



Fourth Session - Thirty-Fifth Legislature

of the

**Legislative Assembly of Manitoba**

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**DEBATES  
and  
PROCEEDINGS  
(HANSARD)**

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41 Elizabeth II

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

<b>NAME</b>	<b>CONSTITUENCY</b>	<b>PARTY</b>
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP
<i>Vacant</i>	Rupertsland	

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 15, 1993

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### PRESENTING PETITIONS

**Mr. Leonard Evans (Brandon East):** Mr. Speaker, I beg to present the petition of Stuart Prince, Cam Brown, Rita Cullen and others requesting the Family Services minister (Mr. Gilleshammer) consider restoring funding for the friendship centres in Manitoba.

**Mr. Conrad Santos (Broadway):** Mr. Speaker, I beg to present the petition of Alfred Spence, Alvin North, Earl Sinclair and others requesting the Family Services minister (Mr. Gilleshammer) to consider restoring funding for the friendship centres in Manitoba.

**Mr. Gregory Dewar (Selkirk):** Mr. Speaker, I beg to present the petition of Cora Lee Poirier, Emily Duguid, Dawn Bates and others requesting the Family Services minister (Mr. Gilleshammer) consider restoring funding for friendship centres in Manitoba.

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**Mr. Oscar Lathlin (The Pas):** Mr. Speaker, I beg to present the petition of Lawrence Disbrowe, Wallace Everelle, Henry Arvin McKay and others requesting the Minister of Natural Resources (Mr. Enns) to consider restoring funding of the Northern Fishermen's Freight Assistance Program to the level it was in 1990-91.

### READING AND RECEIVING PETITIONS

**Mr. Speaker:** I have reviewed the petition of the honourable member (Mr. Leonard Evans). It complies with the privileges and practices of the House and complies with the rules (by leave). Is it the will of the House to have the petition read? [agreed]

**Mr. Clerk (William Remnant):** The petition of the undersigned citizens of the province of Manitoba humbly sheweth that:

WHEREAS the United Nations has declared 1993 the International Year of the World's Indigenous People with the theme, "Indigenous People: a new partnership"; and

WHEREAS the provincial government has totally discontinued funding to all friendship centres; and

WHEREAS the provincial government has stated that these cuts mirror the federal cuts; and

WHEREAS the elimination of all funding to friendship centres will result in the loss of many jobs as well as the services and programs provided, such as: assistance to the elderly, the homeless, youth programming, the socially disadvantaged, families in crisis, education, recreation and cultural programming, housing relocation, fine options, counselling, court assistance, advocacy;

WHEREFORE your petitioners humbly pray that the Legislative Assembly of Manitoba may be pleased to request the Family Services minister to consider restoring funding for the friendship centres in Manitoba.

**Mr. Speaker:** I have reviewed the petition of the honourable member (Mr. Dewar). It complies with the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read? [agreed]

**Mr. Clerk:** The petition of the undersigned citizens of the province of Manitoba humbly sheweth that:

WHEREAS the United Nations has declared 1993 the International Year of the World's Indigenous People with the theme, "Indigenous People: a new partnership"; and

WHEREAS the provincial government has totally discontinued funding to all friendship centres; and

WHEREAS the provincial government has stated that these cuts mirror the federal cuts; and

WHEREAS the elimination of all funding to friendship centres will result in the loss of many jobs as well as the services and programs provided, such as: assistance to the elderly, the homeless, youth programming, the socially disadvantaged, families in crisis, education, recreation and cultural

programming, housing relocation, fine options, counselling, court assistance, advocacy;

WHEREFORE your petitioners humbly pray that the Legislative Assembly of Manitoba may be pleased to request the Family Services minister to consider restoring funding for the friendship centres in Manitoba.

\* \* \*

**Mr. Speaker:** I have reviewed the petition of the honourable member (Mr. Martindale). It complies with the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read? [agreed]

**Mr. Clerk:** The petition of the undersigned citizens of the province of Manitoba humbly sheweth that:

WHEREAS Manitoba has the highest rate of child poverty in the country; and

WHEREAS over 1,000 young adults are currently attempting to get off welfare and upgrade their education through the student social allowances program; and

WHEREAS Winnipeg already has the highest number of people on welfare in decades; and

WHEREAS the provincial government has already changed social assistance rules resulting in increased welfare costs for the City of Winnipeg; and

WHEREAS the provincial government is now proposing to eliminate the student social allowances program; and

WHEREAS eliminating the student social allowances program will result in more than a thousand young people being forced onto city welfare with no means of getting further full-time education, resulting in more long-term costs for city taxpayers.

WHEREFORE your petitioners humbly pray that the Legislative Assembly of Manitoba may be pleased to request the Minister of Family Services (Mr. Gilleshammer) to consider restoring funding of the student social allowances program.

\* (1335)

### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, may I direct the attention of honourable members to the gallery, where we have with us this afternoon, from the Churchill High School, thirty Grade 9 students,

under the direction of Ms. Terri Gartner. This school is located in the constituency of the honourable member for Osborne (Mr. Alcock).

Also this afternoon, from the La Broquerie School, we have thirty Grades 5 and 6 students, under the direction of Mr. Thiessen. This school is located in the constituency of the honourable Minister of Highways and Transportation (Mr. Driedger).

On behalf of all honourable members, I would like to welcome you here this afternoon.

### ORAL QUESTION PERIOD

#### Royal Trust Relocations

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, my question is to the First Minister.

In June of 1991, the Premier promised to Manitoba some 200 jobs would be relocated to the city of Winnipeg from the Royal Trust Company, with a payroll of some \$6 million. The announcement went on to say that the government would provide a million-dollar repayable loan.

We, of course, have asked this question subsequent to the announcement of the government. In fact, December of 1992, the Premier said in this House, and I quote: "We have remained in close touch with the Royal Trust people, have had continuing discussions with them. They still are committed to an investment in Manitoba. I assure him that there will be news on that in the not too distant future."

Could the Premier please advise us of the status of those 200 jobs, some of which were going to be located in the province of Manitoba, actually, in the spring of 1992 and have yet to appear?

**Hon. Gary Filmon (Premier):** Mr. Speaker, the Leader of the Opposition is entitled to ask whatever questions he wants to, but in attempting to make political hay on an issue, he is raising a matter that obviously is not one that any of us would want to pursue.

The fact of the matter is that Royal Trust, through problems with respect to its investment portfolio and massive losses over a space of the last two years, is—[interjection] Mr. Speaker, you know the member for Kildonan (Mr. Chomiak) has all the smart answers. He does not care about Manitoba and about corporations. He applauds corporations which are in difficulty. He is smarter than everybody

else in the world, but that attitude will get him exactly nowhere, as it has to date.

If I may carry on, Mr. Speaker, the fact of the matter is that Royal Trust has experienced serious financial difficulty. Such financial difficulty denied them the opportunity to make a multimillion-dollar investment during that period of time.

I have spoken with Royal Trust people as recently as late January and again last month, met with them in Toronto. They are now, of course, under a restructuring as a result of their new ownership by the Royal Bank of Canada. The people we spoke to indicated that if it is at all possible they are still looking to improve their presence in Winnipeg, in specific, and looking at alternatives to try and meet the kind of commitments that we were looking at a couple of years ago, prior to their financial difficulties when the announcement was made.

I cannot make any guarantees. Obviously, our hope is that company will be able to be restructured in a way that they are on sound financial footing and we can, once again, look at the prospect of them devolving some of their operations into Winnipeg.

We will continue to work positively with them, Mr. Speaker. I think that is the way in which we can look for better things in future.

\* (1340)

**Mr. Doer:** Mr. Speaker, as I say, we are very disappointed that even though the losses were well known in December the Premier left us with a lot of optimism when he assured us, in this House, that there would be some news on this in the not too distant future, in terms of their investment in Manitoba and the jobs that would come here.

Mr. Speaker, I would like to ask the Premier, what is the status of those 200 jobs that were pending in Manitoba, in light of the Royal Bank takeover of Royal Trust? What is the corporate plan for that Royal Trust takeover, and what are the specific plans for those 200 jobs that were promised to the city of Winnipeg, in terms of the new principals of the company, the Royal Bank?

**Mr. Filmon:** Mr. Speaker, just so the member does not imply that I was misleading him or anybody else in my comments in December, I can tell him that when I met with some specific individuals in late January, the individual who was supposed to be coming here as manager of the new facility was one of the people I met with. So indeed plans continued

to be afoot for movement of a significant portion of their operations into Winnipeg as late as January.

All things have changed as a result of the new ownership and the restructuring. Our intention is to continue to work to convince Royal Trust, under its new ownership, or indeed the Royal Bank or many of the financial institutions. We have been meeting with a considerable number of them in the course of our development of our strategy to attract back-office functions in the area of telecommunications and computers from many of Canada's major corporations here.

The member is probably aware that our work continues to pay fruit with announcements by Unitel a month or so ago, announcements by Canada Post and yet another announcement to be coming forward within an hour or so today.

### **CN Rail Running Trades**

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, we are certainly pleased about the announcement today of the service centre jobs being added to Manitoba in terms of the province. We have been aware of that situation for some time, and we are pleased the service centre will be amalgamated in Winnipeg.

We are also concerned about the loss of jobs on the running trades in the same railway. We lost 110 brakemen in November of '92 from the railway. We have lost 200 or so maintenance-away employees. Mr. Speaker, 170 jobs were announced at Weston, the diesel shops, to be lost, which is now put on hold because the facility apparently in Moose Jaw is not large enough.

In light of the discussions the Premier is having with the senior officials of the railway today and the good announcement he has today, can the Premier advise us on the status of the running trades in the province of Manitoba and the long-term status of the running trades, Mr. Speaker, in light of some of the job losses we have had, regrettably, over the last couple of months?

**Hon. Gary Filmon (Premier):** Mr. Speaker, unlike the New Democrats who, when they were in government, made the bald-faced statement that they could continue to raise the taxes in Manitoba on the railways to punitive levels because, as his predecessor said when the New Democrats were in

office, what are they going to do—tear up the tracks, pull up the tracks?

The fact of the matter is that by imposing punitive tax levels on both railways, we have seen significant reductions in the operations of the railways in Manitoba. This government is working to make the operations of the railways in this province competitive and advantageous, Mr. Speaker, and as a result we are finally seeing some positive moves with respect to the announcement today that takes a total turnaround from the situation we were put in by New Democrats who were throwing jobs out of this province by raising our taxes on railway diesel fuel to the highest in the country. That is what happens.

\* (1345)

### Stubble Burning Health Risks

**Ms. Judy Wasylycia-Lels (St. Johns):** Mr. Speaker, last fall all of us in this House received hundreds of calls and letters from Manitobans suffering from the effects of stubble burning. We heard from parents of children with asthma living in fear and worry about the health of their children; we heard from people unable to leave their homes to get to work; we heard from physicians reporting that stubble burning in fact was a health hazard.

The government promised action and today we have received its response. In terms of public health, Mr. Speaker, there seems to be little more in this report than band-aid solutions and cosmetic changes.

I would like to ask the government, since it would seem that Manitobans may, instead of waking up to smoke, will be coming home to smoke, how does this announcement significantly reduce the health risks from stubble burning for all Manitobans and ensure that the health hazard of last fall is not repeated again this year?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, I would hope that the member would reread the announcement. The fact is that we now have a regulated regime in this province for the control of disposal of waste straw, stubble, and I would fully expect that Manitobans, particularly Winnipeggers, will be able to enjoy the outdoors and the comfort of their yards in the fall as well as other seasons of the year.

The regulation enables us to take particular action if a situation changes, for example if we have burning this spring, that has potential to cause difficulties, we can within six hours notice implement the regulations in a regime that will protect the health of Manitobans.

So I would ask for her co-operation, and I would expect that Winnipeggers in particular will reap some considerable satisfaction from the regulations that we put in place.

**Ms. Wasylycia-Lels:** Mr. Speaker, in January of '92 the Minister of Health (Mr. Orchard) said, we fully support a review by the Clean Environment Commission of stubble burning. His head of wellness and health said that although no evidence has existed previously about the health effects of stubble burning, he had since changed his mind due to medical evidence, and in October the MMA clearly called for a review under the Clean Environment Commission.

I would like to ask the Minister of Health if he is satisfied that the concerns of professionals and physicians in this area have been addressed, and whether he can assure us that Manitobans will be absolutely protected from the health hazards of stubble burning in the future.

**Mr. Cummings:** Mr. Speaker, the member chooses to ignore the fact that this is the result of a recommendation of a working group which represented the parents of asthmatics, which represented health interests, also represented community interests, agricultural interests. The Lung Association was also involved in this nine-person group.

The reason that we brought forward the regulations at this time and the reason that we have taken such sweeping powers which we have under The Environment Act, in order to be able to provide the enforcement of these regulations, is precisely the reason that she is asking about, is that we do care about the health of Winnipeggers and Manitobans at large. Winnipeg is the main concern but the regulations are province-wide, and under The Environment Act we have exceedingly large and sweeping powers, virtually frightening in the eyes of some people, I would suggest.

I tell you that those powers will be enforced in order to protect that very issue of the health of Winnipeggers or others in the public who are sensitive to the smoke. It is a practice that the

Minister of Agriculture (Mr. Findlay) has been working very hard to have reduced and eliminated, and what we have here is a coming together of communities. The agricultural community has been extremely co-operative in developing a control mechanism, and those who represent the urban issues have also brought their points forward strongly and support this approach.

**Ms. Wasylycia-Lels:** Mr. Speaker, in this announcement there is no permit system with tough guidelines and meaningful penalties. There is no Clean Environment Commission review on health. There is no new research into alternatives. There is no new education—

**Mr. Speaker:** Order, please. I would like to remind the honourable member this is not a time for debate.

**Ms. Wasylycia-Lels:** My question, Mr. Speaker, since we remain concerned about how this will deal with the health hazard of stubble burning on Manitobans is: What longer term contingency plan does this government have in place in the event that this regulation, this announcement does not adequately protect people from the health hazards—

**Mr. Speaker:** Order, please. The honourable member has put her question.

**Mr. Cummings:** Mr. Speaker, I am appalled that that member would put such false and misleading information on the record. It says right in the press release that the first ticket has fines of up to a thousand dollars under summary conviction. Beyond that, for repeat offences or for flagrant and very abusive situations, we can go to The Environment Act which, frankly, has fines up to \$50,000.

Now if that is what she says is insufficient, then I suggest that they are talking about draconian government and that is not what this province wants.

\* (1350)

### **Violence Prevention Programs Government Resources**

**Ms. Avls Gray (Crescentwood):** Mr. Speaker, it is not difficult for any Manitoban to pick up a newspaper or to be in a conversation where there is not talk about the increased amount of violence among our young people, and in fact in our schools and in our society. The Minister of Finance (Mr. Manness) said yesterday that families must take some responsibility in managing children with behavioural problems. No one would dispute that,

but governments also have a responsibility to assist families and to assist children in dealing with these particular behavioural problems and certainly with increasing violence.

I would ask the Minister of Family Services if he could tell this House and in fact tell Manitobans, if a family does have a difficulty with a child, a child who is experiencing behavioural problems, what resources are available to that family so they can be good parents and they can receive the support that they need for the children who are misbehaving and for children where there is increased violence? Can the minister provide that information today?

**Hon. Harold Gilleshammer (Minister of Family Services):** Mr. Speaker, the first response usually comes through the school system where funding is provided for more guidance counsellors today than the school system has ever had before.

