of my comments. This represents something of the deathbed conversion on their part, as they themselves raised Manitoba's provincial sales tax rate in 1985 and 1987 and refused a Liberal demand for a debate on the goods and services tax this June. I hope their short memory is some consolation to them.

I am pleased that the provincial Conservatives have decided to share in many of my comments, although flip-flops on policy matters are a trademark of this Government. We are witnessing today the first major flip-flop by the Minister of Finance (Mr. Manness), who has said, and I quote, "I agree with it wholeheartedly. I think it is a fairer system of taxation. The Government remains very committed to a consumption tax where those who consume more pay more. There is the potential for inflation, but I feel that could be quite minimal and short term." The Minister went on over a six-month period before the Premier (Mr. Filmon) pulled out the rug. I suggest to the Minister that each successive flip-flop in the future will be easier than the last.

In short, Mr. Deputy Speaker, although I welcome the belated support of the other Parties, I am proud that the Liberal Party has been unequivocal and vocal in opposition to the goods and services tax right from the start.

The federal Conservatives called the present manufacturers sales tax a silent killer of jobs. This is a powerful slogan but entirely wrong and it must be refuted. It is based on the fact that a 1984 survey indicated that the average effective tax rate for domestic goods was 33 percent higher than the tax on imports competing with domestic products. However, Canada has a floating exchange rate and this should provide full compensation.

The Canadian dollar is not compensating. In fact, it is at 84 cents U.S. compared to its fundamental value below 80 cents U.S., only because the high interest rate policy of the Bank of Canada is totally out of step with the more moderate policy of the U.S. Federal

Reserve Board. Jobs are indeed being killed, but by the Bank of Canada not by the federal manufacturers sales tax.

* (1620)

Canada's real gross domestic product growth in the second quarter of 1989 was only 0.2 percent. Canada's current account deficit, our balance of world trade in goods, services and investment income was a record \$5.7 billion in the second quarter. "It looks like we are well on the way to a trade-led recession," says Jeff Ruben, Senior Economist at Wood Gundy.

None of this, Mr. Deputy Speaker, demands an end to the FMST, only directions from Brian Mulroney to the Bank of Canada to lower interest rates, or adjustment of FMST rates on foreign and domestic goods to end the import advantage.

Mr. Deputy Speaker, the goods and services tax is a tax that only the largest corporations could love. The GST is essentially a product of 17th Century mercantile theory aimed at promoting exports at the expense of consumers and small business. The French Revolution is the proof of where this totally inhumane theory leads.

Like the simpler measures outlined above, the GST would address deterioration in Canada's growth and trade balance, but would have the added consequence of reducing the tax burden on capital intensive corporations that ship in bulk, largely to export markets, while increasing the tax burden on ordinary Canadians.

It will benefit the largest, most capital-intensive corporations in that capital inputs like plant equipment and machinery will have the federal tax on them rebated. This has not been the case under the FMST, and obviously improves corporate profit margins or permits price reductions. Smaller businesses, although generally more labour-intensive, would also benefit somewhat from tax rebates on capital inputs, but they often, as in the case of farmers, have limited capacity to cope with the paper burden.

According to the British Committee on Enforcement Powers of the Revenue Departments, "It is the fear induced in ordinary decent trading citizens that they might inadvertently have done something wrong, or done, or omitted to do something, which could land them up before the magistrate like a serf before a czarist court, which is at the root of the unpopularity of this tax."

It will benefit the largest corporations, Mr. Deputy Speaker, the primary industries that ship in bulk, because they are characterized by low distribution margins. For these corporations with distribution margins less than 50 percent of the factory gate price, the fact that the GST will apply to the distribution margin as well as the factory gate price is more than offset by the reduction in tax rate from 13.5 percent to 9 percent. Benefitting from the impact of capital input tax rebates and a much lower tax rate on a slightly higher tax base, corporations such as auto makers will be able to boost profit margins or reduce prices. Reduced prices, Mr. Deputy Speaker, of course, are highly unlikely unless these corporations wish to

increase their U.S. market penetration with lower prices and fear U.S. anti-dumping regulations.

However, smaller corporations, Mr. Deputy Speaker, as in the case of shoe manufacturers, will not be so lucky. In the case of a pair of shoes that increases in price from \$20 to \$100 between the factory gate and the retail outlet, the federal tax would rise from \$2.70 to \$9.00. Less tax on the output of big corporations; more tax on the output of small corporations. It will benefit exporters because they will recoup their federal tax on all inputs which they cannot do presently.

Mr. Deputy Speaker, which businesses have the most to lose? All small service industries in the printing and publishing industry will have to raise their previously tax-exempt prices by nearly 9 percent or accept lower profit margins. Most retailers will have to raise prices by up to 9 percent or have profits squeezed. Consumer resistance will hurt sales and tax will be paid to the federal Government up front, even if customers are given extended credit.

The bottom line, furthermore, is inflation and recession, Mr. Deputy Speaker. Consumer sticker price shock will undoubtedly have a negative impact on sales that may tip our already fragile economy over into recession and, if this does not occur, a wage price spiral, admitted by this Government, this federal Government, may make it possible to take extreme measures, such as retaining high interest rates in our economy and possibly introducing wage-price controls. Mr. Deputy Speaker, we will be left also with a regressive tax system. We will be left with high administrative costs to operate this tax. We will be left with tax evasion problems. Out of pure revulsion, I suggest that we send a clear message to Brian Mulroney.

Thank you, Mr. Deputy Speaker.

Mr. Jay Cowan (Churchill): It has been said, Mr. Deputy Speaker, that a week is a long time in politics. I believe Harold Wilson coined the phrase and used it quite frequently. We have seen today that a half hour can also be a long time in politics.

I want to reflect a bit on what happened earlier in this House today because I think its significance is that it shows how the Conservatives have responded to this crucial issue for Manitobans with hesitancy and with ambivalence and begrudgingly and being forced, kicked and dragged screaming into the issue in order to not have to confront head-on their Conservative cousins in Ottawa, because earlier in the day when Mr. Speaker put the vote, "should the debate now proceed," we heard many audible nays, negative votes on the other side of the House from the mouths of Conservative Ministers and backbenchers. That is why the House Leader of the New Democratic Party called for ayes and nays, because we felt that if they could say nay from their seat and try to prevent the debate in that way they should at least have the political courage, the wherewithal and the consistency to be able to say nay on their feet.

An Honourable Member: What a bunch of baloney.

Mr. Deputy Speaker: Order, please.

Mr. Cowan: All that shows to me is that the Conservatives think better on their feet than they do on their seat, and they do not think very well in either instance.

When they came back in the Chamber after the House Leader marched down to the Minister of Finance's (Mr. Manness) office when they left the Chamber to avoid voting immediately on that question, when they came back into this Chamber, Mr. Deputy Speaker, they came back cleansed. They came back cleansed and united. They had undergone in a short one-half hour period a miraculous conversion. Some would call that a flip-flop. Some would say that the Conservative Government once again flip-flopped, but they would only say that out of experience. They would only say that because they have seen so many flip-flops on the part of the Premier and this Conservative Government that they have come to expect it.

So let us give them the benefit of the doubt. Let us believe that they had in fact undergone that miraculous conversion. Now just a few moments later they are all of like mind, and for most of them it is a different mind than they were a half hour earlier, because they did indeed vote against the resolution, and they vote one by one to the person in favour of this debate on this very important matter, this matter of crucial interest to Manitobans. A remarkable conversion indeed, but the innocence of that conversion, if indeed it was sincere and not a cynical attempt to be positioned in voting against this debate, was short-lived and soon repudiated by the Minister of Finance (Mr. Manness) when he took his feet to enter into this debate. For it was not long after he began his comments that he transformed a remarkable conversion into a much more predictable Conservative cop-out.