School guidance counsellors are often the first line of defence in terms of working with those children who are finding difficulties in the school system, and working with those families and with the teachers who deal with those children on a day-to-day basis to resolve the issues there.

The school counsellors not only work within the school setting but from time to time work with the families in their home as well. I know from personal experience that many of those fine professionals do some tremendous work in alleviating the problems that students have in the school setting.

### **Child and Family Services**

**Ms. Avls Gray (Crescentwood):** Mr. Speaker, with a supplementary to the same minister: For families and children who are experiencing those problems, the school personnel, teachers are telling us that when they make referrals for severely disturbed children to Child and Family Services, that in fact if you are 14 years of age and over, the chances of your receiving service are very, very low.

Can the minister tell us, given that he has increased the workload of the Child and Family Services personnel and given that they have eliminated the family counselling program since 1988 with the government, what resources are really available there for these families and for these parents?

**Hon. Harold Gilleshammer (Minister of Family Services):** Mr. Speaker, I am sure the member, in doing her research on this particular question,

talked to members of the media who contacted the executive director of Child and Family Services and he informs me that is not the case. They do work with children who are over 14 years of age.

**Ms. Gray:** Mr. Speaker, can the Minister of Family Services then tell this House if Child and Family Services, which comes under his jurisdiction, is working with children who are over 14 and is accepting all the referrals?

Why do we have qualified teachers in these schools who are in fact saying they are not picking up the referrals and there are no services for the children?

**Mr. Gilleshammer:** Mr. Speaker, certainly there are difficult children in the school system that parents have difficulty coping with at home, the school system has difficulty coping with, and they in turn do access services provided by Child and Family Services.

In a conversation with the executive director earlier today, I am sure prompted by the member asking the question, I am given the understanding that they certainly provide services for children who are over 14.

\* (1355)

### Child and Family Services Reduced Workweek

**Mr. Doug Martindale (Burrows):** Mr. Speaker, as we have seen, there is increasing concern across the country for the interests of children and the increasing caseloads of different provincial governments and cutbacks which are reducing services.

In the province of Manitoba we have seen the street children and youth program closed, cuts in staff to Indian and Metis friendship centres as a result of budgetary decisions, 10 percent reductions in agency budgets.

Can the Minister of Family Services, in follow-up to statements that he made in Interim Supply, tell the House if he has had a chance to meet again with the chief executive officer of Child and Family Services and other agency heads to see how they are going to implement provision of services when there are 3,000 hours less service to provide to children?

**Hon. Harold Gilleshammer (Minister of Family Services):** Mr. Speaker, if the member had listened

to my previous answer, I had discussions with the executive director this morning.

**Mr. Martindale:** Mr. Speaker, my question is: What have the agency heads said and what are they going to do? How does this minister account for the discrepancy between what the CEO of Winnipeg is saying about less hours of service, underfunding, understaffing now, and an increasing caseload? What is this minister going—

**Mr. Speaker:** Order, please. The honourable member has put his question.

**Mr. Gilleshammer:** Mr. Speaker, I am sure many of us read the same articles in the local papers today, that governments in Newfoundland, Saskatchewan and Ontario were finding some difficulties in this area. Manitoba has the most comprehensive and most numerous Child and Family Services agencies across this country.

Certainly, executive directors and board chairs have acknowledged the challenge that lies ahead of them in working with children who are having difficulty, and they have worked co-operatively with us and accepted that challenge, and are in the process of finding those solutions.

**Mr. Martindale:** Mr. Speaker, we want to know from this minister what the specifics are, other than the rhetoric about meeting the challenges, because we cannot count on this minister to protect the interests of children when there are fewer resources, when there are budget reductions, when there are fewer staff, fewer investigations—

**Mr. Speaker:** Order, please.

**Mr. Gilleshammer:** Mr. Speaker, I can tell the member, there are more resources there today than there were in 1988 when we came to government. We have dramatically increased the funding in most of the social areas, and the plans that the member is asking for are now being formulated by the executive officers of those agencies and their staff. I know that later today, some of these decisions are being communicated to staff. When they become public, we will make them available for the member.

### Child Care—The Pas Funding Reduction

**Mr. Oscar Lathlin (The Pas):** Mr. Speaker, my question is directed to the Minister of Family Services.



Mr. Speaker, this government, through Northern Affairs, likes to talk about the work that the Northern Economic Development Commission is doing in the North currently. The Minister of Family Services I am sure is aware that one of the themes that has already emerged from those hearings so far is that northern people, particularly women, be given every opportunity to access employment, training and business.

Mr. Speaker, I would like to ask the Minister of Family Services whether he can table in this House today a study, a report, any research material or criteria that he used to justify those cuts to the daycare program in The Pas.

**Hon. Harold Gillehammer (Minister of Family Services):** Mr. Speaker, some weeks ago we announced the changes in daycare. This comes after a dramatic increase in funding over the last number of budgets. When we came to government, the Day Care line was \$26 million or \$27 million. We have virtually doubled that amount of money.

I do not know whether the member heard the other day, I did leave some misleading information in the House when I said that our program was three times as big as Saskatchewan's. In fact, it is four times bigger than Saskatchewan's.

So we this year will show, and I am sure the member has already noticed that, an increase in our daycare budget, but we have certainly brought in some changes which freeze the licensing of new spaces and also caps the subsidy at 9,600 spaces. Mr. Speaker, we are going to work with the daycare community to see that it has a minimal impact on any particular daycare.

\* (1400)

**Mr. Lathlin:** Mr. Speaker, perhaps I can ask the minister to answer my supplementary question, because he never did answer my first question.

Mr. Speaker, can the minister explain to this House today why the daycare program cuts in The Pas represented 13 percent of those cuts made across the province—13 percent? Can he explain or point out to members here where the fairness is in those cuts that were made?

**Mr. Gillehammer:** Mr. Speaker, I can assure the member that his information is wrong. The change that we are making in the daycare is bringing down the number of subsidized spaces from 10,000 spaces to 9,600 spaces, some 400 spaces. With

the number of centres and daycare operations across the province, we are trying to manage these changes so that no particular daycare centre would lose more than one subsidized space.

**Mr. Lathlin:** Mr. Speaker, my last question to the same minister is: Will the minister reconsider those cuts his government made to The Pas daycare program until such time that he has come to The Pas, met with those people who are involved in the daycare program and after he has adequately studied the daycare situation in The Pas? Will he consider his decision?

**Mr. Gillehammer:** Mr. Speaker, as I indicated in a previous answer, the member's information is wrong. I would offer to meet with him later today or tomorrow to look at the numbers that he has before him to indicate that the changes we are making in the daycare do have a fairness about them.

### School Tax Levy Fairness

**Mr. Kevin Lamoureux (Inkster):** Mr. Speaker, on every city property tax bill, you have a city tax that you pay, you have a school tax portion that you pay. The city tax is applied equally throughout the city of Winnipeg. The school tax, on the other hand, is not.

Because of the current structure of the school divisions, if you happen to live in a \$70,000 home in Winnipeg School Division No. 1, you would pay \$1,034 in property tax. If you happen to live in St. James or Winnipeg No. 2, on a \$70,000 home, it would be \$756.

Mr. Speaker, my question to the Minister of Finance is: Can the Minister of Finance tell me, is that in fact a fair tax when up to 25 percent more is being paid from some residents in the city of Winnipeg than others? Is that fair?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, now that the member for Inkster has done his research and he now understands that there is a difference as per tax rates, I would indicate to him that the provincial levy applies equally to those two homes, regardless of where they are in the province of Manitoba.

Mr. Speaker, if the member then wants to draw into the debate to what extent the local school divisions should have autonomy and should have the freedom to make their own budgetary decisions and consequently reflect that in different special levies as between one school division and the other,

then I say to him, that is a big issue. If the member is saying collapse the school boards and the big power of government come in and ultimately make everything uniform, then let him say that.

**Mr. Lamoureux:** Mr. Speaker, there is only one way this inequity can be resolved, and that is if this government brings in the necessary legislation--

**Mr. Speaker:** Order, please. This is not a time for debate. The honourable member for Inkster, with his question, please.

**Mr. Lamoureux:** Mr. Speaker, how can the Minister of Finance justify, in Weston you would pay \$443; in Brooklands, right across the street from Keewatin, you would pay \$324? That is a significant difference. How does the minister--

**Mr. Speaker:** Order, please. The honourable member has put his question.

**Mr. Manness:** Mr. Speaker, as I say to the would-be leader of the Liberal Party, I have agriculture land in the School Division of Morris-MacDonald and I have agriculture land in the School Division of Seine River. They are bounding each other in two different school divisions.

I dare say, although the same productivity is there, the mill rate, as a result of the special levy in one school division, is an additional five mills as compared to one school division to the other. That is on the basis of the fact that one school division has decided to offer greater programming and charge its people accordingly. It is not an assessment issue.

**Mr. Lamoureux:** Mr. Speaker, can the Minister of Finance tell me why the poorest people in the city of Winnipeg have to pay the highest property tax because this government refuses to act on this issue? Explain that.

**Mr. Manness:** Mr. Speaker, I do not need to explain the decision of trustees duly elected under an autonomous system, to make decisions in council which obviously, in some cases, cause a greater cost to be applied against ratepayers in one school division versus another. It is not my role. [interjection] No, no. The member said two different school divisions.

So, Mr. Speaker, if that is the question and it is between different school divisions, it is not my role to stand here and answer that question.

## **Income Tax Act Dr. Connie Curran Exemption**

**Mr. Dave Chomlak (Kildonan):** Mr. Speaker, Clause 31(f) of the Connie Curran contract allows her to apply for exemptions from Canadian tax and Manitoba tax. The Minister of Finance refused to answer the question yesterday, but he did tell the newspaper his department is going to or is looking into the matter. Connie Curran looked into the matter before she signed the contract. Now the province is looking at the matter as to whether or not she will pay taxes.

Why is the province only now looking at the matter, Mr. Speaker, about her tax obligations on a \$3.9-million contract to the people of Manitoba?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, this is not the country of Manitoba. This is the country of Canada. I dare say decisions on taxes with respect to a situation such as this are made completely and totally and entirely within the Department of Finance federally. We do not, as the Province of Manitoba, have any jurisdiction as to determine residency of any individual. I dare say we were not consulted by the federal government with the development of their laws. At this point in time we are not ever consulted by Canada with respect to a judgment that is being rendered.

Now we understand that APM has sought a judgment from Canada. Our thinking at this point in time, at least of what we know, is that if they are not resident they will not be paying tax--like every other consulting group from outside of the country.

**Mr. Chomlak:** Mr. Speaker, the minister had the ability to negotiate this contract. There are clauses in this contract dealing with tax and nonliability for tax.

My question to the minister is: Could not the minister put a clause or clauses in this contract that would have specified that she meets the criteria so that she would be entitled to pay taxes and that there are basically three elements to that criteria, from the tax advice that I have received?

**Mr. Manness:** Mr. Speaker, we followed the same format that the member's party did when they were in government and engaged themselves in the contract also with consultants from the U.S. Furthermore, what the member is saying is, well, you should have twisted the arm off of APM and got

them to concede that they would voluntarily pay taxes in the province of Manitoba.

I would say, Mr. Speaker, to the member, live in the real world. That does not happen. It is just like if I were to ask the member to voluntarily pay more tax than he is now as a citizen of this province, he would probably tell me to go somewhere else.

\* (1410)

**Mr. Chomlak:** Mr. Speaker, in the real world people do not get paid \$3.9 million a year.

### **Income Tax Act Dr. Connie Curran Exemption**

**Mr. Dave Chomlak (Kildonan):** My final supplementary to the minister. Does he think it is fair—[interjection] That is right, Mr. Speaker. Teemu opens hospitals, not closes them. We hear the shot from the Premier.

My final supplementary to the Premier, since he is saying so much on this issue from his seat: Does he think it is fair to allow a U.S. consultant to earn \$3.9 million in one year from the Province of Manitoba, plus expenses, tax free? Does he think that is—

**Mr. Speaker:** Order, please. The honourable member's question is clearly seeking an opinion and therefore out of order.

The honourable member for Kildonan, would you want to kindly rephrase your question, please. [interjection]

Order, please. I had advised the honourable member for Kildonan that it was seeking an opinion and was therefore out of order. Kindly rephrase your question.

**Mr. Chomlak:** My final supplementary is to the Minister of Finance (Mr. Manness).

Will the Minister of Finance reveal in this House what the per diem rate is for Connie Curran, the per diem rate that we are paying this woman and these consultants to come in from the U.S.? Will he reveal it, since she has apparently no competitors and she has no—

**Mr. Speaker:** Order, please. The honourable member has put his question.

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, my honourable friend is really attempting to malign a process which two hospitals, their

boards, their administration urged government to engage in.

Mr. Speaker, I want to remind my honourable friend the New Democrat in opposition that this is the most open sharing of information. My honourable friend would not have a single question around this engagement of APM if we had not given him the contract, for the first time I think probably ever that consultants' contracts—prior to them being engaged, has been tabled at a news conference.

Mr. Speaker, that contrasts quite significantly to the circumstance that I discovered when I became Minister of Health that the NDP, through the back door with no one knowing, engaged U.S. consultants to study home care. There was no contract tabled. There were no details. There was no tendering. There was only a unilateral decision behind closed doors by New Democrats in government.

They, Sir, are hypocritical in opposition. They do exactly the opposite they do in government.

### **Point of Order**

**Mr. Chomlak:** Mr. Speaker, on a point of order, the Minister of Health ought to know that what he says is patently wrong—

**Mr. Speaker:** Order, please. The honourable member does not have a point of order. That is clearly a dispute over the facts.

### **Children's Dental Program Funding Reduction Impact**

**Mr. Cliff Evans (Interlake):** Mr. Speaker, over the past three years it has become obvious that the commitment to job creation and services for rural Manitobans has become again another broken promise by this government.

I would like to ask the Minister of Rural Development (Mr. Derkach), does the minister have any reports or studies stating that the cuts to the dental program for rural children will not negatively impact on the 60,000 children, including 700 children from the Interlake alone?

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, I presume my honourable friend is posing a question about the Children's Dental Health Program.

As I have indicated to other questions from members opposite and in response to questions

about the budget, yes, we did make the decision to remove the treatment component in the Children's Dental Health Program, which is available to children going to school outside of Brandon and Winnipeg, but we have maintained, Sir, the most significant and important, however less costly, part of the program, that being education and treatment.

In addition to that, Sir, I want to tell my honourable friend that since we have come to office we have expanded the fluoridation grants to a number of communities in rural Manitoba, so that a significant number of additional children in Manitoba now drink fluoridated water, which has been proven to substantially increase dental health.

**Mr. Cliff Evans:** Mr. Speaker, did this minister consult with the health specialists, the rural municipalities and the officials? Did he consult with these people as to the effect and the impact this would have on the communities and on people in rural Manitoba with children?

**Mr. Orchard:** Mr. Speaker, when you are making budgetary decisions, there is some inability to go out and consult and communicate, et cetera, as to what some of your program decisions are.

Sir, I want my honourable friend to understand that we did not make this decision with any particular joy, and I simply say to my honourable friend, neither did the government of Saskatchewan that made a similar decision.

These are very difficult times for all governments in Canada, and in formulating a budget which attempts to protect prevention and target services, Sir, we had to make some difficult decisions. In my ministry this time around, one of the difficult decisions was the treatment portion of the Children's Dental Health Program, while maintaining the integrity of the prevention education program.

### **Lakeside Camp Proposal for Use**

**Mr. Cliff Evans (Interlake):** Mr. Speaker, further on rural development and creation in economic development, I want to ask the minister and this government why do they not support the application of Mr. R.J. Moore to purchase and reopen the closed Lakeside Camp? Do they not believe this is an important step for the future?

**Hon. Harry Enns (Minister of Natural Resources):** Mr. Speaker, the honourable

member is referring to a facility that is known to us as the Lakeside Camp, and it was formerly operated by the Society for Manitobans with Disabilities.

There has not been a satisfactory alternative user for that property found, principally because the terms and conditions that we have laid down, namely, that if at all possible the facility be maintained in such a manner that it can still provide the service to the community, including the school children in that community, there just simply has not been an acceptable proposal call made to government.

**Mr. Speaker:** The time for Oral Questions has expired.

### **House Business**

**Mr. Speaker:** Prior to getting into Orders of the Day on the debate on the budget, I will recognize the honourable government House leader, I believe, on House Business.

**Hon. Clayton Manness (Government House Leader):** Mr. Speaker, I apologize for not rising sooner.

On House Business, I would like to announce that the Standing Committee on Privileges and Elections will meet on Tuesday, April 20, 1993, at 7:30 p.m. in Room 255 of the Legislative Building to discuss the organizational process for public hearings for The Freedom of Information Act.

**Mr. Speaker:** I would like to thank the honourable government House leader for that information.

### **ORDERS OF THE DAY BUDGET DEBATE (Sixth Day of Debate)**

**Mr. Speaker:** On the adjourned debate, the sixth day of debate, on the proposed motion of the honourable Minister of Finance (Mr. Manness) and the proposed motion of the honourable Leader of the Opposition (Mr. Doer), in an amendment thereto, and the proposed motion of the honourable Leader of the Second Opposition (Mrs. Carstairs), in further amendment thereto, standing in the name of the honourable member for Point Douglas who has 19 minutes remaining.

**Mr. George Hlckes (Point Douglas):** Mr. Speaker, I will continue on the Budget Debate. Like I was saying yesterday, a lot of the cuts that we see are impacting on the working class, the poor, the

aboriginal people, and we hear the government talk about the fairness of this budget.

When we have a child buying a Big Mac, who will pay more towards reducing Manitoba's deficit than a corporation like Great-West Life, is that fairness? I say, no, because if you have a meal at the restaurant under \$6, you have to now pay taxes on it. The children who buy a Big Mac at a store will have to now pay taxes for that, so you are taxing even children now.

If you stand there and make light of it where you are taxing the children and the corporations are not being added on, that is a sad, sad day for Manitoba.

Also in this budget we saw nothing about job creation. If you go into northern Manitoba it is devastated right now. There are no jobs; there is no possibility of jobs. A lot of the families have lost hope, and yet the opportunity to create employment is there, but no one has taken that. If you just look at the community of Churchill, they have come up with some ideas to try and save their rail line, their port, the space program.

\* (1420)

(Mrs. Louise Dacquay, Deputy Speaker, in the Chair)

When I was up there it was a couple of days prior to ministers going up there with a delegation from Russia and the community was just a-buzzing. They were so enthused, and they said we are going to get 500,000 tons of wheat through our port. It is going to save our rail lines, it is going to save our community. And they really, really believed that. The deal had been signed and ships were going to be coming into the port this summer.

Since that time they have been sitting idly, patiently waiting, and there has been nothing, absolutely nothing come out of that except an opportunity for a little bit of press and a few pictures.

The community of Churchill right now is hurting badly, and they have to try and come up with some alternative to employment opportunities. They had a proposal together to try and rejuvenate that space port. A few years ago, when they used to have Pan American Airways up there running that space port, they used to fire rockets into space to look at the weather, and they used to employ quite a few local people.

The facility is still there. There are interested parties wanting to go up there and fire rockets for

various satellite reasons and study the aurora borealis. But there is not the support from the government that the mayor and council of Churchill has been seeking. They have been trying to get partners, they have been trying to get companies to bring their business up there and create jobs.

They were talking the possibility of 200, 500 jobs. For a community the size of Churchill that is a lot of employment opportunities for that community. But now they are totally frustrated, and the hope of that community is slowly disappearing.

We have summer season coming up with hopefully a possibility of ships coming in to take grain to various parts of the world, but there is nothing that has been told to that community yet.

They are looking for leadership from this government, from the federal government, and they have not been seeing it. I know that they are writing letters constantly because they always send me copies of them.

So I hope the government will see in their wisdom to try and go up there and have a meeting with the mayor and the councils and try and help them stimulate their economy and hopefully gain some jobs for their community.

Also in that budget we saw where 56 agencies had been cut. The government had said, well, we wanted to try and announce it to give them as much lead time as possible. Well, a lot of those agencies had employees in place for years and years. In the friendship centre there was an employee who had been employed there for 15 years and because of the cuts had to be laid off.

The only notice that the friendship centre gave to the individual was what the government allowed was two weeks. Two weeks notice, that is all they gave them. That is the government that did that. So a person who was employed for 15 years, there was no money available for even a severance package, not even a severance package. They were trying to find ways and means of trying to get some income to at least reward a person for 15 years of dedication and a lot of hard, hard work. That has happened to a lot of staff of the friendship centres across Manitoba, which is a good idea.

The Minister of Justice (Mr. McCrae) had talked about zero tolerance, which is good when you read about it, but just to talk about it is not enough. There are a lot of families and women who are put in

situations where they are very vulnerable. For an example, taking away the funding for the Flin Flon crisis centre is stepping back years.

So if something happens, say one, two o'clock in the morning and a spouse is threatened with their life, where do they now go? A lot of families do not have vehicles where they can just jump in and drive to The Pas. Where do they go now? That is the question that community people are asking, the workers have been asking. They have nowhere to go, and yet we hear the government talking about zero tolerance. Well, zero tolerance should be just as important in northern Manitoba as it is in southern Manitoba where we have crisis centres available here in the South.

By taking that one away, that is putting a lot of people at risk, and also they have said that the bus lines have offered free transportation to individuals who want to go from Flin Flon to The Pas to their crisis centre there. But how do you jump on a bus at two o'clock in the morning, four o'clock in the morning? You cannot predict the exact hour that a spouse is going to try and abuse their partners. So that system is not going to work.

I think it is a big mistake removing the funding from the crisis centre. I think it is even just as big a mistake by reducing the funding for the friendship centres that have delivered valuable services for aboriginal people and for all Manitobans. When you look at the programs of the friendship centres, they not only delivered programs for aboriginal people; there was a lot of nonaboriginal people who were utilizing the programs that were available.

It is not only a recreation glorified drop-in centre which some people think it is, because they gave the opportunities and services for family counselling and visitations and opportunity for our elders to get out a little bit and the opportunity to have some of their ethnic food. [interjection] Well, it has some good points, but a lot of negative points. It is a mixed bag, but it is not a budget of fairness. That is for sure it is not. [interjection] No, it is not.

Like I said yesterday, if it was such a fair budget, your MLAs on that side would not have had to be sending out letters to the constituents to try and sell it, because a good budget would have sold itself. [interjection] Come on, you know that. Anything good can sell itself. You know that yourself. [interjection] When I was speaking yesterday, I was giving you some examples of exactly what

happened in northern Manitoba. I was in the remote communities of Bloodvein and Berens River, and you cannot tell me that removing the freight subsidy is fair to northern people, because they have no alternatives. There are no alternative routes for those communities. They do not have a road. The only way they can get anything in and out is by airplane.

I was saying yesterday, the fish prices—the Minister of Northern Affairs (Mr. Downey) knows, the price of fish has been stagnant for years. It has not gone up a cent, yet the costs for fishermen have greatly gone up. The boats and motors have gone up; people are still buying them. Canoes have gone up. Boats have gone up; people are still buying them. Paddles have gone up; people are still buying them. But the price of fish has not gone up.

By reducing the freight subsidy, it is a direct hit on remote fishermen. Who makes up most of those remote fishermen? It is aboriginal people. That is who lives in most of those remote communities and who are trying to make a living fishing.

At one time, they used to make a living trapping, but the price of fur has gone down so a lot of families have stopped trapping, which is a shame because trapping used to be a way of life for a lot of the aboriginal people. It was not just a money-making process; it was a way of life.

\* (1430)

When they were out there trapping, they were bringing meat back for their families and their elders. Also when they were on the trap line, a lot of the young family members who were in school, when they were out on their break and stuff, always went to the trap line with either their grandparents or their parents.

When you are on a trap line, you are removed from a lot of the attention that children pay now to TVs and these Nintendo games which occupy their time. When they were on a trap line with their grandparents or their parents, they were being taught their language, they were being taught their culture, and it was very valuable. Since the price of fur has gone down, the whole language and culture is slowly being taken away from aboriginal people. [interjection]

Well, I am speaking to whoever is against trapping, because obviously they have not lived a life as a trapper or understand the values of trapping.

It is not only the catching of the fur. It is a whole way of life. It is a culture. It also brings in meat for the family where now a lot of those families are trying to go to the Hudson Bay stores in their communities and trying to buy pork, beef and chicken. The prices we pay here for beef, pork and chicken is not even close to what the people in those remote communities have to pay. Some of the prices are doubled.

With the high number of people unemployed, a lot of the people have to live on social assistance. If you look at social assistant rates, they are not really adequate for remote communities that have to pay these high, high prices for meat and even vegetables. How often do you ever see fresh vegetables going into some of these remote communities? Spring breakup, they never see any.

A lot of that whole lifestyle has been changed. That is a real cultural way of life that is slowly being destroyed by people who have not lived up there, people who have not lived that life, people who do not understand that kind of life. I say again that it is a shame. That is where I learned—when I was growing up, the only language I knew was my own Inuktitut language. It is the only language I knew until I went to school. I was out hunting and trapping, and I was always being taken either by my parents or my uncles. They never spoke to me in English, because that was their given language. I never had store-bought food until I was way in my teens. I never had beef steaks or beef roasts or pork roasts. I never had that because we could not afford it. The prices were so high.

Getting back to what I was talking about was the meeting I had with the Berens River fishermen. What they were saying was that their auditing services had been taken away from them. They now had to hire auditors to try and come in and do the audit, and they do not have the funds to do that. So they were wondering what they are going to do. They were hoping to have a meeting with the government and maybe explain these circumstances around their problems, and hopefully something could be worked out.

The other thing they were talking about, which I was really, really surprised, because I have a lot of respect for the minister of CEDF. He must have been given some awful, awful bad advice, because apparently what happened was the fishermen who took out these loans and were supposed to pay

these off monthly, they went directly to the co-op to deduct whatever the fishermen had in their accounts, whatever it was in their accounts, whether it was \$1,000, \$2,000, \$10,000, that some of them got absolutely zero. Some of them got absolutely zero, and they had a family to try and feed. They were trying to feed a family; they got absolutely zero pay cheque. [interjection] Well, they were trying to make payments as the agreement, because the agreement was they would pay so much every month. All of the sudden, bang, instead of going to them—[interjection]

Well, I am just passing on to you what they were telling me, because they still were saying that they were trying to pay every month. At the end, they went to whatever they owed, at the end of the season, they took the whole pay cheque out. [interjection] Well, you still have to have something to feed your family. [interjection] No? Because when a person is out there fishing, they are deemed employable, and the community will not give them social assistance. That is a fact. They do not have access to social assistance, so if they are out there, whether they make a thousand dollars a week or a hundred dollars, the community views it as them being employed.

The other thing that surprised them was, why did the government not go to the individuals and say, okay, you have an outstanding loan, or you have a loan, okay, let us make arrangements to pay it? Why totally distrust those aboriginal people in those communities and say, bang, wherever you draw your pay cheque, we will garnish—not even a garnishee order? It was just, bang, take out their whole money. [interjection] Well, if you owe the government money and if you are working for the government, there is a garnishee order placed first. [interjection] No, no, because there is a garnishee order that is placed first, and then you go through the proper process.

I have never seen anyone go to an employer, say the government—if I was working for the government, if I owed the government money, I have never seen them go right to the government and say, okay, he has, say, \$2,000 coming, bang, I take it all. I have never seen that. You will get a garnishee order, and it is worked out to a cost of living. You take someone's whole pay cheque out from a civil servant.

**An Honourable Member:** That is not the issue.

**Mr. Hlckes:** That is the issue, because those aboriginal people in Berens River, whatever they had coming to them from fisheries, 100 percent was grabbed, 100 percent. There was not even a courtesy of sitting down and saying, okay, this is what you need to feed your family. This is what you need for a, b, c and d. That was not even done. That is what they were so upset about. They said we want to be treated equal like everybody else. [interjection] That is not exactly what happened. [interjection] Yes, I am sure.

**Madam Deputy Speaker:** Order, please. The honourable member's time has expired.

**Hon. Eric Stefanson (Minister of Industry, Trade and Tourism):** I am pleased to rise and say a few words in support of the 1993-94 budget. At the outset, Madam Deputy Speaker, I would like to acknowledge and thank my colleague the Minister of Finance (Mr. Manness) for his dedication and hard work in bringing forward this fair and balanced budget in these difficult times.

This is my third budget since being elected in the fall of 1990 and, quite simply, they certainly are not getting any easier. It is a difficult process. I happen to serve on Treasury Board along with other colleagues. It is a difficult process and certainly one that leads to many difficult and trying decisions. The reality is, it is not only facing the government here in Manitoba; it is facing governments all across Canada: provincial governments, municipal governments and, of course, the federal government within Canada.

When you start with a budget, Madam Deputy Speaker, I would think one of the things that you start with is to look at some of your objectives. Certainly, in reflecting back on our process, I want to outline a few of the objectives that I started with when dealing with the 1993-94 budget process. Firstly, I would like to think that we all want to ensure that there is a reasonable level of service to all Manitobans, particularly in vital areas such as Health, Education and Family Services.

Another objective would be to ensure fair and reasonable levels of taxation for all Manitobans. Another would be to ensure that our public debt is manageable, with an overall objective ultimately of a balanced budget. Another objective, Madam Deputy Speaker, should be to ensure our economic climate enhances economic development, that is, wealth creating based on both our natural resources

and on innovation. Another objective should be that we ensure that we do not leave a legacy of debt that will be a burden for our children and future generations and not allow them to have the same quality of life that we all enjoy today.

\* (1440)

These are some fundamental objectives that I believe when dealing with a budget. I am sure there are more that others could add. I hope these are objectives that everybody in this House shares when dealing with this budget, and I think if that is the case, Madam Deputy Speaker, the conclusion will be that in light of those objectives this 1993-94 budget should be supported by all members of the Chamber.

I would like at this time to turn, Madam Deputy Speaker, to various aspects of the budget starting with expenditures. Governments, businesses, families, individuals are all wrestling with controlling expenditures. It is nothing new. I think when we do this, I know there is some element of doubt occasionally on the other side of the House and amongst the other parties. I think it is important to look at what some of the other provinces are doing to give a sense of reality for those who do not recognize that there are difficult decisions being made not only here in Manitoba, but across this country.