* (1630)

What that shows me, Mr. Deputy Speaker, is that you can lead a Conservative to an idea but you can not make them understand it. The fact is they have been kicked dragging and screaming into this debate, but the fact is they still suffer that torn soul that rests partly here in the Manitoba provincial Conservative Party and partly in the Conservative Party in Ottawa in power. So the Minister of Finance (Mr. Manness) tries to extricate himself from a difficult circumstance by saying that it is not his tax. For that reason we should not be critical of the Conservatives here in Manitoba, but in making that statement he shows clearly that he misses the point of this resolution entirely. He tries to duck his responsibility to stand up for Manitobans against this wrong-headed tax, but he misses the point entirely. The point as is outlined in the resolution for the emergency debate, as put forward by the Leader of the New Democratic Party (Mr. Doer), is that this provincial Government has not effectively fought for Manitoba's interests in fighting against the goods and services tax. Those words are carefully chosen and carefully crafted to reflect the actual circumstance of the day.

They have not fought effectively and that lack of an effective fight has indeed put the interests of their political Party ahead of the interests of Manitobans and

their families. I believe they have not effectively fought against the goods and services tax, against the imposition of this negative tax, because they have not the political will to do so, and that lack of political willpower, as witnessed so many times over the past number of months and again witnessed in this Chamber today, betrays a lack of political courage, and that lack of political courage endangers all Manitobans.

Today they have been brought by a forced vote in this House kicking and screaming into this particular debate, and yet having been dragged that far they still refuse to fight for Manitobans and their families. Having made the half step haltingly, they still refuse to go the full step and stand up and fight for Manitoba families against their Conservative cousins and counterparts in Ottawa.

We have seen the Minister of Finance (Mr. Manness) step lightly around the real issues, as he tries to do from his seat right now. He has entertained us today in a clumsy political dance that betrays his lack of resolve to stand up for Manitobans against Ottawa Conservatives, and what was most interesting about his comments today was his delayed response to make public the letter he says he has sent in opposition to his Conservative counterparts in Ottawa on August 14. Now, since August 14, the New Democratic Party and others have asked consistently and repeatedly for a copy of that letter, and on every occasion the Minister of Finance has refused to make that letter public. For over a month now he has had that letter in his possession and he has refused to make that letter public. If he went today standing on his feet and said he was going to table that letter, followed through with a commitment to do so immediately, one could say, well, perhaps it was an oversight on his part that he did not make it public, or perhaps it was that he wanted to wait until we got back in the House and use the first opportunity to give that letter to Members of this Chamber today, but the fact is -(interjection)- now, when asked when he will table it, he says, this week. Do you want to know why, Mr. Deputy Speaker, I think he will not table that letter today, yet will table it later in the week? I think, and I could be wrong, it is only conjecture, I think he has two letters, and I think he is going to table a weak and tepid and timid letter that was drafted and sent on August 14—

Mr. Deputy Speaker: A point of order, the Minister of Finance.

Mr. Manness: There remains to be only one letter that was sent on August 14.

Mr. Deputy Speaker: Thank you for that point of order. The Honourable Member for Churchill.

Mr. Cowan: I have no quarrel with the record or what the Minister said, but I am just going to repeat it so that we all understand. He said there was only one letter sent on August 14. Now, in his haste to defend his reluctance or his refusal to take that letter and make it public, I think he has jumped the gun a bit, because I was not suggesting that there were two letters on August 14. I think there is another letter this week.

I think we are going to see, later in the week, a very tepid and timid letter that was sent on August 14, and then I think we are going to see a letter as well, a stronger and firmer letter that was sent, and that second letter will -(interjection)-

Mr. Manness: Come and look at it.

* (1640)

Mr. Cowan: I will be glad to look at it. Would you send it over? The Minister of Finance (Mr. Manness) from his seat says, and holds it up, will you look at it, which shows that all he has to do is to provide it to that Page who is sitting not 10 feet away from him, and that Page would have to walk—not 40 feet to me—and we would have a copy of that letter, and yet he smiles and refuses to do so. What is he trying to hide? I think that second letter is going to be firmer and he is going to try to use it as a subterfuge, to hide the tepid nature of that first letter. It is a very curious circumstance indeed.

I wanted to talk a bit about the subterfuge and the reluctance of the Conservatives here, and the ambivalence and the unwillingness to fight this political fight, but I also want to talk a bit about the goods and services tax, and I want to put it in this context.

My colleague, the Member for Flin Flon (Mr. Storie), has suggested that this goods and services tax will have a very negative impact on Northerners; indeed it will, Mr. Deputy Speaker, and it will probably have a more profound impact on Northerners than it will on most people in this province. For that reason the New Democratic Party stands firm and has always stood firm against the imposition of this goods and service tax, but it will also have a negative impact on seniors.

Mr. Deputy Speaker: I almost hesitate to interrupt the Honourable Member, however, the Honourable Member's time has expired. The Honourable Minister of Northern Affairs.

Hon. James Downey (Minister of Northern Affairs): I have to start my comments today by saying how disappointed I am in the speaker who just spoke previously. He did very little in any way to convince any Member of this Chamber, or any Manitoban, to follow his position in what he is trying to accomplish here today.

Mr. Deputy Speaker, one really has to point out what the objective of the New Democratic Party and the Liberal Party is in the exercise that they are carrying on here. They, both Parties, were such dismal failures in the first Question Period back after some six, eight, ten weeks of recess, and made such a poor showing they truly had to do something to try to get the imagination of the public of the Province of Manitoba. If one were to watch the performance of both Parties today, I think the majority of the people in Manitoba would agree it was a dismal attempt to ask questions about current issues of the day, and/or ask in a responsible manner what the activities of Government have been at the summer period of time, and particularly evident by the Member for Churchill (Mr. Cowan)

standing trying to give the Tory Party, the Conservative Party, a lesson as to how not to flip-flop in the great flip-flop.

If he were to look at the back of his Leader's neck and the hole in his jacket from the House Leader, his trainee, trying to get the Leader of the New Democratic Party to sit down and not carry on with his speech so that he could call for Ayes and Nays. No flip-flop on the part of the Conservative Party, we agree with and support the Rules of the House. You, Mr. Deputy Speaker, truly ruled the motion out of order on a matter of not being urgent because of the time frame—other opportunities to debate it. So it was on a matter of supporting the Rules of the House that we voted the way we did in the first place.

Secondly, we do not have any trouble in debating any issues as it comes to relating to taxes in this province or in this country, with either the New Democratic Party, who were the biggest tax gougers that this province has ever seen and are in the political position they are in this province, followed by the wishes of the people of Manitoba in the last election; and if they were to put us to the people today would even be in a worse situation as it comes to seats in this Legislature.

Mr. Deputy Speaker, for the life of me I cannot understand how the Liberal Party can stand in this House and debate anything when they voted against tax breaks to the people of Manitoba in the recent budget, lower taxes than we have seen in years, doing exactly what the people of Manitoba wanted, and they voted against it. Do they lust for power that badly, do they really lust for power that badly that they voted against lowering of taxes for the taxpayers of Manitoba? Well, one would have to say, yes. Even more, is there lack of putting the truth on the record as it relates to the federal situation and why we are in the disastrous situation we are financially in this country. Who was it that put billions of dollars of debt on the taxpayers of Canada? Pierre Elliott Trudeau and his ill-conceived direction economically of this country.—(interjection)—Who is the Liberal Leader supporting in the national leadership—one of Pierre Elliott Trudeau's henchmen. Yes, Jean Chretien. Yes, Mr. Deputy Speaker, that is who she is supporting and that is who put this country into a disastrous financial situation. I do not support the national sales tax, but when 30 cents out of every dollar of revenue goes to pay interest on our debt, what are your alternatives? What are the Liberals' alternatives, what are John Turner's alternatives, the rump of the Liberal Party? What is the New Democratic Party's solution? They do not even have a Leader. Neither of those two Parties nationally can get a Leader. I am proud to say I am a Conservative. At least we are prepared to deal with some of the tougher decisions in this province and this country.

Mr. Deputy Speaker, you had something to say?

Mr. Deputy Speaker: The Honourable Minister of Northern Affairs has the floor.

Mr. Downey: Let us deal with it. I said I am not supportive of this tax, and our Government's position

has been well put forward by our Minister of Finance (Mr. Manness) and our Premier (Mr. Filmon).

Yes, but what I am asking you—

An Honourable Member: What positions?

Mr. Downey: Well, no positions. We have at least Leaders to put positions forward. Who have you put forward as a Leader in the New Democratic Party? No one. Who have you in the Liberal Party put forward nationally as a Leader, and what policies have you? Yes, I ask you those questions. Come forward with the answers. It is easy to sit in the back rooms and the back benches as you are and not take a position.