I have a summary of the Saskatchewan budget that was brought down on March 18, 1993. I am sure the Leader of the Opposition (Mr. Doer) is interested in some of the decisions that they had to make in Saskatchewan. I should start by reading from a section which, I think in many respects, tells a great deal, Madam Deputy Speaker. The section is called Living Within Our Means. It reads: Difficult choices also had to be made with respect to programs provided directly by government. In making these decisions, we had to ask ourselves if these programs were affordable not only this year, but in future years.

I think questions that provincial governments not only in Saskatchewan but across Canada are asking are certainly being asked here in the province of Manitoba.

Let us look at some of the decisions that the Province of Saskatchewan had to make in dealing with their budget. They reduced expenditures in terms of third-party funding. Starting with hospitals, 1993-94, 3 percent reduction; 1994-95, 2.8 percent



reduction; K to 12 schools, '93-94, down 2 percent; '94-95, down 4 percent; universities, '93-94, down 2 percent; '94-95, down 4 percent; urban municipalities, '93-94, down 5 percent; '94-95, down 8 percent; rural municipalities, '93-94, down 3.3 percent; '94-95, down 8 percent, Madam Deputy Speaker.

They also reduced their prescription drug plan to target now only low-income families.

That gives you an idea of some of the kinds of decisions that are being made in the Province of Saskatchewan.

To touch on at least one more province, let us look at New Brunswick. Let us go east this time and see the kinds of decisions being made in eastern Canada. What we have in New Brunswick in their budget brought down on March 31st of '93, we see a moratorium on construction of new facilities. We see 500 full-time positions being eliminated. We see 23 government agencies being eliminated, and we see another 23 agencies being amalgamated into six.

That gives you a sense of some of the kinds of decisions being made in other provinces.

Here in Manitoba, we had a situation where we brought in a budget that will reduce program expenditures by 2 percent—some \$100 million—leading to an overall expenditure reduction on our budget line of 1.2 percent. There are no easy decisions when it comes to reducing expenditures for any government in any province in Canada.

The ultimate test, Madam Deputy Speaker, has to be a balance and a sense and also an accomplishment to retain the fundamental core services that we have in place. The overriding principle has to be the preservation of our fundamental core services, not only for today but for tomorrow.

So in areas like family services, we have preserved programming for our most vulnerable citizens.

In health care, we have maintained our health care system and we have maintained all major components of health care reform.

In education, we continue to provide significant financial resources, and we have consolidated government skills training initiatives into one portfolio now. At the same time, within education, we capped a cost that can be passed on to the

taxpayers of Manitoba and we capped the increases that can be passed on to students at our universities.

Individual aspects of our decision making have been discussed on a day-to-day basis in here, through Question Period and through comments made as part of the budget, and I will not go into all of the individual decisions. Certainly, there is not unanimous agreement, but I would hope that there is a recognition that difficult decisions had to be made, not only here in Manitoba but everywhere in Canada.

I want to turn, Madam Deputy Speaker, to revenue. On the revenue side of the budget, provinces are not expecting significant revenue growth unless they bring in tax increases as we have seen in, I believe, one province within Canada. This budget shows that revenue growth will be some .2 of 1 percent. That is after a reduction of 5.1 percent in federal transfers, which make up 36 percent of the budget. That is actually from budget to budget about a \$94-million reduction in those federal transfers.

What are the options to fill that void? Increase in taxes? Certainly some I guess would suggest that, and I will get back to that in more detail a little later. The past record of some in this House indicates that that is their solution and has been their solution.

By broadening the base on the sale tax, by collecting the sales tax at the border and by changing the treatment of the sales tax for used vehicles, we were able to accomplish holding the line on our overall sales tax rate at 7 percent, the second lowest rate in all of Canada, tied with British Columbia. So clearly that is an important issue for all Manitobans.

As a result of some of the other measures that I will touch on in a minute, we were able to bring in the sixth budget in a row, Madam Deputy Speaker, that has no major tax increases in personal, corporate, provincial sales, payroll or capital tax rates. It puts Manitoba where in the overall taxation scheme within Canada? Approximately in the middle. So that tells you something about where we began back in 1988. We began at amongst the highest tax regions in all of Canada.

In this budget, beyond holding the line on the major tax increases, we were also able to target specific areas that will be of benefit to Manitoba's economy. I know the member for Transcona (Mr. Reid) is always interested in the transportation

sector. I am sure he is supportive and pleased to see that we were able to freeze the diesel fuel tax, that we were able to bring in a 3.15 cent-per-litre reduction on railway diesel fuel tax, that we were able to bring in a .8 cent-per-litre reduction in aviation fuel tax—all actions that will enhance and continue to facilitate the development of our transportation sector here in the province of Manitoba. We were also able to continue the 10 percent manufacturing investment tax credit, which is important to the manufacturing sector in the province of Manitoba.

Madam Deputy Speaker, through all of that we were also able to increase the payroll tax exemption from \$600,000 to \$750,000 for small businesses. What that means is of the 43,000 Manitoba employers, this will reduce the number paying the tax from 2,300 to 2,085, a 9.3 percent reduction. Another 670 employers in Manitoba will pay the tax now at a lower rate—all positive initiatives for Manitoba's economy in transportation, manufacturing and other sectors.

To accomplish all of these things and hold the line on major tax increases, Manitobans are being asked to contribute additionally to the finances of the Province of Manitoba. Nobody denies that for a minute. We are introducing a one cent-per-litre gasoline tax. We are introducing a \$75 reduction in the minimum property tax credit. We are introducing a \$250 minimum property tax threshold which will be income tested.

In terms of that issue, in terms of the minimum property tax threshold, I ask the question, is it not reasonable that everybody in this province who is receiving services in terms of police, fire, ambulance, garbage, snow, go on and on with the list of municipal services, that those people make some contribution for that very direct service that they receive? Is that an unreasonable position to take, Madam Deputy Speaker? I do not think so, and I would hope all members in this House would recognize this.

It is also reasonable, in terms of the property tax credit adjustment and the pensioners' school tax assistance, that it will now be income tested to protect those most in need. So the people who still require that assistance will, in fact, be able to obtain that assistance on an income test basis.

There is no doubt that Manitobans will pay a little more as a result of some of the decisions of this

budget. Let us compare that, Madam Deputy Speaker, to the alternative, to the tax increases that some might propose and has happened in one other province that we know of. Let us compare that to the record of the NDP in 1982 to 1987 in this province. Let us look at the legacy of tax increases that was left by that government.

From 1982 to 1987: increased retail sales tax from 5 percent to 7 percent, cost to Manitobans \$195 million; introduced an increased payroll tax of 2.25 percent of payroll, cost there \$230 million; introduced personal net income tax and surtax, \$230 million; increased corporation income tax from 15 percent to 17 percent, cost of \$16 million; increased corporation capital tax from .2 to .3 percent, another \$35 million; increased gasoline from 6.4 cents per litre to 8 cents, \$20 million; increased diesel fuel tax from 5.7 cents to 9.9 cents per litre—look at that increase, Madam Deputy Speaker—\$15 million; increased railway fuel tax from 3.8 cents per litre to 13.6 cents per litre, \$25 million.

The member for Transcona is concerned about the transportation industry. Look no further than decisions like that, I tell you.

\*(1450)

Introduced land transfer tax and increased tobacco tax from 1.4 to 5.5 cents, total \$820 million. That is an example of the legacy that was left by the government under the NDP from 1982 to 1987. If that is the kind of solution they have in terms of dealing with a budget, I would suggest that all Manitobans would say no to that solution, Madam Deputy Speaker.

Let us look at what an NDP government in British Columbia is doing, just to add some additional credibility to what we have seen happen in Manitoba from 1982 to 1987. Let us look at some of the tax increases brought in, in British Columbia—a personal income surtax increased from 20 percent to 30 percent; a corporate income tax increase from 16 to 16.5; elimination of a renter's tax reduction program effective January 1, 1993; social service tax increase from 6 percent to 7 percent effective March 31, 1993; fuel tax rate of clear diesel increased from 10.5 cents per litre to 11.5 cents; gasoline tax increased by one cent from 10 cents to 11 cents. Those are some examples, Madam Deputy Speaker, and there are many more.

Let us now take a look at what people are saying about those decisions in British Columbia. *Globe and Mail*, March 31, 1993: Mike Harcourt's B.C. continues to ignore the recession and tax and spend its way through a growth spurt, as Ontario was once able to ignore what was going on in the rest of the country. The Harcourt government pays lip service to deficit control and budgetary restraint, but its circumstances are just so different from every other province. Major expenditures on health, education and social services are increasing at rates greater than the growth in the economy or inflation. Where other provinces are cutting grants, laying off civil servants and closing hospitals, B.C. is proceeding down this path.

*Globe and Mail*, April 1, carries on in the editorial: Never mind, he says—talking about the Finance minister of B.C.—that taxes will rise 13 percent this year on top of last year's 12 percent hike, on top of an average increase of 10 percent per year in the three years before that. There are higher corporation taxes, higher property taxes, higher personal income taxes, and sure, the sales tax is up to 7 percent.

When we talk about the sales tax, a quote here from a B.C. publication as well: A total of up to 4,200 jobs could be lost in the retail sector because of the increase in the B.C. sales tax, the Retail Merchants Association of B.C. said Monday. That shows you the impact of the kinds of decisions made in British Columbia and shows you the kind of impact that the decisions made in Manitoba from 1982 to 1987 have had in our province.

I want to now turn, Madam Deputy Speaker, to what holding the line on taxes means, what holding the line on personal income tax means to the economy of Manitoba. This is not my information. This comes from the Conference Board of Canada whom we have heard quoted in here on many occasions. It talks here about the Manitoba provincial government holding the line on taxes for four straight budgets. We now know that is six budgets. It indicates that pay cheques will actually go further this year, in part because the tax load has been lightened.

What that means, Madam Deputy Speaker, in 1993, the Conference Board of Canada expects Manitoba's disposable income to increase by \$204 for every man, woman and child in the province after adjusting for inflation. [interjection] \$204. The

Manitoba per capita increase is the fifth best amongst provinces and the best outside of Atlantic Canada. It will result in an additional \$224 million in take-home pay. The Manitoba 1993 increase is nearly three times the \$71 increase for all of Canada.

For 1994, the Conference Board expects Manitoba to lead the nation with an inflation adjusted per capita of disposable income increase of \$340. This translates to a further \$375-million increase in Manitoba disposable income. For the two-year period, 1993 and 1994, Manitoba real disposable income is expected to increase by \$544. This implies that Manitobans will have an additional \$600 million in income after taxes and inflation to spend in Manitoba economy. To do what, Madam Deputy Speaker? To boost economic growth. The \$600-million increase in Manitoba disposable income will be the third largest aggregate dollar increase behind Quebec and Ontario. This is even though Manitoba only has a small fraction of the population of those two provinces.

The 1993-94 Manitoba increase of \$544 is nearly twice as large as the national increase of \$283. The Manitoba increase is the fourth best among the provinces and the best outside of Atlantic Canada. It is more than double the increases of Ontario, Saskatchewan, Alberta and British Columbia. That tells you, Madam Deputy Speaker, what holding the line on personal income can do to the economy of Manitoba. In the final analysis, I believe that Manitobans will know best how to put this money to use.

I want to turn for a minute, Madam Deputy Speaker, to talk about debt and deficits and a topic that I know is interesting to all members of this House. Once again, I want to go back in history just a little bit because we have had a fair bit of discussion about debt and deficit and who is responsible and what happened in years gone by and how we got to the situation we are today. I want to go back to 1982-83 for the benefit of the members of the New Democratic Party who formed a government in and around that time.

I will give you some interesting statistics, and actually if you want to look in the budget book that was handed out last week, you can find them in that book as well on pages 14, 15, 16 and 17, so individuals can look for themselves if they doubt some of the information that I want to read into the

record. Budget year 1982-83, as an example, Madam Deputy Speaker: Revenue growth to Manitoba was 10.5 percent. What was expenditure growth in that budget? 16.9 percent. What was the inflation rate in that particular year? 8.3 percent. Expenditure growth doubled the inflation rate. What kind of a deficit did the government of the day bring in for Manitobans? It was \$435 million. A deficit per capita of \$421, the first year of government for the NDP in Manitoba, and many members who sit across the way today were a part of that government.

I will now move to 1983-84 just in case something changed dramatically for the good of Manitoba. Revenue growth in that particular year, the second budget year of their government, 16.1 percent; expenditure growth, 13.4 percent; inflation, 6.1 percent; deficit, \$429 million; per capita deficit, \$410 per capita.

Let us go to 1984-85 budget, same government. Revenue growth now down to 4.5 percent, expenditure growth now at 5.6 percent. Where is inflation? 3.3 percent. What is the deficit? It was \$482 million that year, staying consistently between \$400 million and \$500 million for those three years, Madam Deputy Speaker, now at \$457 per capita.

Let us move on to '85-86. Let us see if things get any better. Revenue growth, 6.5 percent; expenditures, 7 percent; inflation down at 4.5 percent; deficit that year, \$528 million; deficit per capita, \$496. Not getting any better. In fact, I would think most would agree getting significantly worse.

Let us go to 1986-87, same government—

**An Honourable Member:** Is that still the same NDP government?

**Mr. Stefanson:** Same government, same NDP government. Revenue growth that year of 8.7 percent; expenditure, 8.2 percent; inflation that year of 4.3 percent; deficit, \$559 million. That was 1986-87. Deficit per capita, \$522.

In 1987-88, revenue growth that year, 19.3 percent—fantastic; expenditure growth, 10 percent; inflation, 4.2 percent; deficit that year, \$300 million; deficit per capita, \$278.

Let us go to the defeated budget, the 1988-89 budget. We all know what happened there. It is not hard to tell, when looking at the track record to date and looking at the numbers in 1988-89, why that budget was defeated. In 1988-89: revenue

growth, 8.3 percent; expenditure, 7.5 percent; inflation was down at 4.4; the deficit, \$334 million; deficit per capita, \$308.

\* (1500)

Let us look at the average during that particular government, because we know they were defeated in '88 of that year: average revenue growth during that period of 10.6 percent; average expenditure growth, 9.8 percent; average deficit, \$438 million; average per capita deficit, 413—significant revenue growth. At a time when many businesses, many individuals would be dealing with the expenditure side, working towards a balanced budget and, heaven forbid, creating a surplus or building for a rainy day or building for the future, and look at the kind of expenditure growth and look at the kinds of deficits run up during that particular period. Thankfully, that '88-89 budget was defeated, Madam Deputy Speaker, and there was a change of government, so a different budget was brought in.

What the budget for that year ended up being was: revenue growth of 12.5 percent; expenditure growths now down to 3.4 percent; inflation actually that year was higher than expenditure growth for the first time—inflation was running at 4.4 percent; deficit brought down to \$141 million; 130 per capita.

To be fair, let us move through a few of those years, 1989-90, the next year: revenue growth only 2.5 percent; expenditure growth that year, 7 percent; inflation, 4.7 percent; the deficit that year, \$142 million—we are now getting down into the figures, the range, of 100 million to 150 million; the per capita that year, 131.

Let us go to 1990-91: Revenue growth was only .4 of a percent; expenditure growth was 4.9 percent, same as inflation that year—so the three budgets, one the expenditure growth was below inflation, one was the same, and one was slightly higher; the deficit that year was \$292 million; the deficit per capita, 268.