An Honourable Member: What is your position?

Mr. Downey: My position is opposed to this tax, but it sure as hell is not supportive of the way in which the taxpayers' dollars were raked from them by Trudeau, raked from them by the New Democrats of Manitoba. What did they do with it? Frittered it away in the sands of Saudi Arabia. Yes, it is that kind of policy the people of Manitoba voted against, and voted for a responsible leadership that they are getting under the leadership of Gary Filmon and the Finance Minister of Clayton Manness.

Yes, and we are prepared to stand here and vote for tax cuts for the people of Manitoba at the same time the Liberal Caucus and the Liberal Party vote against it. Not because they did not want to, it is because to their own political advantage, they thought, to vote for higher taxation. Yet today they want lower taxation. They cannot have it both ways. I cannot believe it. I cannot believe that the Liberal Party can put themselves forward as a credible alternative to the taxpayers of Manitoba.

Mr. Bob Rose (St. Vital): Try us.

Mr. Downey: "Try us," he says. That brave Member for St. Vital (Mr. Rose) says, "try us." They are on the same position. The Liberals and the New Democrats are on the same position on this. They have the chance to vote against us. Are they going to? Are they really committed to what they believe in? They have the chance of going to the people of Manitoba. Are they going to do it? I am asking you, Mr. Deputy Speaker, is that what your intentions are? Are we going to have these kinds of actions all through this fall session? Are we going to get down to dealing with the responsible duties as elected Members of the Legislature? Are we going to get down to the serious matters within Manitoba?

Yes, it is serious, you bet it is serious. It is serious because Pierre Elliott Trudeau, supported by the Liberal Leader of Manitoba, put the country in this situation. That is one of the reasons that it is serious. Thirty cents out of every one of your revenue dollars that go to the federal Government goes to pay the interest.

(Mr. Mark Minenko, Acting Speaker, in the Chair)

That tacked on top of what we have based here in Manitoba is very, very difficult for the people of Manitoba

to tolerate. Mr. Acting Speaker, I think, and I say this seriously, that Members of this Legislature put our position of opposition forward as to what is happening. That has been done and will continue to be done, but I would suggest as well that we get on in dealing with tax reductions for the people of Manitoba which we—and the former critic for the Liberal Party is clapping, but he voted against it. I cannot read him that clearly. I can hear him but I cannot read him.

I cannot understand why the Liberal Party would not stand up and support the Conservative Party against the dastardly position that the New Democratic Party put us in, in the past six years in this province. I invite them to do so at every opportunity. Yes, I expect them to take shots at the leadership of the Conservative Party and the Conservative Party nationally, but I think they would have a lot more credibility if they at least elect a Leader that could have some policies to show us what they believe in would be the answers, both for the Liberal Party and the New Democratic Party. It is awfully easy to come and do your posturing here in this House, but what have you for an alternative?

An Honourable Member: You would not posture.

Mr. Downey: Mr. Acting Speaker, I did not hear what the Member for St.—

An Honourable Member: He says you would never posture.

Mr. Downey: He is right, I would never posture. What I will do is stand here and tell the people of Manitoba what really has happened in the history of this country as it relates to the Liberals. Of course, the New Democratic Party are either five years ahead of themselves or five years behind themselves, but they are always on time when it comes to taxing the taxpayers. They knew how best to do it in this province. They should be able to speak very effectively on it. Thank you, Mr. Acting Speaker.

* (1650)

Mr. Herold Driedger (Niakwa): I take pleasure in being able to join in this debate on the goods and services tax which was introduced earlier today. I also take pleasure in, well not so much pleasure, but I think I need to take some action with respect to some of the comments that have been put onto the record with respect to some of the statements that have been made in opposition to this goods and services tax, and also in some of the critical comments made of how we make these statements.

For instance, if I hearkened back to the first statement of the Minister of Northern Affairs (Mr. Downey) who just preceded the comments I am making saying something to the effect about a dismal failure—a dismal failure with respect to the Opposition Parties to get onside, as he saw it, I suggest rather that this is not the motive that he wanted us to focus in on. He wanted us rather to focus in on the fact that he was deflecting the attack; he was deflecting the truth; he was deflecting the concern that we have for the position of Manitobans for what is about to be visited upon us.

The goods and services tax as introduced by the federal Government, and I have listened to the words of the Minister who spoke before me, that there have been other federal Governments who have made policies which reflect poorly on the welfare of Manitobans, and that, whether they are Liberal, as they were in the past, or Conservative, as they are now, is totally irrelevant with respect to the impact it has on Manitobans. We have to understand that these policies are made largely in the more central, more populous parts of the country to benefit those parts of the country.

I think we need only to take a look at some of the more recent things to actually see that. Whether you want to go back still further in time, I will leave that for other historians. I am sure that they will be able to find ample evidence that all manner of Governments, whatever political stripe, have been able to do some kind of damage to Manitoba with respect to their policies, or to Saskatchewan, or to Alberta, or to even British Columbia.

It is a case of what kind of vision do you have for Canada. The vision that I see, today, as reflected in the comments coming out of Ottawa, make me shudder as to the impact that this will have on our province. I, personally, do not take kindly to a vision that sees me as being a hewer of wood or a drawer of water, but the two most dramatic changes to what will effect how our economy develops in this province, how our economy develops in this country, have been introduced just recently by the federal Government in Ottawa, by the Conservatives in Ottawa. I refer specifically to the federal trade agreement which was a kind of a renegotiation of how our economy was to develop, to try and open up our economy to this grand market in the south.

In order for this to be properly visited upon us we need to change some of the inequitable, and we hear the term inequitable used with respect to the manufacturing sales tax that the goods and sales tax is supposed to replace. All I see in this exercise is making it easier for the large corporations; making it easier for the large efficient operations to compete in what becomes a profit maximizing scheme.

We have labour which we are told—and if we take a look at how the goods and sales tax was sold by Michael Wilson with the large book explaining how it was to impact on Canadians—that labour should not be seeking wage gains to help them overcome the inflationary aspects of the tax. Well, I am afraid that anybody who is facing higher prices has a legitimate right to ask for higher wages to help compensate for his loss of purchasing power.

We are also told in the same breath, not necessarily the same page, but in the same vein, the same logic, that corporations are cautioned from passing on their sudden profits that they will gain because of this tax, on to the consumer. By retaining these they should actually lower prices and allow the fact that the manufacturers sales tax being now lower means that they should be able to pass this profit on to the consumer. This will not happen either because I have yet to see any corporation that does not guide itself by the bottom line, and the bottom line is to maximize profits.

So in both instances, both with the goods and sales tax and with the federal trade agreement, we have a set of policies that will impact negatively on Manitoba. I am not saying that they will impact negatively on Canada, I am saying they are going to impact negatively on Manitoba.

Just as my colleagues to the left here spoke earlier about the fact that the goods and services tax will impact very negatively on northern Manitoba, increasing costs there, the same logic, the same fact that we are long distances from market in Manitoba, the fact that we are a small population in a larger context means we will have the same impact to overcome as Manitobans. I was not elected as a representative in Ottawa, I was elected to be a representative in Manitoba, and it is in that context and in this arena that I say we have to start speaking out for Manitobans.

The two federal policies which will be imposed—one, the Free Trade Agreement which is now law, and the goods and services tax which will impact upon us in a short while, these are both going to impact negatively on our space, our place in Canada, and it is that I will fight. We must speak out on behalf of Manitobans. It is that which I do not see from the Members opposite who, as we are told, were dragged kicking and screaming into this debate because it was not something they wished to entertain, that they wished to get into.

Perhaps as my colleague from Dauphin (Mr. Plohman) says, if we leave it alone, perhaps if we do not see it, it will go away, we will not have to talk about it. But that is not the case. I, here, will tell you categorically that I am going to be here speaking out on behalf of Manitobans, and if it means having to take a position different from what could become a Liberal Government in Ottawa, then I will take that position. I would charge the Members opposite here that if they have to take a position contrary to their federal colleagues in Ottawa then they should do so, rather than to take this fearful attitude that if they take a position, if they stand up for themselves, they are going to end up perhaps annoying somebody and will end up getting all kinds of being slapped down.

I find that some of the things that Manitoba needs specifically, which are regional development agreements, are going to be prohibited by the Free Trade Agreement, which means that we must start looking at ways that we can develop programs that are unique, that can be addressed for Manitobans. We have found out that—we have seen that the impact of the goods and services tax will be negative on Manitoba's North, it will be negative on Manitoba. This, coupled with the fact that you have an economic development agreement now with the United States which will prohibit regional incentives to be applied in Canada, strikes me as being just the height of lunacy insofar as developing a national vision for the country, and it is that which is lacking. If it is necessary, we have to speak it from Manitoba and we should speak it from Manitoba. Thank you very much.

Mr. Steve Ashton (Thompson): I find the debate today to be rather interesting. I think we have seen, today,

one of the most miraculous flip-flops that I have seen as a Member of the Legislature.

(Mr. Deputy Speaker in the Chair)

* (1700)

The Government Members, within half an hour, changed from voting against putting this debate, which was quite clearly put, to half an hour later when we had called the yeas and nays and they had time to consult with one another. I noticed the Government House Leader (Mr. McCrae) went rapidly down to the Premier's office, obviously asking what they would do now. They reversed their stand and said they would agree to this debate. I think this indecision, this example once again of the flip-flopping of this Government—this is the Government, by the way, Members may recall that on the Friday put forward the resolution approving Meech Lake and on the Monday turned around and opposed it.

Quite frankly, some of us wonder if the 9 percent sales tax is in the same category as being another example of the great difficulty this Government has when it is faced with issues where it is dealing with its fellow Conservative Members in Ottawa, its political cousins, and at the same time trying to represent Manitobans.

I think one of the problems we have on this issue in terms of the sales tax is the fact that Manitoba does not have a clear voice on this issue. We have a Premier (Mr. Filmon) that says this Government is opposed to the sales tax, but we have a Finance Minister (Mr. Manness) who quite frankly, if he is opposed, and I do not really believe he is, is very unenthusiastic about the role that he faces with himself, and quite legitimately.

The Finance Minister is an economist, a right-wing economist. I am sure he would agree to that label. He is a neoclassical economist and it has been the right-wing economists, the neoclassical economists who have been shouting from the rooftops for the need for this type of tax. This is their panacea. They talk about this tax as being a solution to the distortions that take place in the economy under the current tax.

I can tell you, Mr. Deputy Speaker, as an economist, not a right-wing economist, someone that does not accept the neoclassical view of the world, I would quite equally on the other side argue that this tax, given particularly the distortions that exist in our tax system in terms of corporate taxes being 9 percent of total revenue, I would say that this move by the federal Government will be disastrous for the economy.

That is a fair debate and I wish the Finance Minister (Mr. Manness) would come forward and say that, because I think we all know in this House that is what he really believes and that is what he has been trying to say. It is only the indecisive Premier (Mr. Filmon) who flip-flops from hour to hour that has prevented him from saying what the true Conservative position on this issue is. We all know that the Conservative Party, not just nationally but the Conservative Party here in Manitoba as well, really believes that this is the kind of vision we should have for Canada.

We heard the Minister of Northern Affairs (Mr. Downey) in one of the most incredible speeches I have heard, I guess in the last three months. We have heard many a similar speech in the past. He was talking about his senses, as he often does, and was talking about how the whole situation, the 9 percent sales tax, could be blamed on Pierre Trudeau, who was Prime Minister of this country five years ago. I was no great fan of Pierre Trudeau, I can tell you that, but quite frankly I cannot understand how any Member of this House who has any modicum of intelligence can get up and say that we should blame the current 9 percent sales tax on Pierre Trudeau when the Conservatives have been in power for five years nationally. We have their vision of the world being implemented day after day. Does anybody remember the free trade debate, how that was going to produce overnight prosperity? We will see what happens on that one, will we not?

Now we have this 9 percent sales tax which the Minister of Finance (Mr. Manness) is peddling like the old medicine peddlers of the 19th Century across this country. The incredible thing is, they will not buy his snake oil, even Conservatives will not buy it, even conservatives will not buy the snake oil of Michael Wilson and Brian Mulroney. It is a bizarre situation we are seeing unfolding before us here. I have never seen people as united on an issue as I have seen on this one.

I can tell you from talking to my own constituents, the strongest opposition comes from people who would consider themselves lifelong Conservatives. I have talked to people, small business people in particular, that say this is a nuisance tax, it is going to be a disastrous bureaucracy, it is going to be an incredible load on small businesses. I have heard that directly from people who I know were diehard Conservatives. I can tell you, Mr. Deputy Speaker, if there was an election held in Thompson today the Conservatives would have great difficulty in even getting votes from people who are lifelong Conservatives. That is how strong the opposition is. Even despite that, this Conservative Government has trouble getting up and saying no, it is wrong. The Minister of Northern Affairs (Mr. Downey) gets up and says it is Pierre Trudeau's fault, that is why they have to do it; that is his approach.

We have seen the Minister of Finance (Mr. Manness) who says he will not fight it to the hilt. He says he is concerned about some of the details. What details? You mean 9 percent on everything that moves, except food? Thank God. It took clear evidence from Canadians, but essentially this tax will tax everything that moves. Every service firm, many of which are not taxable, will be subject to this tax.

I will be interested to see what happens in Alberta, that bastion of Conservatism where they have no provincial sales tax, when all sorts of services which are now going to be subject to this national sales tax are going to result in merchants there having to fill out returns and consumers having to pay the price.

As I said, Mr. Deputy Speaker, I am willing to have a philosophical debate with the Minister of Finance (Mr. Manness) if he wishes to have one on this, but I wish he would come out a little bit further than he has. I

think he is trying to be straightforward about the Government position on it, but he is being held back by the First Minister (Mr. Filmon) who is in an even more difficult position in a way. He knows Manitobans are against this tax, but he has to go and face Brian Mulroney across the table. He is afraid to put it on the table fair and square and say, this is unacceptable to Manitobans. So in Manitoba it is yes, we are against this tax; yes, we are against this tax. In Ottawa, mum is the word.

Mr. Cowan: He lost his tongue.

Mr. Steve Ashton (Thompson): He lost his tongue, as the Member for Churchill said. So I ask the Members of this Government really what spectacle are we seeing when in one day we see a flip-flop within half an hour, when we see the Minister of Finance contradicted by the Premier, contradicted by the Minister of Finance, contradicted by the Premier, once again, who says one thing in Manitoba, another thing in Ottawa. I think this is absolutely unacceptable and I would say really the bottom line is in this resolution which, by the way, the Members opposite finally agreed to put to this House. It says: "WHEREAS Manitoba's Finance Minister has refused to fight this insidious tax; and WHEREAS the Premier of the province has not effectively fought for Manitoba's interests." Those WHEREASes sum up the current situation in Manitoba.

I find it interesting that the Conservatives, after reconsidering their position earlier today, actually voted for putting this resolution to the House, a resolution which incidentally condemns their own inaction on this issue, and let us see if they learn their lesson. I do not think they will, I am sure that when push comes to shove they will speak for their Conservative counterparts in Ottawa, not for Manitobans, but some of us will.

In the New Democratic Caucus we have organized a "No Denying Campaign." This resulted in thousands, in fact more than 10,000 people writing back cards and letters saying it is unacceptable from all walks of life, all political persuasions. We are receiving 800, 900 cards and letters a day from Manitobans who are dead set against this tax. If this Government will not send the message, we will. I can tell you in the long run this inaction on behalf of the Conservative Party will come back to haunt them in the next election in the Province of Manitoba.

Hon. Glen Cummings (Minister of Environment): It is with pleasure that I rise to enter into this debate.

An Honourable Member: You could have fooled me earlier.

Mr. Cummings: Well, you know, you look at the NDP and the Liberal over there and you see that there is a certain similarity. It is the same philosophy that they have always approached when there is a provincial issue that they want to avoid talking about they want to talk federal issues. They do not want to talk about the fiscal record that they left this province in, they want to talk about a federal issue which is important to this province, a federal issue taxation, of unfair tax, that we have

identified as being a system that we are not prepared to participate in.