For 1991-92: Revenue growth went to 5.7; expenditures down at 4.7; inflation was 3.8—so expenditures were a little less than 1 percent higher; deficit that year was \$334 million; the deficit per capita, 306.

The 1992-93 budget: revenue reduction of 1 percent; expenditure growth of 3.6; and we have an estimate for the inflation of that year of 1.8;

unfortunately, that year, the deficit was \$562 million; 513 deficit per capita.

Now we have the 1993-94 budget before us. We have revenue growth of .2 of 1 percent. We have expenditure reductions for the first time in all of these figures that I have read off, expenditure reductions of 1.2 percent. We have a projected deficit of \$367 million and a 330 per capita deficit. The average during that term, instead of revenue growth of 10.6 for the first term that I showed you, we are now talking revenue growth averaging 3.3 percent, which is comparable to all other parts of Canada because of what was happening in terms of revenue growth. Instead of seeing expenditure growth of 9.8 percent as we saw in that first term, we now see expenditure growth of 3.7 percent. Instead of seeing average accumulated deficits of \$438 million, they are at least now down to \$306 million and heading in the right direction, Madam Deputy Speaker—and the per capita deficit down to 280 from 413.

I took the time to walk through all of that, because what does that all now mean in terms of where we are today when we look at our accumulated general-purpose debt? Let us go back to 1982-83, a time when some members across the way formed a government, an NDP government in Manitoba. They started off with an accumulated deficit of \$1.8 million, so in 1982-83, their starting point was an accumulated deficit of \$1.8 billion. When they left office in 1988, the '87-88 budget year, their last budget, the accumulated general purpose debt was up to \$5.1 billion, an increase during their term of six years, an increase in the accumulated debt of six years under NDP government of \$3.3 billion, 183 percent increase in six years.

We have now been through six budgets. Starting with 1988-89 and going up to 1993-94, we inherited the accumulated debt of \$5.1 billion. We started at the starting point. The \$5.1 billion that we were left with from the NDP legacy of '82 to '87, the accumulated debt is now at \$6 billion, a increase of .9 billion, \$900 million over six years, Madam Deputy Speaker, about a 17 percent increase.

But more importantly, look at the magnitude, the \$5.1 billion that was left at the end of '87-88 under the NDP government, and we now see what that translates into. We know whom we hold responsible for the fact that the public debt costs in

our 1993-94 budget will be \$550 million, or 10.1 percent of our provincial budget.

You need to look no further than the accumulation of debt that occurred during that time period. Horrendous. I mean, people who were a part of that government, I would think, would have to hang their heads in shame for the legacy that they have left after their term governing this province.

I would like to very briefly deal with the '88-89 budget because there has been some controversy as to what we were left with in that budget. I dug out a copy of the budget book, the 1988 Budget Address with the minister of the day, Mr. Eugene Kostyra, his picture in the book, and the net budgetary requirement in that particular year was a deficit of \$334 million. The book is available for everybody to get hold of. That is the budget that was defeated here in this House.

When members of our party took government, they brought in an entirely different budget. Before they did so, they took various steps, Madam Deputy Speaker. Program expenditure under the PCs during the preparation of the '88-89 budget was \$48 million, or 1 percent, less than the NDP budget that was defeated.

There was also \$21 million in doctors and nurses settlements not included in the NDP expenditures in this book that had to be included in the '88-89 budget brought in by the Conservatives. The Conservative budget also had to put in \$20 million into Health; \$8.4 million into Education; \$24.6 million into Agriculture and \$10 million more into Capital.

After all of that, the projected deficit brought in under the PC, the revised budget in '88-89, was \$196 million, or 41 percent less than the projected deficit of \$334 million that was defeated here in this House, Madam Deputy Speaker.

In reality, the actual deficit in '88-89 came in even less than the projected. It came in at \$141 million.

I think the numbers tell the story in terms of the legacy of debt and the legacy of taxes that were left by the government of '82 to '87-88.

But, if one needs any additional confirmation of what can happen, let us look at B.C. and the NDP government of the day in B.C.

Again I will quote from some newspaper publications written in the last short period of time. This is from the Vancouver Sun of March 31, front-page story: The budget documents tabled in

the Legislature Tuesday show the New Democrats plan to borrow more than \$3 billion in the year ahead as they did in the budget year that ends today. Because of this borrowing spree, the provincial debt has skyrocketed \$26.4 billion from \$20 billion in the space of two years, an increase of 32 percent, the largest in the entire history of the Province of British Columbia.

Summarizing, this is a government that believes in higher taxes, bigger spending and more debt. Does that sound familiar? Anybody who watched Manitoba from 1982-88 knows very well what that means and what that stands for.

That is one example of one article. They go on and on. Another article, March 31, 1993, headline: NDP drives up B.C.'s net debt 30 percent to \$26.3 billion in two years. New Democrats have increased B.C.'s total net debt 30 percent in just two years to a grand total of \$26.3 billion.

It goes on. An editorial on April 1 from Victoria, this is quoting the Social Credit Leader, Jack Weisgerber, figures the combined tax hikes now to be levied by the NDP will skim \$1,000 from average family income. This fellow thinks that Weisgerber is being extremely conservative.

On March 30, a Victoria newspaper: The new economic strategy announced by Premier Harcourt Monday means adding to the public debt and handing much more power to provincial Crown corporations.

So we see the same pattern, Madam Deputy Speaker. We see the pattern establishing there that we had to live through in this province from 1982 to '88.

I want now to talk for a few moments about Manitoba's economy.

**Madam Deputy Speaker:** The honourable minister has nine minutes remaining.

**Mr. Stefanson:** Thank you very much.

\* (1510)

I want to turn and talk about Manitoba's economy. We spend a great deal of time in this House some days talking about economic indicators and so on. I want to outline for the benefit of all members in this House how Manitoba is performing in terms of many of the major and relative economic indicators and where Manitoba, in particular, is outperforming the national average in many areas.

For example, the current Conference Board provincial forecast indicates real economic growth of 2.5 percent for Manitoba in 1993, up from 1.8 percent in 1992. Manitoba grew faster than the national average last year, and Manitoba's growth rate for the two-year period, 1992 and 1993, is expected to be 4.3 percent, the fourth highest in all of Canada.

I want to turn to Manitoba's unemployment rate, Madam Deputy Speaker. It rose to 8.6 percent in March of '83 from 8.4 in February. This was caused by a strong growth in the labour force last month as more people were encouraged to look for work. The same trend was evident in Canada at the national level as the rate rose to 11 percent from 10.8 in February.

Despite the increase, Manitoba's unemployment rate in March was the second lowest in Canada. For the first three months of 1993, Manitoba's seasonally adjusted unemployment rate averaged 8.6 percent, the lowest in the country and more than two full percentage points below the national average of 10.9 percent.

Let us talk about Manitoba employment, Madam Deputy Speaker. It was estimated at 492,000 persons on a seasonally adjusted basis in March of '93, up 2,000 from February. Manitoba employment growth since August of 1992 has totalled 14,000 persons, with most of that growth in full-time jobs. Full-time employment in Manitoba averaged 383,000 persons for the first three months of 1993, a gain of 13,000, or 3.5 percent from the same period last year. This was the strongest growth of any province and much better than the Canadian average growth in full-time jobs of only .6 percent for the same period.

Total capital investment, Madam Deputy Speaker, private and public in Manitoba is expected to rise 3.8 percent in 1993 from 1992 levels, the fourth best growth rate among the provinces. Private capital investment in Manitoba is expected to rise 3.6 percent in 1993, above the national average growth of 2.8 percent. Total manufacturing capital investment in Manitoba is expected to reach \$273.6 million in '93, up 30.8 percent from '92. This is the second best performance among all provinces and much higher than the 4.8 percent growth expected at the national level.

I could go on, Madam Deputy Speaker, with more and more economic indicators. Since you told me I

only have nine minutes, I want to move to a couple of other topics before my time is up.

I know everybody in this House is always interested in good news stories. I want to put a few on the record for the benefit of all of us because, occasionally, some members like to preach doom and gloom or Dr. Death. I know the member for Transcona (Mr. Reid) and others are very interested in good news stories. These have all happened certainly within the last year and many within the last few months, Madam Deputy Speaker, and they are in no particular order.

International Game Technology, the best in its class in gaming equipment and technology, has opened an assembly plant in Winnipeg. It is the only such plant in Canada and one of just three in the world. The company expects to source some 90 percent of its components locally starting with 26 jobs. Let us now talk about Ayerst Organics out in Brandon. A \$123-million expansion to its Brandon operation will pump some \$80 million into the economy each year and create as many as 1,000 direct and indirect jobs.

Let us talk about Canada Post putting one of their call centres, where? Right here in Manitoba—100 more jobs. Not long ago, my department was able to support the People's Co-operative dairy in Winnipeg. An employee buy out has saved 107 jobs with financial assistance from this government. Winnipeg will soon be the sight of Canada's first centre of excellence for the design of power generation plants. Our government will help UMA Engineering create the centre of its operation right here in Manitoba in partnership with Black & Veatch of Kansas City, who are world experts in this leading-edge field. This project shows how cross-border partnerships can help our industries pursue exports of services beyond our borders.

Let us talk about North West Company, and I know there was some concern expressed in this House some time ago when we indicated that we were supporting North West Company. They just recently opened their retail distribution centre here in Winnipeg, 130 jobs, their only retail service centre closing facilities in Toronto and Montreal, serving over 140 stores in all of Canada, intending to procure a great deal of their product right here in Manitoba, opportunities for all kinds of Manitoba businesses. They have a state-of-the-art system and opportunities for Manitoba companies to supply

products and services. Let us talk about Unitel Communications opening a telecommunication centre here in Winnipeg, Manitoba, no later than the end of '93, creating 400 jobs.

I should go on, because there are more, Madam Deputy Speaker, so I want to touch on a few more before I move to another topic. Monsanto Canada Inc. of St. Louis has chosen Morden, Manitoba, as a site of a \$5.1-million manufacturing plant with export sales of \$50 million and 15 to 20 high-end manufacturing jobs to start. They chose Manitoba over close to 50 locations that they reviewed not only in Canada, but throughout the world. They chose Manitoba because of cost competitiveness and because of quality of labour.

In Portage la Prairie, Manitoba, Calwest Textiles has set up shop in the former Campbell Soup's plant which has been idle since 1990. This company which is western Canada's only fabric manufacturer will employ 50 people at first and plans to hire as many as 40 more. ISM of Winnipeg purchased Utlas International Canada, the leading provider of library information services in Canada, adding 50 new jobs to our economy.

Our Premier (Mr. Filmon) referred earlier to an announcement that is probably taking place right now, that I believe is adding in excess of 200 more jobs right here to Manitoba, many of them coming as a result of consolidation from other parts of Canada, Madam Deputy Speaker. That is some of the good news.

Internationally, our government is active as well. We have supported Smith Carter Architects and Engineers of Winnipeg in partnership with two Edmonton firms in examining the feasibility of building a resort in Ukraine.

In November, five private-sector representatives accompanied our government's delegation to China to meet with high-level government officials. Now, one of those companies, Feed-Rite, a Manitoba company, Madam Deputy Speaker, is leading the charge into China. They recently won a \$2-million contract to build a feed mill in Shanghai. Those are some of the good-news stories. I could go on and on, but I want to move very quickly to a couple of other issues before my time is up.

Far too often, we forget that Manitoba has many significant advantages. We on this side do not forget, but other members in this House seem to forget on occasion and fail to recognize the abilities

that Manitobans have and the ability to compete anywhere in the world.

We are amongst the lowest-cost business locations in all of Canada. A U.S. company, Boyd Company of the U.S., found that Winnipeg and Manitoba was the lowest-cost location for a facility in all of Canada, the third lowest of some 45 to 50 locations examined throughout North America.

We have a highly skilled and stable workforce. We have a central location, an excellent transportation distribution centre. We have world-class research and health care facilities and, in my opinion, we have a quality of life that is second to none.

I had intended to move on to talk about what should be composed of an economic framework, but I see my time is running out. I will save that for another day.

I wanted to very quickly, Madam Deputy Speaker, touch on Workforce 2000 only because it was raised by some other members in the House. I want to remind members of the significance of Workforce 2000. The Leader of the Opposition (Mr. Doer) throws out a company name and the support given under this program. Since May of 1991 to February 8, 1993, 43,816 employees have been assisted in Manitoba under the Workforce 2000 initiatives. In fact, the irony there was even the NDP government in Ontario is running full-page ads in the Toronto Star—doing what? Promoting a program that sounds very similar to Workforce 2000, and how we will fund up to \$10,000 for job training, training as a new program created with input from the business community. It is designed to help people in Ontario get back to work, a program with full-page ads very similar to a successful program here in our province, and the Leader of the Opposition pokes fun at that program, pokes fun at the 43,800 people who have received training and support through the program.

In concluding, Madam Deputy Speaker, I had intended to make some comments on the response to the budget from the Leader of the Opposition, and I just want to close with two thoughts on his comments. Firstly, I have to admit that I was extremely disturbed with the tone of his comments. When he continually refers to honesty and integrity, I can assure him that all members on the government side have honesty and integrity. I take some offence to the kind of tone and the kind of comments he would make. I certainly wish when he

deals with the budget that he would put forward alternatives and tell us what the NDP would do if they were in power. Thank you very much.

**Ms. Avis Gray (Crescentwood):** Madam Deputy Speaker, I am pleased to rise today and put a few comments on the record in regard to the budget. This is the sixth budget that this particular government has brought in, and I note that when the government presented their throne speech earlier this year they talked about innovation. They, I think, used that term about nine or 10 times in their throne speech, and one would hope that innovation would transfer and would also be used in their budget in how they decided to spend their dollars and spend the dollars on behalf of Manitobans.

There are three areas that I would like to speak of today, Madam Deputy Speaker. Those are reform, restructuring, responsibility—actually four—and revenue generation. I think what this government has talked about but in fact what this government has failed to really put in place is real reform when it comes to governments. I know this government likes to talk about what happens in other provinces across this country. They refer very much to what goes on in Saskatchewan, Ontario and British Columbia. In fact, I sometimes wonder if the First Minister (Mr. Filmon) should not in fact move to Saskatchewan and be the president of the Roy Romanow fan club because he speaks of Mr. Romanow so often and talks about the activities of the Saskatchewan government.

We recognize that across this country we are facing very difficult choices. We are facing difficult choices in Manitoba. They are facing difficult choices in other provinces as well. We recognize that governments have to start looking at how they spend their dollars. We recognize that governments have to get deficits under control and have to get the debt under control.

\* (1520)

(Mr. Speaker in the Chair)

When you look at the last 18 years, Mr. Speaker, of the budgets in this Province of Manitoba, we have really gone on a downward slope in regard to the deficit. I think that is a sad legacy that we are leaving our children. In fact, we have to start making some real changes.

Remember, this government was elected in 1988. It is a number of years later. It is five years later.



This government has had an opportunity to actually create some real reform and restructuring in government. They have failed to do that. They have failed in a number of ways.

Now they have made some successes and some gains. I will certainly admit to that. Overall, I believe, in regard to real reform and looking at a new way of doing business, looking at a new attitude, they really have not done the job that they should have.

When I talk about reform, Mr. Speaker, and a new attitude, we are talking about a government getting a grip on what exactly it is that governments really should do. What are the areas that they should provide services in? What are the areas where they should not be providing services but in fact should provide leadership in the area of policy and philosophy? What do governments in the 1990s and moving into the 21st Century expect Manitobans to do as far as taking responsibility for their own lives? How much does government provide support to individuals and to families?