Mr. Deputy Speaker, the ultimate in hypocrisy, when we have the perpetrators of the largest tax grab in the history of this province sitting now as the third rump Party in this Legislature talking about taxation. Ultimate hypocrisy!

An Honourable Member: What gall!

Mr. Cummings: Gall would be a better word, but it is almost too good for the attitude that they have in relationship to what I saw them do to the tax system of this province. The credibility from which they can approach the subject is zero.

An Honourable Member: It is a judgment call.

Mr. Cummings: It is a judgment call, he says. The people of this province made a judgment call in the last election and they know what happened. It is pretty clear to me that there are some primary important issues that the people of this province and we, as a Government, must address regarding this tax.

First of all, we have to be aware of the impact, and several of them have been outlined here today, including the issues that were raised by our Finance Minister. We do not want higher program costs in this province; we do not want to have to face reduced revenues to this province as a result of action by the federal Government. We do not want to have to be continually going back to the federal Government and saying what are the litigating measures that you are prepared to take because of the possible effects of this tax. We have to be prepared to deal with that now; we have to be prepared to squarely put that issue forward. That is what the Premier did at the Premiers' Conference. The Premier, plus all of the other nine Premiers of this country, put squarely on the record their concerns about this tax, why they did not want it, and they took the message to the federal Government.

Mr. Deputy Speaker, when we came into office we were faced with a crushing deficit by the unconscionable actions of the previous Government, and neither Michael Wilson nor anyone else is going to deter us from the direction that we have set, and that is to return fiscal responsibility of this province and make sure that the individual taxpayer gets a fair break.

An Honourable Member: How big is the slush fund today?

* (1710)

Mr. Cummings: Now we hear the Liberals speaking up. They think we forgot Pierre Trudeau and what he did to western Canada, left us as hewers of wood and drawers of water. All of the billions of dollars of debt that this country had, what did it do for western Canada? It got so bad, Mr. Deputy Speaker, that there was not a Liberal who could get elected in this province and they know why. It was the record of what happened during those years and the crushing debt that was built.

Now we need to have an ability to deal with the debt load that this Government has. The provincial Government has a debt load that fortunately we are starting to be able to deal with, and the effects that any potential tax changes by the federal Government might have, have to be directly addressed because they are of long-term importance to this province.

I indicated that we have just recently been removed from the tyranny of a previous provincial Government. I heard the NDP refer to the tyranny of this tax—well, again, a very hypocritical statement considering what they did to the tax regime in this province.

Mr. Deputy Speaker, any changes in taxation have to be clearly visible. We, as consumers and as taxpayers have to know what taxes we are paying. One of the problems we have with the tax regime in this country is that it is confusing, and not to say that it is not very high. We have a very expensive tax regime. Personal taxes in this province and in this country are high.

So the people of Canada, the people of this province have a right to see what taxes are being levied against them. That needs to be addressed first and foremost, but we are saying as a province that just making taxes visible does not address all of the concerns that are associated with the changes in the tax regime. We have said, as the previous Government talked about, that there does need to be tax reform in this country, and that that tax reform has to be broad-based, and it has to be one that is broadly supported by the majority of people who are going to be paying that tax, because it has to be seen to be beneficial in the end, not only to serve the bottom line of a budget, but to serve the people of this country when our needs, and the needs that flow from the ability to run programs with the tax revenue that we have from our tax sources.

So, Mr. Deputy Speaker, it is very clear that we are not going to support a tax that would create a huge bureaucracy in and of itself. That type of a system certainly would give us a tremendous amount of concern when we have a problem in Canada, and certainly, not only in Canada but in a large number of democratic countries where to a large extent we have allowed the bureaucracy to grow uncontrolled, an annual cost to the people of the country, an annual cost to the taxpayer, even though those who are part of the bureaucracy are earning salaries and paying their share of taxes. There does have to be a balance and an equalizing of that load with the ability to pay.

The federal Government has not indicated that there is any clear provision where they are prepared to mitigate the impacts of their taxes. I referred to that earlier, but we have had a lot of concerns raised, the concerns of hospitals, the concerns of schools, and one area that I am fairly familiar with, the concerns of municipalities, who see themselves as end users and who look on this as a possible transfer of costs that they will simply not be able to escape but they will have to put directly on their local tax base. Those kinds of concerns, Mr. Deputy Speaker, have not been addressed. Those are the kind of things that make Legislatures have debates such as we are having today, and raise the issue of, perhaps this has not been well thought out and that there are areas that we have grave concerns about.

Mr. Deputy Speaker, the enormous problems that face this country in terms of the debt load, in terms of the management of the fiscal responsibility and balancing that with the social programs that we have, is a problem for which there will never be consensus. Interestingly enough, we have a consensus here by all of the Premiers of this country who said to the federal Government, we have serious concerns about the direction that you are headed with this tax.

I simply want to put on the record, Mr. Deputy Speaker, those thoughts, and I want to point out that it is extremely hypocritical to have the remnants of the previous administration come in this Legislature, stand in their place, and talk about reasonable taxation and taxation reform, when we consider the tyranny of the tax structure that they left with the people of this province.

Mr. Laurie Evans (Fort Garry): It is certainly a pleasure to be back in the harness after 11 weeks, and I think that one would have to probably agree that this looks as though it may be one of the most interesting days we have had since the return of the minority Government. It is interesting, Mr. Deputy Speaker, that we do have a minority Government situation, because I think if we were faced with the majority Conservative Government situation today, we would have a totally different approach to this. I do not think we would have seen the reversal in form that we have seen today.

Now, personally, I tend to regard the socialists as more or less irrelevant to the situation, and I am not going to spend much time on them other than that they did have the opportunity at an earlier date to have spoken on this issue and did not do it. So obviously we have a conversion at both levels, both from the socialists and from the Government opposite.

It is very interesting, Mr. Deputy Speaker, to see the confusion that existed within the Conservatives today. They were not sure whether they were voting for or against this issue. There were Nays on the other side of the House, and then they all stood up and were counted as being opposed to the goods and services tax.

I think Michael Wilson must have thought today, God, you do not need enemies when you have friends like these because while those opposite would like to try and convince us otherwise, a Tory is a Tory is a Tory, and they may like to divorce themselves from the federal Tories but they are the same. You scratch the surface and every Tory is the same, they are right wing, they have no compassion for the small guy. Their attitude is look after the big fellow, look after the business, and the goods and services tax will be the only thing that will benefit them.

So, Mr. Deputy Speaker, I think we have to look at this goods and services tax and just see what we are getting into. The first question that is always asked: is 9 percent the logical level? Well, one cannot really come up with what is a more logical level than 9 percent. We have to take it that Michael Wilson has done his so-called homework. He has decided in his wisdom that he is not going to tax a certain number of items,

particularly basic groceries, and I do not think anyone argues with that. Obviously, he is very reluctant to narrow the range of exemptions beyond that. He has stated that if you narrow it any further the tax rate will have to go up some more in order to generate the type of income that he needs.

I think, Mr. Deputy Speaker, that is the one thing that we have to be most concerned about is with this VA, value-added tax, and that is what this is, is that in every country that has brought it in to date it is started off with what we might call a moderate level, and I would hesitate to call 9 percent moderate. That sounds pretty darn steep to me, but it started off at a moderate level and annually thereafter it has gone up enough. So that you now have VAT in other countries that are in double digits, and this would be the first concern that I would have, Mr. Deputy Speaker, is that once this thing is brought into place at 9 percent, you can assume that it will go up indefinitely after that, particularly if we are faced with the unfortunate circumstances of a Tory Government. The thing that we do not have to worry about very long federally is the concept of a Tory Government.

We have had speaker after speaker on the opposite side refer to Pierre Elliott Trudeau and the deficit situation that they claim that he has created for us, but they fail to mention that when Brian Mulroney came in, which was just short five years ago, but it seems like much longer than that, he had a deficit of about \$184 billion. By the time this year is finished that deficit will have doubled. Now, it is incredible for those opposite to be claiming that is due to Pierre Elliott Trudeau. Brian has done far better than Trudeau in terms of being able to increase that deficit very rapidly. He has been able to do it very fast over five years. Five short years, he has doubled it, Mr. Deputy Speaker.

Now, the question that we have to ask about the VA tax is not only whether or not 9 percent is appropriate, we have to be concerned at the rate it would escalate after that. The other thing that is of concern is while Michael Wilson has said it will be visible, he has indicated much more recently that visibility to him does not mean the same thing that visibility means to me. When I go to a store, visibility means to me when the cash register clicks it out, you find out what you paid for the article, you find out what you paid for the federal tax, and you see on there what you paid for the provincial tax and you want to know whether there is cascading or not. I want to know when I go to buy a \$10 article, that \$10 is what I paid for the article. I pay 90 cents, if we are so unfortunate that becomes reality for the federal tax, and then we pay 7 percent of the total which would be \$10.90 and that becomes a provincial tax.

* (1720)

Now, the Minister of Finance (Mr. Manness) shakes his head and he obviously is quite happy to see this cascading concept as far as the tax is concerned, because it would be 9 percent then 7. Now, the assumption is that all you have to —(interjection)— you are shaking your head in the affirmative, indicating that you are probably quite happy to see that cascading

concept. The cascading concept is obviously agreeable to the provincial Tories. They would like to see this situation where they get their 7 percent on top of the 9 percent that the feds put into place, and this is the thing when they talk about visibility. Now, Michael Wilson says, a little sign in the store indicating that federal and provincial tax is added to it is probably what we will end up with. There will not be visibility.

The other thing, Mr. Deputy Speaker, that Michael Wilson has talked about is revenue neutrality. Now what does Michael Wilson mean by revenue? That is a good question. No one is arguing on this side of the House for the existing manufacturers sales tax which brings in something in the range of about 18 billion. To me, revenue neutrality would be a tax that would bring in essentially the same amount, but what we are looking at now under this goods and services tax is a level of taxation that would bring in probably something in the range of about 24 or 25 billion, in other words, a significant increase over the manufacturers sales tax, and he still regards that as being revenue neutral. That, to my way of thinking, is not revenue neutrality, when you bring in with a new tax considerably more than was generated by the one that you are supposedly replacing. That certainly has not been clarified.

The other issue that I think is a failure, as far as the federal Government is concerned and the provincial Governments, is the necessity of having the two levels of Government united in the way this thing is brought forward, and the Finance Minister (Mr. Manness) indicates that he agrees with me. But in all cases, where we have now in western Canada three Conservative provincial Governments, there is no more consultation between those provincial Conservative Governments and the federal one than there would be if they were all of different Parties. This is what we are seeing today, a provincial Government in the province which is doing its darnedest to divorce itself from the federal Tories. In other words, there is no more in terms of communication and relationship between this Government than there would be if it was any other stripe of Government with the federal ones. So, the Minister of Finance (Mr. Manness) may shake his head but his communication with Michael Wilson, while it may be there, is totally ineffective.

The Premier (Mr. Filmon) says that he can phone the Premier at any time. He can phone but he never gets an answer. There is no communication of any meaningful level between the provincial Government and the federal Government, so it is not surprising that they have not been able to come to any agreement on the sales tax.

The other issue that we have to look at is the whole concept of the inflation. Michael Wilson says that it will be about 2.3 percent. Various studies have looked at it and said it will be at least 3 percent, so inflation will be a factor. If Mr. Crow decides that he is going to control inflation by the interest rate, we can only assume that the interest rate is going to go up.

An Honourable Member: At least you are not saying it is going to go up by 2.3 or 3 percent.

Mr. Evans: No, I am not saying how much it will go up, Mr. Deputy Speaker, but there is no doubt that it will go up.

Finally, I would just like to touch very briefly on the agriculture situation because, while farmers are going to be exempt from the tax, they are going to have to pay the tax and then rely on a rebate at some later date. The problem there is that for the first time the farmers will be faced with taxes on services, and this means that every time a veterinarian visits a farm there is going to be a 9 percent charge on his service, the same with lawyers, the same with accountants and all the rest.

The thing that most farmers have not contemplated yet is even that the sale of land in many cases will be subjected to the 9 percent sales tax. I would like to find out who has a solution as to how they are going to deal with the 9 percent tax when it comes to leasing of land, where you are dealing with some sort of a crop sharing program.

Mr. Deputy Speaker, there is no doubt in my mind that this is the third strike for the Conservatives. The first strike was Meech Lake where they do not know what they are doing. The second strike was the Free Trade Agreement where I expect in a few days the provincial Tories will change their tune on that, because that likewise is a fiasco. Now you have the general sales tax. In any ball game that I have played in, Mr. Deputy Speaker, three strikes and you are out. I am sorry to say Brian Mulroney will drag you all down the tube with him.

Thank you, Mr. Deputy Speaker.

Hon. Harry Enns (Minister of Natural Resources): I am delighted to take advantage of the opportunity that the NDP House Leader (Mr. Ashton) gave me to participate in this debate. Let me simply explain for a moment what the House Leader of the New Democratic Party wanted to do, simply record in a more formal way our opposition to the initial question that was placed before the Speaker.

* (1730)

Mr. Deputy Speaker, we were in this instance well apprised of the fact that this debate would occur. I understand that even beyond the normal hour our House Leader, at least our group, was made aware that this request for emergency debate would be forthcoming. We were prepared for it and we look forward to participating in the debate. However, Mr. Deputy Speaker, we believe that there is some responsibility about listening to the Speaker and in his rulings and I want you to pass this on, Mr. Deputy Speaker, to the Speaker, because we happen to believe that the Speaker heard the five-minute argument as our Rules apply for the reasons for the emergency debate. We believe that the Speaker made the proper and only ruling that he could have made under the Rules of our House and it would have been anything other than consistent and appropriate for us not to have supported the Speaker in that ruling, as we did.

When the NDP House Leader gave us a second opportunity, what he meant to say was "On Division" and not put through the House through one of the charades of going through another formal vote call.

That now changed the situation to a point where we actually could have what many of us, what I am now exercising, the opportunity to voice our concerns about the implementation of the general sales tax by our federal Government. So let there be no misapprehension on Honourable Members opposite about the manner in which we are participating in this debate. That was given to us thankfully by—I will say it kindly—the inexperience of the New Democratic Party House Leader who made that possible. He could have achieved what he was after had he simply uttered the words "On Division." So much for the House Lesson, Mr. Deputy Speaker.

Mr. Deputy Speaker, I am pleased to have the opportunity to speak on this issue because I share the concerns that are expressed by my Premier (Mr. Filmon). I share the concerns that are expressed by my Minister of Finance (Mr. Manness), indeed the concerns that are expressed by many Canadians, many Manitobans, about the methodology that is being put forward with respect to the introduction of this tax. I cannot and I will not take up the time of the House to repeat what has already been said. The unnecessary duplication of bureaucracy, numbered I believe in the range of 4,000 additional public service staff that would be required to introduce this tax, the inconvenience of additional dual paperworks in the administration—not just on the part of the Government. We resolve our problems. We just hire more staff, but the individual Manitobans, in particular those in the business community, small and large, who have to cope with yet an additional tax form and all the attendant work that goes along with that.

It is not hard to voice our opinion and voice our opposition and our concern about the way the federal Government is proposing to introduce, and what is sometimes lost, a major tax reform, because it is a tax reform, a tax reform that is very necessary for this country and for this province to be able to fully participate in the changing economic conditions that are prevailing with our major trading partners. It is very important that this tax reform takes place to position our industries, our manufacturers, to take full advantage of the new trading relationships that are developing in the world and, in particular, very important that we take and maximize those great opportunities that have been presented to us and to the people of Manitoba and to the people of Canada under the Free Trade Agreement, because those opportunities are great. One can be very thankful that agreement is in place, and that agreement is responsible for the daily increase in the manufacturing jobs being provided for in this province.

As my Minister of Labour (Mrs. Hammond) said just earlier on in Question Period today, there are 13,000 new jobs here in Manitoba alone, primarily in the manufacturing sector. We have individual cases where manufacturers who have taken advantage, who have been ready for free trade and who have been positioned, who are already expanding by 100, 150 and 200 new employees as they expand their markets through that great market to the south, Mr. Deputy Speaker.