I think it is a very philosophical question, Mr. Speaker. When I think of the extreme left and the extreme right and perhaps the group in between, I always think of the New Democrats as being a party who really believed in the philosophy that you should do for people, that rather than allowing for people to be on their own and get jobs and learn to grow and develop as individuals, the state like to intervene to such an extent that we were really providing so many services to people that they were not given an opportunity to go out on their own initiative and do things.

When I look at the extreme right side of the spectrum, and I am not saying that this government is necessarily totally on the extreme right, but some of their policies are, then there is that philosophy or that idea that as an individual you have responsibility for yourself and for your life without any government intervention. If you can succeed and you can get educated and you can do well in your life, so be it, good for you. The more successful you are, the better, but if you are an individual that for whatever reasons, a variety of reasons, whether they be socioeconomic, education, geography, whatever those reasons are, you have difficulties in fact in succeeding and perhaps succeeding in life, then government is not there to support you at all and you fail, you do not

do as well. Those are the individuals in our society who are disadvantaged and who do not have the same advantages.

I think there has to be a balance, Mr. Speaker, between those two extremes. There has to be a balance. That balance is, yes, individuals should be responsible for their own well-being where possible, but sometimes there need to be supports and assistance in place to help those individuals, to help them actually move up the ladder to success, however they define success, to assist them, to provide some resources or some tools so they can, as they go back to an old model, actually learn to do by doing, but they need some resources to assist them.

All individuals do not have the same opportunities to do well and to succeed. Government has to take on and provide some leadership in some of those areas. Whether those particular services or supports, as an example, family counselling services for parents and for families, whether it is providing reasonable health care for individuals, whether it is assisting a business person in the form of a small business loan, whether there is assistance in the area of providing child care for families, whether it is assisting farmers in some form of financial assistance so that in fact they are able to continue on farming and then produce a successful crop and continue to be self-sufficient after that, whatever the kind of resources that need to be available for individuals—and there is certainly a wide spectrum—government has to come to grips with what those services are.

My concern with this particular budget is that we are starting to see a move towards the right. We are starting to see government move away from providing some of what I would call essential services, essential resources and tools for individuals so that in fact they can proceed, so they can make a go of it if it is in a business, so they can provide for their families, so there is going to be a quality of life, Mr. Speaker, so this is my concern in this particular budget. We are starting to see that swing to the right, and we are not providing some of these services for people. We are starting to move away from that.

When I say providing services for people, Mr. Speaker, I am not necessarily saying that governments should deliver all of those services, but governments have to provide the leadership to

ensure that in fact those services and resources are available in the community. Perhaps it is community groups, perhaps it is nonprofit organizations who are actually providing those services. Perhaps it is business who is actually providing training for individuals or providing investment in their own province. Whichever the group that is providing that service, government has a responsibility to ensure that it is happening in our province. They do not necessarily have to be the actual service deliverers, but they have a responsibility to ensure that those services are in place.

When I think of some of the reform initiatives that this government could have taken but did not, I question really why they did not decide to be bold in some areas and why they actually did not take some steps. Did they really look at the entire 26 departments and actually look at where some restructuring could occur?

Have we seen any move towards education reform? We had heard the words spoken "education reform," but we really have not seen any real concrete examples or anything written down on paper that can say, this is what the government of Manitoba feels that we should do as far as education reform.

There are so many areas that need to be looked at. If we take the example of education, we need to be looking at curriculum services. Are we on the cutting edge of curriculum here in Manitoba? Does this budget provide for an array of curriculum services here in Manitoba? Are school divisions, particularly the ones in rural Manitoba who do not have their own curriculum specialists, going to be able to actually provide a reasonable curriculum to their students?

What about their teachers and staff development? Has this government, by the budget where they have actually removed some autonomy from the school division trustees, and also unfairly divided how the money is going to be spent throughout school divisions because you see huge inequities across the school divisions, Mr. Speaker, in this province? How are school divisions going to be able to ensure that teachers do receive some type of professional development?

That professional development is necessary so that in fact teachers can keep up with the curriculum

changes that are going on in this province. It is very, very important that teachers be allowed that.

When you look at the government in terms of their own staff, and sending their staff out to courses and ensuring that in fact the Civil Service Commission has a staff training and development branch so that staff training is provided to the civil service, one thinks that the government does feel that professional development is important in one area, yet on the other hand they seem to be quite willing to allow school divisions to take those professional development days away from teachers.

We would like to see in the education reform some real changes in the area of co-ordination of services, in the area of boundaries, and in the area of the structure of the Department of Education. Is the Department of Education structured so that it is the most effective way of delivering the services that it needs to deliver, whether those services are for school divisions, whether those services are for teachers? Is that the best structure within the Department of Education?

\* (1530)

What about school division boundaries? We have a number of school divisions out in rural Manitoba, Antler River as an example, which actually looked at the idea of possibly amalgamating school division boundaries a number of years ago. This was a school division that actually went ahead and did some questioning and said, this is something we would like to look at because of our enrollment which is decreasing, because of the fact that we have such a large geographical area but in fact are not able to provide the same level of services that more urban school divisions provide. They wanted to actually look at the school division boundaries themselves.

We have schools out in Emerson and Domain, and we have some school trustees and some parents out there who are starting to say, maybe we should all be part of Frontier School Division, because they feel that the formula and the funding that is available to Frontier School Division would actually meet the needs more of those towns and schools down in the southern part of the province. So there is a need to review. If a government is going to be bold, if a government is going to start showing Manitobans that they are prepared to manage the departments and they are prepared to

move Manitoba into the 21st Century, they have to start looking at restructuring and reform.

One of the areas that they could do that is in the area of education and looking at boundaries and school divisions. This government promised in 1990 that they would do that. Unfortunately, it is now two years, three years later, and we still have not heard where that is. Now I am not going to stand here and presuppose that if in fact we look at a review of school division boundaries, what the analysis and the results would be of that? I think we have to keep in mind that a reason for doing that is to ensure that we get the best quality service for the most reasonable cost. We are concerned about quality of education, and we may find out, if there was a review done, that there are many, many ideas. In fact, school division boundaries might not change at all. Perhaps there would be a total restructuring, a total administrative change.

We have to start changing the paradigms within which we think, and we have to start, I think, at the grassroots level, and talking to parents, and talking to teachers, talking to school officials, talking to politicians and saying, what type of education system do we want to see here in Manitoba? Let us not think of all the paradigms that we now operate under. Let us try to remove those boundaries and be creative and think, what do we really want to accomplish here in the form of education? What do we want our children to actually learn when they go through a school system?

We have heard in the last few days the ever-increasing concern of violence in schools. Again, here is an example of where government has to take some leadership and ensure that in fact we are addressing the issue of violence in the schools. It may not be leadership in the form of providing the direct services, or it may be in some cases, but they have to take that leadership role. They have to ensure that in fact the teachers and the school divisions and the schools have the resources and have the tools necessary to work on the problem, address the problem, of children who have behavioural problems, who are very violent, who get expelled from school. Then where do they go? They are out on the streets, and they start to form gangs. I mean, this is becoming very common. What do we do with those situations?

There are no easy answers, because I think for any politician to stand up and say the answers are

simple, they are being very naive. The answers are not simple. They are very complex. They take a lot of planning. They take a lot of co-ordination. They take a lot of consultation with the players involved with the schools, with the probations department, with the Department of Family Services.

It takes a lot of co-ordination, and it takes a lot of planning to ensure that there are some services available. I know the Minister of Family Services (Mr. Gilleshammer) today spoke of guidance counsellors in the schools, and I know certainly in my conversations with teachers and school trustees, there is a recognition that guidance counsellors are in fact an integral part of the school system, and particularly in the elementary schools, as well.

More and more is there a need for guidance counsellors to spend time with children who have special needs, who have behaviour problems or have difficulties within the school system.

I am not aware though of too many guidance counsellors who are spending time in the homes with families. I do not believe that they have the time. They are quite overworked as it is within the school system, so how do we co-ordinate between what the guidance counsellor does in the school system and what the parents may need in the home and the community, because certainly Child and Family Services, although they have a mandate according to the legislation to deal with prevention and to look at prevention and quality of life for families, they are not able to provide that service. They, in fact, are not even able to provide the protection services which are mandated under the legislation.

We know of many instances of children who are 14, 15, who have been sexually abused, and Child and Family Services is not able to deal with those particular children. We have seen a growing number of cases where, in fact, we have waiting lists.

We have a Family Services Incorporated of Winnipeg, a nonprofit organization that as well provides services to families. They have waiting lists. It takes a while to get in to see these particular counsellors, and there are more and more referrals that we are receiving every day.

Families from every socioeconomic background are oftentimes faced with difficult problems with their adolescents and with their children, and they want

some type of support and some help. They are prepared to take the responsibility of looking after their children, but they just need a few resources to assist them to do that. That is where I think governments and where this government needs to take a leadership role.

If this government in their budget really wanted to look at restructuring, I think we could have seen some other changes to be made. One of the areas, when I look at the Department of Health in terms of restructuring—there has been a committee that has been meeting for the last four or five years, and they have looked at whether the public health services which are provided by the City of Winnipeg and public health services which are provided by the Province of Manitoba, if in fact there should be an amalgamation, or if it should be delivered under one administrative program.

The Minister of Health (Mr. Orchard) sighs at me. He knows very well that this is an ongoing issue and that there have been committees meeting for five and six years. Part of the problem is it has been the bureaucrats who have been meeting, and one questions what the objectives are of these bureaucrats, some from the city and some from the province.

Do they really want to see a solution? Do they really want to see an integration of these public health services? We have seen a duplication of services. We have seen overlap of service. We have seen fragmentation of service. I think the people of Winnipeg and the people of Manitoba want to see a quality service, and why do we really need two jurisdictions who are providing services in the area of public health? There needs to be some changes.

I would suggest—and I know that the Minister of Health has many, many issues on his plate and on his desk; it is certainly a huge portfolio—that the minister perhaps take a look at where that committee is at and what progress they have made over the last number of years.

Certainly, when I was a civil servant I had an opportunity to see the odd minutes from some of those meetings and I questioned, in fact, what kind of progress they were making.

I believe these are some of the structural changes that really need to be looked at. I also think we need to look at the community health services, and maybe the Minister of Health (Mr. Orchard) is doing this,

and look at the services that we are now providing in the community.

\* (1540)

Is it important that government deliver a lot of the mental health services, that government deliver a lot of the services to the handicapped? We have community nonprofit organizations out there that deliver some of the services. What is the balance that we require? Is there some major restructuring that needs to occur? Part of the difficulty when you deliver services within a government by the very nature of government is that they are very bureaucratic. It is very difficult to get rid of that red tape.

Oftentimes I think what we find ourselves doing when we are in government, rather than actually devoting 80 to 90 percent of our time in actually ensuring that there is a quality service delivered to the client or to the individual out there, we are doing paperwork and we are doing nonsensical work that really has no value.

The member for Rossmere (Mr. Neufeld) spoke about this the other day in his remarks. He talked about how bureaucracy perpetuates itself and how oftentimes there is time spent on items that have nothing to do with delivering a service to a child out there, a service to a pregnant woman, a service to an individual who is experiencing mental health difficulties.

I think we have to look at this bureaucracy and see what in fact we can do to restructure and what the changes are. When you have people in senior management positions, assistant deputy ministers who spend a lot of their time worrying about which staff have carryover of vacations and what is going on at a regional level, one wonders if for \$70,000 or \$80,000 a year those people could not be put to better use in terms of actually doing planning and deciding on what services should be delivered out in the community. I would suggest that again there needs to be that restructuring.

Part of the difficulty, as well, with the way that the departments are now structured, particularly in Family Services and in Health and even in Education and Justice to some extent, is that we do not necessarily have collaboration of the services at the community level. I know there is a deputy minister's committee that was to look at co-ordination of services, particularly in terms of children who are in the school system. I know that

committee has been meeting for a number of months and probably over a year.

We need to see some changes from some of the empire building that has gone on traditionally in the government departments. We need to have people who are starting to say the most important thing is to make sure that that child or that family receives a reasonable service.

Does it really matter if the budget dollars are going to come out of the Department of Health or the Department of Family Services or the Department of Education? In the end it is the taxpayer who is actually paying for that service. Rather than spending time worrying about, it is not going to come out of my area because it should be home care not mental health, why do we not come up with the most logical solutions as to what the service should be?

I know in some areas they are starting to look at more case management where in fact you have people who are allowed to make those decisions. When people are allowed to make decisions and have the authority to say, here is the type of service that a person should get and here are the dollars, in fact, we probably have more of an efficient service and we actually save money in the long run.

Now we see a lot of duplication across departments where we have money being spent by Education on transportation for a child and money being spent on transportation for the same child through the Department of Health, and Family Services putting in money. If they took all that pool of money and combined it, there would probably be enough service for two people. These are the inefficiencies that we see.

I am not blaming this government for the inefficiencies because these inefficiencies have been there for the last 20 years, but they are being perpetuated. We have to start looking at changing how we deliver services within government, because we know that there is only so much money that can be generated through our taxpayers, so we have to start seeing some restructuring.

I also wonder about the value of Treasury Board. Now, I recognize that cabinet ministers are a part of Treasury Board—[interjection] Well, I hear from the other side that they have questions on Treasury Board, but again, one really has to look at—I believe and I agree that cabinet ministers are responsible for making decisions about their own departments. They should be the people who are best able to

decide what services should be provided, what the budget decisions should be within the context of the entire government philosophy.

Then we have Treasury Board staff and the bean counters who spend their time looking at staffing submissions for maternity leave replacements for a \$14,000 secretary. Why do we have people who are paid \$50,000 and \$60,000 spending their days looking at whether someone should go on maternity leave and if their position should be replaced? That seems like very irrelevant work to do at that particular level. Again, I think this government does need to look at restructuring.

I know the Minister of Labour (Mr. Praznik) has a trial going on in his department and, believe me, there are other departments and other staff in other departments who would love to get in on that trial, who feel some of the other departments should go that way as well. Government could be operated more efficiently, and it should be operated on the basis of let us spend our time delivering the service to the client. Let us not spend our time doing paper work and on things that are really totally irrelevant, absolutely totally irrelevant in the scheme of things. It requires a major change and it is not going to happen overnight, but I would like to see this government attempt to look at that. I would like to have seen them attempt to look at that a number of years ago, but better late than never, so I hope that they are going to really make some major changes in the area of restructuring.

When we look at the area of fairness of this particular budget, and I really believe that when the Minister of Finance (Mr. Manness) stands up in this House or on television and says that this budget is fair, I really believe he does believe that. I believe he believes that, but, in fact, it is not a fair budget, Mr. Speaker, because when you look at the people who are hit the hardest in this budget, it is people who are poor and people who are low income.

These are the individuals who are hit the hardest in this particular budget. It is not fair that if you make over \$27,500, that you are going to lose the same amount of rebate on property taxes as someone who makes \$150,000. That is not fair. It is going to affect the person who is at \$27,000, \$28,000, more than it is going to affect the person who is making \$150,000 or \$100,000.

When you broaden your sales tax, which is a consumption tax, when you broaden that to include

children's clothing, school supplies, that affects the people who are on limited incomes the most, whether those are families who are low income or whether they are elderly people who are on a limited income. Any kind of broadening of the consumption tax affects people on limited incomes the most.