So it is extremely important that this tax reform measure does indeed go forward, but must it go forward in its present form? I say not. The Minister of Finance

(Mr. Manness) says not; my Premier says not, indeed provincial Premiers say not. Much has been said about the consensus that has been arrived at by all Premiers across Canada but, Mr. Deputy Speaker, I dare to go one step further. It is not simply good enough to voice our opposition. I think Michael Wilson and the federal Government is absolutely correct when they point that out to the 10 Premiers it is not good enough simply to voice opposition. They are asking us what the alternative is, bearing in mind that I at least share the federal Government's concern for the necessity of a tax reform.

Mr. Deputy Speaker, I really believe that we encourage our Minister of Finance, as I know we did in the first instance, to go back with his federal colleagues, to go back with his federal-provincial colleagues. Indeed, if it need be, go to a place called Meech Lake where apparently they can hammer out agreements fairly quickly, but go someplace, Harrington Lake, Meech Lake, go to Ottawa, come to Winnipeg, but surely we can come up with a better system than that being currently envisaged by the federal Government.

Surely we can come up with a system that melds the taxation, the retail taxes of provinces with a proposed federal tax, and then surely we can avoid what has been repeatedly indicated, the inefficiencies, the additional costs of the implementation of this tax.

Mr. Deputy Speaker, the last speaker spoke of the phrase used when it was first talked about, the neutrality of the past, and I concur with him. That is probably a statement made by the federal Minister that, upon contemplation, he might wish today he may not have made, because the very nature of a consumptive tax, a sales tax in an expanding consumptive society, will mean greater revenue. I do not think it takes too much to understand that. It ought not to be too much for us provinces to understand that it may be of vital interest for us to be part of that expanded tax base, to fund the kind of services, particularly the social services, that cry out to be funded, that can regress the imbalances we quite correctly point out to the federal Government have occurred over the past three, four, five, six years. The shared cost programs that were entered into on the clear understanding that they would be shared on a 50-50 basis now, in time, have become lopsided with the federal contribution being less and our provincial contribution being more.

Mr. Deputy Speaker, those are the reasons that I encourage the Minister of Finance (Mr. Manness) to oppose the tax as it is currently being presented to us. Those are the positions I believe people who worry about providing the alternative have to consider when speaking out against this proposed tax measure. I hear references made in this Chamber by speakers about the disaster that this tax will create in this country, in this province, if it is allowed to be imposed. The disaster is the financial situation that this country finds itself in. That is what the disaster is.

Mr. Deputy Speaker, it is not always possible for the differing political Parties to position themselves without some responsibility in the conduct of the affairs of the nation over a protracted period of time, but in this instance the Conservative Party surely can, because

the facts speak for themselves. In the years '67, '68, '69 even, Canada was virtually in a debt-free position. It was the combination of 16, 17 years interrupted only by the short nine-month period of the Clark Government.

Mr. Deputy Speaker: The Honourable Member's time has expired.

Mr. Enns: I was just getting into the meat of it.

* (1740)

Mr. John Plohman (Dauphin): Mr. Deputy Speaker, I think the speech that the Member for Lakeside (Mr. Enns) just gave in this House indicates quite clearly where the Opposition, if any, would come from this Conservative Government here in this Province of Manitoba. The fact that the Conservatives provincially are the same as the Conservatives nationally, he is not opposed to this tax on principle, or on the basis that this tax is unfair. He is only concerned that perhaps it could be achieved in partnership with the provinces, but there still is a need for what he calls this tax reform to go forward and that it must take place. But this is not progressive tax reform. A reform it is, but it is not progressive tax reform.

The fact is this is very regressive tax reform, and there would be a much better alternative, and all those who have advocated this tax as the Member for Lakeside (Mr. Enns) just did, and the Minister of Finance (Mr. Manness) undoubtedly advocates the principle of this tax, he can dispute that and protest as long as he wants, but we know he believes in the principle of this tax. The fact is there are some, as he calls it, details that need to be worked out. The fact is those people who advocate this tax say that those who are against it should come forward with alternatives.

We have put forward and will continue to put forward alternatives as long as there are Liberal and Conservative loopholes in the tax system that have been put in place nationally that forms the framework for taxation in this country, which we as the administration in Manitoba have to work within. I know the Minister of Finance (Mr. Manness) understands that. The limit of reform in taxation to make it more progressive is very limited at the provincial level. It is at the national level that true reform can take place.

The fact is as long as there are loopholes for corporations that allow them to avoid paying \$30 billion or \$35 billion a year in taxes that they should pay, and that allows deferment of some \$30 billion in taxes under the previous Governments, that means that we are not going to have real tax reforms. So the answers are there. It is clear that the Conservatives, and I would dare say, many of the Liberals, actually support this kind of consumption tax which is regressive, which hits the poor harder than the rich, which causes the poorer people and the middle income people to pay a much larger proportion of their income for basic goods and services that they need to live, to raise their families. Those are the kinds of things that we protest in this tax.

I want the Minister of Finance (Mr. Manness), and the Liberals, and the Liberal Leader (Mrs. Carstairs), who raised this earlier about the kinds of increases in sales tax that we, as a previous administration, put in place in this province, because we could not, as I mentioned to the Minister of Finance (Mr. Manness), undertake major tax reform of a real progressive nature. We had to find our vehicles that we had available to us to raise money. One of the ways was with the sales tax.

Let us look at the other Liberal provinces, when they want to sit here and smirk, and talk about how good they can manage. The Liberal Leader (Mrs. Carstairs) was so fond last year and the year before talking about how we should do it in Manitoba like Liberal provinces. Well, look at this. Newfoundland just came in and increased their taxes. They increased their personal income taxes, and they have a sales tax of 12 percent in Newfoundland. That is the kind of administration that they have, a regressive sales tax, double, almost double of what it is in Manitoba; P.E.I., 10 percent, a Liberal Government there; New Brunswick, 11 percent; Quebec 9 percent; Ontario 8 percent; all of those Liberal provinces have a higher sales tax than Manitoba. Let them talk about regressive taxation.

We in this province in the New Democratic administration moderated those increases that had been put in place by Conservative and Liberal administrations, and as they have done across this country, clearly, Mr. Deputy Speaker, these Liberals and Conservatives have initiated increases that are far higher, regressive forms of taxation, than the New Democratic administration in this Province of Manitoba.

So we can speak, and I do not make any apologies in speaking against a tax like this as we get howls from the Liberals, and howls from the Conservatives, that we as former Members of a New Democratic administration in this province have no business speaking on progressive taxation and tax reform, and they point to what we did.

Well, I will tell you, there is one Member in this House, that millionaire Finance Minister (Mr. Manness)—I am not talking about personally—he can sit there smugly because he inherited, and I call him a millionaire Finance Minister—

Mr. Deputy Speaker: Order, please; order, please.

Mr. Plohman: —he inherited all of those tax increases that were put in place by Eugene Kostyra and now he smirks as he puts in his rainy-day fund. He smirks as he—

Mr. Deputy Speaker: Order, please.

Mr. Plohman: —can put away money for an election because he has got a windfall from the federal Government. All of those things that put in place that enable him, at this time, to sit there and not have to raise taxes, and he sits in this House and he says, yes, we are going to reduce taxes in this province. The only reason he can do it is because of the budgets that we brought in and set the stage that enabled him to do

that, and he better acknowledge his good fortune in that regard, not attempt to deceive the people of Manitoba by taking credit, by saying it is good Tory management that did it. That is hogwash; that is absolute boloney.

Now, insofar as this tax is being portrayed by Michael Wilson and the federal Conservatives as being a good tax, a positive tax reform, they are going to probably spend as much as they did on trying to convince Canadians that the free trade deal was good for Canada. Forty five million dollars of taxpayers' money went to convince Canadians that was a good move. They are going to do the same thing with this goods and services tax to convince Canadians that they have to shoulder this massive burden of taxation of deficits that were left by the Liberals in this country and that existed in many provinces right across this country, perhaps all of them.

The fact is they are making Canadians feel guilty that they have to pay all of this tax, but the fact is there is another source of income for the national treasury, and that is those loopholes, the corporate tax which has been reduced from 37 percent in the '50s, down to 9 percent at this present time, of the total revenues taken in by Government at the national level.

Can you understand the impact of that in proportion, from 37 percent, well over a third, to now less than 10 percent of the total tax revenue? That is what has happened under Liberal and Conservative Governments across this country. They have continued to put in place more regressive measures that are hurting the poorer people and those working Canadians and middle class Canadians and lower income Canadians, hitting them the hardest, while the rich and those people who are making the most in this country are paying less and less under this Conservative Government and under the Liberal Government.

That is why tax reform—(interjection)—Yes, the Member for Lakeside (Mr. Enns) said tax reform is important, not this tax reform, but tax reform is important. It has to be done at the national level and it should be done in conjunction with the provinces, but it will not happen, meaningful tax reform in this country, until there is a national New Democratic Government in this country, or until such time as over a period of time the New Democrats can have the same kind of influence as J.S. Woodsworth had when he ensured the Liberal Governments brought in pensions in this country because—(inaudible)—that those Governments had to listen to the common will and common good of the vast majority of the people of Canada, fairness and equity for all Canadians. That is not in this tax and we will fight it every step of the way.

I will tell you, Mr. Deputy Speaker, it was a miraculous conversion. It was not the New Democrats that converted on this tax when we brought this resolution in, because we, on the federal budget, brought in a resolution on May 18th that dealt with this regressive budget in taxation, not, as the Liberals said, voted against their resolution. We were in there long before they were, and now we are happy to see them come on side with us on this issue. We are happy to see the Conservatives, but let them go out and fight this against

the Conservatives, not pay lip-service to try and neutralize it as a political issue, as Filmon is trying to do. That is where we stand, Mr. Deputy Speaker.

Mr. Mark Minenko (Seven Oaks): We hear that the Member for Dauphin (Mr. Plohman) has something caught in his throat, and I am sure indeed it is a number of those sales tax increases and the increase in taxation to Manitobans in the 1987 budget that, I am sure, caught in his throat.

* (1750)

Mr. Deputy Speaker, Manitobans are outraged with this tax that was introduced by the federal Tories. We agree, and I think all Parties agree there is indeed a need for proper tax reform in this country, but certainly this method is not and cannot be considered a proper method of reforming the taxation.

We heard earlier, the Minister of Finance (Mr. Manness) of this Tory Government here in this province hide behind the fact that this is a federal tax, I cannot do anything about it. Well, Mr. Deputy Speaker, that is not a good enough answer, that is not a good enough response for Manitobans. It is evident that not only on this issue but on many other issues that this Government has not been prepared to be good managers in this province. They talked about management in their election and yet they seem to deal on crisis-to-crisis, and I think it is about time that Manitobans indeed deserve, are entitled to a Government that does not manage crisis-to-crisis but plans ahead and ensures those crises do not happen because, as we all know, crises lead to Manitobans' suffering.

Mr. Deputy Speaker, the NDP's comments today, well, I think I certainly addressed them a little earlier in my opening comments about what was necessarily caught in their throat because here again they rise today as they rise every day and say, "We represent the average Manitoban in this province." They were indeed representative when they increased the sales tax twice; they indeed were representative when they increased the taxes in inordinate amounts but two years ago. Indeed, Manitobans had an opportunity to show exactly what they thought of this previous NDP administration but a few short months ago.

(Mr. Speaker in the Chair)

I would also direct some comments as to what are some of the elements in this tax that certainly this Government should consider addressing themselves and at least doing a little bit of research on how it attacks Manitobans, because I am indeed concerned that a Government who likes to say they are good managers have not even done some simple, basic studies.

This tax affects lower income Manitobans. It affects them through the probability of greater inflation resulting directly from this tax. We hear some commentary that it will increase by 2.5 percent. There are some indicators that show it will be even higher. How high it will climb, Mr. Speaker, I am sure no-one really knows. As we heard earlier in the comments of the Leader of the Opposition, this is certainly one very important aspect that affects lower income Manitobans.

The other matter that affects lower income Manitobans is the whole issue of indexation. We see in the comments of the federal Minister of Finance and in the documentation that the indexation benefits are not supposed to start to flow to people who are entitled to them as set out in the Tory-owned documents on this matter until sometime after 1991. How are these people, who often are hard working Manitobans, who have relatively, in many cases, lower paying jobs, who are greatly going to be affected by this, going to be able to deal with this problem when those benefits do not flow to them until a year after?

Finally, and I think this is another dangerous aspect to this whole tax, is that there has been no commitment by the federal Government that it will not raise the 9 percent tax rate in the future. There are many examples around this world of federal Governments that have introduced a similar-type tax that have calmly, silently, introduced increases, and again we hear no commitment from this particular Tory Government.

It will affect small businesses by increasing the tremendous paper burden that many of our Manitoban entrepreneurs face even today. It is indeed, as appeared in the finance committee studies of this tax, that this tax will be of greatest benefit to big businesses, and probably to the manufacturers of cash registers and computer software programs that deal with trying to provide the information to a small business on what goods are going to be taxed at what rate. Small business people will be faced with four alternatives.

Another aspect of this tax that this Government should oppose is the hidden aspect, that there is no requirement to indeed show the consumer what exactly is being charged. Further, there are no assurances that the manufacturers sales tax will disappear from the goods that are presently assessed this tax. There will be no indication that manufacturers will drop their prices of their goods by 13.5 percent. What I believe may happen in the future is businesses will keep that 13.5 percent and then tack on the extra 9 percent. How then will the consumer be able to truly understand the effect of this new tax on him?

The federal Government says, well, we will set up a little office that you can come and complain to. Well, I am sure it has not really been publicized up today. How big is this office going to be? How will the consumer, how will you and I, as we indeed represent all Manitobans in this Chamber, be able to complain to this office saying that the price of a particular good was at "x" price before and then at "y". Then how long will it take for this office to work itself through to be able to determine whether indeed there have been no rollbacks of the manufacturer's sales tax. I think, Mr. Speaker, this is a very dangerous precedent.

Finally, Mr. Speaker, the whole issue of the bureaucracy that will be needed to ensure the proper collection of this tax, some people have speculated that thousands of new federal bureaucrats will be required to be able to properly administer this, again an issue that has not really been addressed. So let us spend millions more, hundreds of millions more dollars for increasing bureaucracy to collect another kind of tax. I think this is a further danger in a silent way where

a Government will indeed be furnished with an excuse to increase the sales tax in the future because of increased expenditures.

Mr. Speaker, the importance of this debate today is the result of many phone calls, meetings that I have had, and I am sure other Members of the Chamber have had with their constituents who are concerned, are truly concerned about this. There are many constituents of all of us who are prepared to go one extra step, who are prepared to spend their own money to launch a campaign against the introduction of this tax. They are prepared to pay for signs so people can post them on their lawns objecting to this tax; they are prepared to pay for the letter-writing campaign required to various newspapers across this country. Mr. Speaker, this is not a simple matter that we can simply shove aside, not a simple matter that we can hide under the rug like other trash. It is a matter that has to be addressed and we call on this Government to start addressing some of these problems, because if this Government is not looking after Manitobans we can certainly agree that the federal Government is not going to be looking after Manitobans.

Mr. Bill Uruski (Interlake): Mr. Speaker, I will begin my remarks because I believe that Members of this

House, and I think especially Members on the Government side and some Members on the Opposition side, fail to deal with this issue as it really exists. This is, in my mind, the greatest con job of the Canadian public that we have seen in at least several decades.

Mr. Speaker, we have been sold, the Canadian public has been sold, a bill of goods saying that this national sales tax is, in fact, tax reform. Nothing could be further from the truth. This is not tax reform; this is basically sending a tax bill from the corporations to average citizens of the country. That is in effect what this measure is. What we are saying is, on the one hand we will allow large corporations of this country to refrain from paying between \$30 billion and \$40 billion of taxes a year and in the need to balance our budget and work toward the lessening of the Canadian deficit, Mr. Speaker, we are going to have the rest of the public pay for that need.

Mr. Speaker: Order, please. The hour being 6 p.m., I am interrupting the proceedings according to the Rules. When this motion is again before the House, the Honourable Member will have nine minutes remaining.

The House is now recessed until 8 p.m. this evening.