So we do not have fair taxes in this particular government, Mr. Speaker. It is affecting people who are low income and the poor. We have individuals right now, families—I am getting calls—people who are forced to give up their jobs, a minimum-paying job albeit, but give them up because in fact they can no longer afford the child care. They cannot afford the increase in cost.

The Minister of Family Services (Mr. Gilleshammer) the other day spoke about the fact that people are exempt from paying the dollar a day and people are exempt from paying the \$2.40 a day, but that is not true. In fact, all those individuals are not exempt. They are sent bills every month, and they are required to pay that. A number of the daycares are telling us that there are a number of accounts that are outstanding because in fact families, particularly with more than one child, are just not able to pay that amount of money. Child care is very, very essential in this day and age to ensure that in fact people can go out and can earn a living.

So we have not seen fairness in where this government has decided to increase the sales tax. They have exempted books as the minister made note to point out to us in his budget speech, but in fact it is usually people of a certain income who go out and buy books. It is children, but we decide to tax school supplies. So children of poor families and middle-income families who have three kids in school are going to have to pay a tax on all of those school supplies. Yet, we have exempted books, but it is only a certain segment of society who actually buys books anyway, Mr. Speaker.

\* (1550)

So there is a concern about the fairness of this. This government likes to talk about fairness. They really believe that in fact the budget is fair, but it is not fair. It is not fair for lower-income people, the people on a fixed income, whether they be elderly or whether they be on a disability pension or whether they be on social assistance. It is not fair for those individuals. It is not fair for those families who are of middle income who in fact are supporting

children. These consumption taxes are going to be very, very difficult.

So we have seen a government whose only innovation, because they talk about innovation so much in their throne speech and they think that innovation comes out when you look at the figures, when you look at the budget they have developed, they talk about innovation, but we have not seen any. All they think of to do is to take 2 percent cuts across the government departments, in some cases, and slash programs, and they really have not thought about what the long-term consequences are going to be of those particular moves.

They have not really thought of what the long-term consequences are going to be. We do not know what the crisis in education, what this crisis now is going to create in 10 to 20 years, because I feel that in fact we will not see the most drastic effects of this budget in regard to education this year, next year or even the year after. We will see them down the road in five and ten years, Mr. Speaker. That is where we are going to see the effects of these cuts, because we have a government who believes that professional development is not important.

They believe that the autonomy should be taken away from the school divisions. Is the next move of this government to actually do away with school divisions and school trustees? Do they want to actually manage the education system directly? [interjection] Well, it is a thought, as I hear from the government side, but in fact I do not think it is a good thought. I think it is a very, very slippery, slippery slope. I think it is a very slippery, slippery slope that we move if we start to take away autonomy from some of our other areas of government, whether it is municipal government or whether it is a school-level government. It is a slippery slope because then you start to get so much decentralization and so much power and control under the auspices of one group, i.e., a provincial government, that in fact very much you get a lot of power and control, but I do not think that is good.

I think we need a balance in Manitoba. I think we need a balance in society. We need different levels of autonomy. We need the school divisions who are elected by the people in those areas to be able to make the decisions in terms of what is best for that particular school division.

We have a government who has decided to take away that autonomy from the school divisions. We

have a government who has actually decided that there is going to be a 2 percent cap on special levies, and they have decided that the school divisions, they seem to say that these school divisions still can make all the decisions they want and that in fact it is fair.

So when you have a decrease, when you have the St. Vital School Division and the Transcona-Springfield School Division, who are having a \$24 to \$25 decrease on the property taxes in terms of what they are able to raise on an average assessment of a \$30,000-assessed home and you have other school divisions that are actually raising more money, and yet you have a disparity in the services that those school divisions are able to provide.

You have a disparity now and, with this particular funding formula and the way this Bill 22 is developed, you in fact are going to increase those disparities. You are not going to decrease those disparities, so in fact you are going to see very much difference of what kind of services one can get in the River East School Division versus Fort Garry versus Seven Oaks. You are going to see those disparities.

Some school divisions are going to take away the professional development days from teachers. Some school divisions are going to cut the teaching positions. Again, you are going to see teachers who are going to want to move to one school division over another because they will have better working conditions there. You also have situations where you have children in rural school divisions who may only live 15 or 20 miles outside Winnipeg and maybe equidistant between a school in rural Manitoba and a school in Winnipeg, but yet the services that are available and offered to them are by far so very, very different.

In some of the rural school divisions the programs and the services and the classes offered are very minimal and in the city of Winnipeg in fact the services are much more. So we have a situation where governments are taking away autonomy, but we also have a situation where this Minister of Education (Mrs. Vodrey) and her government are saying, but we want to allow school divisions, we want to allow you to provide your own services and make your own decisions, so in fact we will give you an opportunity to hire speech and hearing clinicians because, in fact, we no longer will provide that

service on a centralized basis through government. We will allow school divisions to do their own hiring.

Well, some school divisions are going to hire, but some school divisions are not necessarily going to do that because, in fact, they know that the \$45,000 that is going to be available to them will not actually cover the cost of having that clinician in their school division.

We also have school divisions who are now starting to say, well, we will look at sharing our resources with other school divisions, and someone says hear, hear from the government side. Yes, maybe there are some good ideas about sharing resources and services, but why did the government not decide to take a proactive approach and say, we want to look at school divisions. We want to look at how services are delivered. We want to look at administration within the school divisions and within the Department of Education, and we are going to take leadership and assist you in looking at what is the best way to deliver service.

Should there be—[interjection] No, well, the member for St. Norbert (Mr. Laurendeau) obviously fails to understand the difference between government's taking leadership and assisting in a process as opposed to taking over and taking control. There is a big difference and that is the difference between leadership and dictatorship.

The government has a responsibility. This government should have assisted the school divisions in looking at the boundaries, because now what we are faced with, whether it is school divisions or whether it is even universities, it is almost a siege mentality and it is a protectionist attitude, so that everyone is fighting for survival. They want to keep every last resource, every dollar that they can because they are not in the frame of mind at this point in time to actually look at what is the best way to deliver services. That cannot occur and that cannot happen unless you have governments who are supposed to take leadership. [interjection]

Well, the member for St. Norbert talks about looking at the policy before us. Well, the policies that we have in education with this government are contradictory, No. 1. On one hand, you say you want to give more autonomy to the school divisions, and on the other hand, you are taking it away, so that is definitely contradictory.

**An Honourable Member:** Tell us where we took it away.

**Ms. Gray:** Well, I need not tell all of Manitobans where in fact it has been, because when the member has an opportunity to read my speech tomorrow, he will see that I have already referred to that and I have already spoken about that.

I wanted to talk—[interjection] Well, again, we have the members on the right to talk about raising taxes. Unfortunately, this government seems to feel that the only way that they can continue to provide services is to continue to raise taxes, but perhaps this government should look at some form of revenue generation.

How are we going to bring business to this province? We need to bring people to this province. If we want to keep people in Manitoba, we should not be driving them away, and we are driving them away as soon as they finish high school because oftentimes they are going to go to another university or college because, in fact, they feel that the services are not appropriate enough in Manitoba. They are moving to other provinces, or they move to other provinces or to the United States to get jobs, because they feel that the jobs are not here.

So if, in fact, education and training is the key that is going to unlock a "world of opportunity," how are we doing that with this budget? We are not bringing people to Manitoba. The out-migration of people has continued to increase under this government since they have been in power.

I see, Mr. Speaker, that my time is running out, and I would only like to reiterate, I would have hoped that this government would have really tackled the restructuring of government, would really look at reform and would be able to present in their budget revenue generation ideas.

**Mr. Speaker:** Order, please, the honourable member's time has expired.

**Hon. Leonard Derkach (Minister of Rural Development):** Mr. Speaker, I would like to say at the outset how pleased I am to be able to rise in my place and offer some comments with regard to the budget that has been laid down by the Minister of Finance (Mr. Manness) and indeed offer my support to the budget and more importantly, I guess, indicate to the House and to Manitobans how proud I am to be a member of a government that has indeed grasped the importance of the economy and the importance of bringing down a budget that is not only fair, but treats Manitobans throughout our province equally and with some compassion.

Mr. Speaker, the worldwide recession has not only hit Manitoba, but it has hit the entire nation, and indeed, our province has not been immune to the recession, so therefore we have had to make some adjustments over the course of the last few years.

\* (1600)

This is my seventh year in government, or approaching the seventh year in the Legislature, Mr. Speaker, and in those seven years I have indeed learned some things about how government operates. Indeed, some of the issues that face government from time to time are not necessarily supported by all members in society, but the decisions that have to be made are ones which are going to serve the society in a fair and equitable manner. I might say that this government in the last five years has done just that. It has treated Manitobans fairly, and it has embarked on a direction which, I think, is going to put Manitoba ahead of many other provinces because we have been able to understand what the challenges before us are and have been able to take some measures that will indeed address those challenges.

In today's world, Mr. Speaker, it does not matter what political stripe you are in this country of ours. The challenges that all of us face are certainly probably more acute than they have been in the recent history of our nation; indeed, many of us across this nation are faced with making some very dramatic, if I might use that term, decisions over the course of the next few years. If we look to our neighbours to the west or to the east, we see that there too they have had to make some very difficult adjustments to the realities of today, but there are some, I guess, different philosophies in how we can address some of the challenges that are before us. We have chosen a method or a direction whereby we want to ensure that the citizens of our province have every opportunity to maximize the dollars that they have in their pockets in terms of being able to purchase the things that they require in life.

In some other provinces, Mr. Speaker, we see that the raising of taxes is the alternative that has been chosen by governments. We have seen that happen in the past in this province, and, indeed, that solution has not really worked. It has only taken those very precious dollars away from the citizens of our province. I think that, when this province is governed by our children and by our children's children, they will look back at this government and



at this Minister of Finance (Mr. Manness), and they will understand and be thankful that some of the decisions that he has made were ones that would benefit them in the long term. It has often been said that we cannot keep spending our children's inheritance and for far too long we have been doing just that.

Mr. Speaker, we cannot find those immediate solutions that will all of a sudden bring us out of the problems that we are facing into a new world and then we can start with a clean slate. That just is not so, but we have to move in that direction. I have heard comments from members across the way, and I have listened carefully to the remarks that have been made. Indeed, the Leader of the Opposition (Mr. Doer), the Leader of the Second Opposition (Mrs. Carstairs) have, in their questions to members of this House, never come up with a solution to some of the problems that we are facing.

When I read the media reports and when media would ask the Leader of the Opposition, what would you do? He did not have any solutions to any of the problems and the challenges that we in this province face. Now you would think that the official opposition of a province would have something to say with regard to the solutions that they would offer. So, if the Leader does not have any solutions, then we look to the members of his caucus and listen to their remarks. Perhaps we can glean something from their remarks that would add to the solutions that we are looking for, and indeed none have been forthcoming. It does not matter who stands in his or her place. Any remarks that are made are simply ones of criticism but really not any of substantive solutions.

I guess the best solutions that they can come up with have been to tax Manitobans more, to tax more so that government can spend more. Well, that is not a solution at all, and Manitobans around this province have indicated very clearly that is not a solution.

Mr. Speaker, I have been able to travel the province quite extensively in my role as the Minister of Rural Development and to talk to Manitobans, not only in my constituency but indeed around the province. One thing that Manitobans tell me is that they cannot afford to pay any more taxes. They are paying as many taxes as they can right now, and they do not want to see any increases in the levels of taxation in our province.

For some reason that message is not being understood by the opposition, because all we hear from them is the criticism that they want to maintain all the services that we have presently, and the only way to pay for them is to increase the taxes. Well, I have said repeatedly, and so has our government, that is not a solution, that is not the way out of the problems that we face today.

Mr. Speaker, if you look at the debt that our province has, it is interesting to note that in 1971 the payment on our interest alone cost us about 4 cents of every personal income tax dollar generated. Well, today, that number has risen to about 42 cents. That statement is staggering to say the least.

In my comments with regard to the budget speech, I am going to limit them to the deficit reduction, essential services and the impact on rural regions. I have chosen these areas because they affect all rural Manitobans, because they will affect future Manitobans alike and, finally, because this government feels that Band-Aid solutions, short-term solutions will not work, as demonstrated by previous administrations. Rather, our government is correcting a system that has been fractured so it will become a stronger system than ever before. That is where we want to start and where we want to build from.

Mr. Speaker, as you and members of this Chamber know, the deficit which this province is facing is crippling the growth of our economy. By 1996 and '97, we are projecting that we will decrease that deficit to a level whereby the public will no longer have to keep putting money in to pay for the interest charges on the expenditures that we have.

We cannot hide the fact that the decisions we have to make in the future are going to be ones that are not going to be welcomed by everyone, but those are decisions that have to be made if we are going to balance our books.

Mr. Speaker, balancing the books though is not the only reason that a government brings down a budget such as we have. We have to be sensitive to the needs of Manitobans, to those essential services that Manitobans need. We have said that the major departments that we have to protect are those of Health, of Education and of Family Services. These are the three main areas that a government has to protect and has to put its emphasis on. I could say quite confidently that over

the last five years this government has governed we have indeed put our emphasis on Health, on Education and on Family Services, and those services have been protected. If we look at the increases that those departments have received over the last six budgets, we understand that indeed there have been substantial increases in those departments, that indeed we have protected those services to Manitobans. That is where our emphasis is.

\* (1610)

Mr. Speaker, my colleague the Minister of Finance (Mr. Manness) indicated in his remarks when he introduced the budget that the interest costs of our province alone have exceeded the combined budgets of 12 of the departments of this government. Financing this province's debt has become one of the biggest businesses of this province. That is one business that I think all of us can do without. Courtesy of the previous government, however, it has become a growth industry, an industry where no Manitoban, not an individual Manitoban, benefits. As we work very hard at containing and reducing the deficit, I think it is important that all Manitobans understand why we are moving in this direction and what our end goal is. Of course, it is to provide Manitobans, both present and in the future, with the best kind of lifestyle, the best possible opportunities for jobs, for wealth creation, for education and for all of those things that Manitobans really want.

Mr. Speaker, I know that from time to time the opposition become very critical about the decisions that are made. Unfortunately, when they make those remarks, they do not come back to us with any real substantive solutions to any of the criticisms that they make.

Mr. Speaker, rural Manitoba is a part of our province that I have a special interest in, because it is that part of the province where I live. [interjection] The member for St. Boniface (Mr. Gaudry) says he knows that because he was out in my area. I do recall a visit from him last year. I hope that he will come back to my constituency because he has gained a bit of appreciation for the kind of people that we have in that part of the country, and indeed I would welcome him back to that part of the province.

Mr. Speaker, the department that I have responsibility for has embarked on a new direction,

a direction that is meant to try and revitalize our rural economy and at the same time provide those continued services that the former Department of Municipal Affairs provided to the R.M.s of our province. In restructuring our department, we have paid special attention to the economic situation in rural Manitoba. Over the course of the next few years I think it is important that we look at rural Manitoba and we look at solutions to the problems that rural Manitoba faces.

We know what the situation with agriculture is. Over the last few years governments have put in great sums of money into agriculture. We have to change the way we do business in rural Manitoba, and we have to ensure that those small communities that are so important to the economy of our province are given every opportunity to survive and to continue to exist.

That has been difficult over the last while, Mr. Speaker. We have seen the decline in population in many of our rural communities. Some of them are facing almost extinction, if you like, because the only residents who are left in some of our very small communities are senior citizens who are not going to be around for that many more years.

Mr. Speaker, we need to have some youth in rural Manitoba. We need to retain our youthful population in rural Manitoba, but if they are going to stay there, if they are going to live in rural Manitoba, they have to have an opportunity to work, and they have to have an opportunity and a reason to be in rural Manitoba.

So our responsibility, I think, as a government and as a rural department, is to provide the assistance, to be the catalyst that will allow rural Manitoba to flourish, that will allow rural Manitoba to take advantage of the opportunities that may exist in our province.

Mr. Speaker, it does not matter whether you talk about the economy, whether you talk about essential services, we have to ensure that those services are available to Manitobans in the rural part of our province. For that reason we embarked on several initiatives. Some of those initiatives were designed to put people into rural Manitoba. Other initiatives were designed to help rural Manitobans to come together, to look at the strengths of their communities and then to build on those strengths.

Mr. Speaker, I would have to say that so far, we see some positive signs in terms of what is

happening in some of our rural communities. It does not matter which community I go to, it seems that people are now starting to look at their own strengths, and they are understanding that they cannot simply rely on government to do everything for them. They know that if a community is going to survive, a lot of the effort in ensuring that community survives comes from within that community.

Mr. Speaker, it is for that reason that we have embarked on such programs as the community round tables, because only through those means can communities come together. Various sectors of that community can come together and then can embark on initiatives that will help the communities grow, and they can build on the strengths of their communities.

We have seen some of those things, and I think they have yielded some very positive results. Mr. Speaker, I have to tell you that in some of our communities, the residents of those communities have come together and have looked at what their strengths are. They have taken advantage of their strengths, and they have been able to attract some people into their communities.

I look at such projects as the Country Ovens one that is not that far from my area, where an entrepreneur who was a farmer realized that they should be adding value to the product they are producing on their farm, and in looking at it very closely, they were able to develop a method where they could grind the flour from the wheat that they were growing on their farm, develop a product that was acceptable to the public and to many consumers, and now we have a little industry out in a rural community that is employing five or six other people. It is a thriving little business, and I know that its future is one where they will expand and grow.

These are the kinds of small cottage industries, Mr. Speaker, that we need in our small rural communities. Projects that employ four or five people make a big difference in a community of 1,000 people. We have to put our emphasis on those kinds of small initiatives that do not need a lot of assistance from government but indeed can be supported through perhaps some initiatives like Grow Bonds or our REDI program and can indeed be extremely important to small communities.

Mr. Speaker, it does not have to be just the small community, because if you look at some of the initiatives that have been undertaken in

communities like Brandon, we would find that even in the larger communities the same principles apply. That means that people in those communities look at the strength of their community and then build on those strengths.

Mr. Speaker, when you look at the economy of our province, our Minister of Industry, Trade and Tourism (Mr. Stefanson) a few moments ago outlined some of the good news that Manitoba can boast about. This is not good news that simply a government can boast about, but I think it is good news that communities and our province should all boast about.

You look at the fact that a community like Portage la Prairie can attract a business like Calwest Textiles, which is the first manufacturing company of its kind in western Canada, and it comes out to a rural community, provides an opportunity for jobs. I think there are about 50 jobs that are extremely welcome in that community. It will provide long-term jobs. These are not short-term jobs. They are not make-work jobs. These are lasting jobs that will be in that community for a long time.

\* (1620)

Mr. Speaker, you look at Monsanto moving to the community of Morden, again a rural community. I mean, you ask the question, well, why did Monsanto go to a rural community in Manitoba? Why did they not just come into the urban setting in Manitoba? I have to tell you that the reason that is happening is that these communities have realized that if they are going to make things happen, if economic development is going to occur in their communities, then they have to get out there and make those things happen.

Communities like the Mordens, the Portages have indeed done that, and that is why you see such plants as Monsanto, Calwest, Can-Oat. If you look at Teulon and you look at the Care Corporation that established there by using Grow Bonds, the reason that it established in Teulon, again, was that we had a community that realized that if it was going to grow it had to get out there and attract the businesses into that community.

Mr. Speaker, there is a spin-off to this. We have seen a decreasing population in rural Manitoba and that, of course, has affected the health care system. It has affected the education system because the populations are dwindling. With the bringing in of these new companies it brings in younger people to

the community and it also brings in families that have children. That indeed assists the education system in that community because it does add population to their communities. That is what all communities are fighting for in many of our communities.

Mr. Speaker, we have heard the opposition make much of the Budget Address with regard to the education system. The education system is one that the opposition has been attacking for some time, but I have to say that if you look at what we have done in terms of supporting education over the last five years or over the last six budgets, and if you look at the revenues that this province has had over the last six budgets, you will find that we have supported education far more than the previous government had ever supported education.

Mr. Speaker, yes, we have some challenges as a province in terms of training and retraining, but if you look at some of the programs that have been developed, you will find that we have better opportunities in our province for retraining than there are in many other jurisdictions.

As a matter of fact, when you look at Ontario, they have now embarked on a similar program to the one that was developed right here in this province, and that is Workforce 2000, a program where we are actually partnering with the private sector to help retrain workers directly in the workplace, and that is the best place to retrain many of our workers. The program is working. As a matter of fact, the results are extremely good.

Mr. Speaker, if you look at our K to 12 system—I just happened to meet with an organization last night, and we happened to get onto the topic of education, and they said that in Manitoba, we are probably leading the entire country in the whole area of distance learning. As a matter of fact, other provinces are looking at Manitoba and are developing programs that are similar to the distance learning programs that we have right here in Manitoba.

If you look at it, that is quite an accomplishment, because we do not have a large population in this province. We have a large area geographically, and we are able to address the needs, I think, better than many of the other provinces that may have larger populations and a bigger basis to work from.

Mr. Speaker, from time to time, we tend to become very negative about what our systems look

like, but indeed if we compare them to other systems, we find that we are ahead of many other jurisdictions. That is where we want to be. We want to be leaders. I think members of this House would agree that we want to ensure that we give our children the best opportunities, and our adults who need the learning, the retraining and the relearning opportunities, we give them the best opportunities that we possibly can.

I would just like to spend a moment or two talking about the municipal side of my portfolio. Municipalities throughout our province have for some time been concerned about the review of municipal legislation because it has not happened. They have been concerned about such things as policing costs in our municipalities because there has been such an inequity. We have been able, over the course of the last year, to address those two particular issues, one being the policing agreement. That is one that was somewhat difficult and sensitive, because we had municipalities on both sides of the issue.

There were those who felt they were paying too much and then, on the other hand, we had those who felt that they were probably being discriminated against because of the fact that they had a dense population, if you like, and the rural side of it was not contributing its fair share.

Well, by getting those parties together, we were able to resolve it. Although there is a little bit of, I guess, frustration in some small parts of this province, by and large, the initiative was acceptable because we had both UMM and MAUM on the task force, and it was their recommendation and their proposal that we accepted. So, by and large, that issue is behind us. I am glad that it is because it is one that was before us for about 20 years, I understand, and we finally have resolved it.

The other issue of The Municipal Act is one that we know we had to act on. The act has not been reviewed for a good number of years, and municipalities were quite concerned that the act was not really serving the needs of municipalities and of the people that they had responsibility for in a fair manner.

We have now put together a committee, if you like, or a panel that will be responsible for doing the review of The Municipal Act. Their responsibility will include such things as public hearings throughout the province. They will then bring their report back

to me. From that, we will develop a new municipal act.

This process is not one that is going to be able to be completed within the next few short months. It is one that is going to probably take two or three years to complete, Mr. Speaker, because it takes some time to be able to bring together all of those ideas that are going to come forth from various municipal individuals, other organizations that have interest in The Municipal Act, and then to be able to develop the legislation from that.

Mr. Speaker, it is my hope that there will be good participation in the public consultation that is going to be going on around the province and that, indeed, members of this Chamber, members opposite will take some interest in those hearings and what is going to be happening. As a matter of fact, I will ensure that the critics from both the NDP and the Liberal parties will get a copy of the agenda and of the dates of the meetings, where they are going to be throughout the province.

We have seen the issue of the VLTs. This is one that I would like to address just very briefly, because I think it is an interesting one, to say the least. We have heard from municipalities that they wanted to share in the revenues from VLTs, although their hope was that they would be able to share in a larger portion. We have listened to municipalities, and we have been able to share some of that revenue with them and allow them to use that revenue for their needs within their municipalities. [interjection] The member for St. Boniface (Mr. Gaudry) says not enough. It seems that it is never enough.

Mr. Speaker, one of the things that we had to pay careful attention to was the fact that this was revenue that the public knew was there. When you went around the province—and I know my friend the member for St. Boniface has had some discussions with rural Manitobans. They have indicated that they would like that money to go to the priorities of government which were health, education and, most importantly, the reduction of the deficit.

Although municipalities wanted a greater portion, I think it was acceptable by many Manitobans that revenue went specifically to address the deficit. I have not heard any negative comments from Manitobans as I travel around that we have misused the revenues from the Lotteries. As a matter of fact, I think it is a good use of that money, because it does

help every single Manitoban when we put that money towards keeping the deficit down.

Mr. Speaker, yes, there has been a little bit of grumbling from municipalities that perhaps they would have liked a greater share. I think, by and large, they are satisfied that perhaps this was a better use of the money in the current situation. We have indicated that as times in this province get better we will be able to use that money for projects where they will benefit Manitobans as a whole.

\* (1630)

Mr. Speaker, yes, we are going to be seeing that program come on stream in the city, and we will be able to treat our city friends just like we do the rural people in this province so that there is no discrepancy in the way that we deal with taxpayers in this province.

I would also like to say a few words on the Grow Bonds and the Rural Economic Development Initiative. I have to say that when I came into this department we were just embarking on a Grow Bonds program. As a matter of fact, there were no projects announced at that point in time and, when I was briefed on the entire initiative, I sort of set in my mind that if we were able to develop four or five projects within a year or so that would be a fairly good target for us, one of the things that we had to understand was that this was a new program, one that was going to have some growing pains as we developed it and that we were going to have to be careful about the projects that were going to be supported under this program. Indeed, it was putting money that belonged to individual Manitobans at some risk.

So, Mr. Speaker, we embarked on the program and I am happy to say that to date we do have four projects that we have embarked on. I think in total we would have something like 160 jobs that would be generated as a result of these projects. One hundred and sixty jobs in rural Manitoba is a fairly significant number of jobs if you take a look at how these jobs are going to be generated, because they are not short-term jobs, they are long-term jobs. I am happy to say, our first project, the Rimer-Alco one, has already looked at the possibility of doing another Grow Bonds initiative and that certainly is positive news as well.

**An Honourable Member:** How many jobs has it created?

**Mr. Derkach:** As I said, the Grow Bonds initiative has created about 166 jobs throughout our province. That is I think a fair number.

As I said, we were expecting some growing pains and indeed we have gone through those. I think that now we are in a position where we can deal with many of the projects much more expeditiously. I am sure that over the course of the next year we will see some very interesting projects come forward from the Grow Bonds initiative. Currently, I think the department is working on about 20 projects or so at various stages. We are going to be seeing them coming forward over the next course of the year.

Mr. Speaker, the other program that I would like to just mention very briefly is the Rural Economic Development Initiative program, again a brand new program in Manitoba. There is not one like it anywhere else in the country. When we embarked on this program we knew what we wanted to achieve and that was to try and revitalize rural Manitoba.

I have to congratulate the Minister of Northern Affairs (Mr. Downey), who was somewhat of an engineer of this program because indeed he had the foresight to see that this was a program that was needed in rural Manitoba. Let me say that through this program we have now been able to assist in a number of projects throughout rural Manitoba in feasibility studies, in development support, in infrastructure. The number of jobs created as a result of the REDI initiative have been significant.

Again, we did go through some growing pains because we had applications of all kinds come to us, some that were of an economic nature, others that did not fit the criteria whatsoever. There were a large number of rejections in the initial stages, but now I think the message is out there with regard to the criteria of the program. I think that today we are seeing that the projects that are coming in, the applications are in much better form and we have a much more solid application process in place than we had say six months ago. I think we are going to see much more activity in that program. As a matter of fact, we have to date, I think, received something like 170 applications under that program.

I would have to say that about 50 applications have been rejected because they did not comply at all with the criteria of the program. The rest are in varying stages of approval. I think there are something like 30 applications that have been processed, approved, and activity is going. So, by

and large, the program is working, and I think that if we persist, if we continue to assist communities, I think the program in the long term is going to be one that is going to be perhaps followed by other provinces as well. Certainly I think that for the rural parts of this country it is a program that has been needed for a long time.

Mr. Speaker, I think that these are just samples of how this government has tried to ensure that we assist those Manitobans who need it most. This budget also addresses the fact that we do have a problem in terms of our debt in this province that has to be addressed, that taxpayers are not willing any longer to continue to pay more, that we have to find other solutions, and those solutions cannot be found overnight. But indeed with the long-term objective I do believe that together we can achieve a situation where we reduce our deficit, and we can leave more money in the pockets of Manitobans.

As a matter of fact, Mr. Speaker, I think it was the Conference Board of Canada that indicated as a result of the steps that have been taken by this government over the last six budgets, Manitobans have substantially more money in their pockets to spend, and who can spend their money better than individuals in this province? It certainly should not be a government. Let us leave the money in the pockets of Manitobans because they know how to spend that money best.

So, Mr. Speaker, I have to say that we are poised in the right direction. If you look at the record of this Minister of Finance (Mr. Manness) and compare that with the former administration, you have to acknowledge the fact that this Minister of Finance is on the right track. The Minister of Industry, Trade and Tourism (Mr. Stefanson) pointed out to this House just a few moments ago that in the years when the New Democrats were government, the debt of this province increased by something like \$3.3 billion in the course of their term in office from 1981.

Mr. Speaker, in the six budgets that our Minister of Finance (Mr. Manness) has brought down, the debt has increased by \$9 billion, or \$900 million, not nearly the kind of increase that we saw before. If you compare that in percentages, the New Democratic government increased its debt by something like 183 percent. In the course of six budgets, our government has been able to keep it down to 17 percent.

Mr. Speaker, yes, we have to do better, there is no question about that, and we cannot do it on the backs of taxpayers. We have heard the opposition cry about the fact that we have put a cap on the amount of special levy that school divisions can levy on their taxpayers. We have done that because of the fact that we know that taxpayers cannot afford to pay any more. There have to be other solutions, other ways found to the problems and the challenges that we face.

Yes, government spending has to be reduced, and slowly we are doing that. We will continue to do that over the course of the next few budgets. I think the Minister of Finance has addressed this budget in a very fair way. He has looked at fairness, he has looked at supporting the priority services and making sure that those services are supported to the best of our ability. He has ensured that there is balance between the revenues and the expenditures, and he has kept the taxes down while he has kept all of these services intact.

So, Mr. Speaker, I am pleased to say that I will be supporting this budget, and indeed I am hoping that members opposite in this House will also look favourably at supporting this budget when the vote is called.

Thank you.

\* (1640)

**Mr. Oscar Lathlin (The Pas):** Mr. Speaker, I am pleased once again to rise in this Chamber to offer some of my remarks on the budget that was delivered by this government on April 6 of this year, and I welcome that opportunity.

First, I want to repeat some of the concerns which have been conveyed to me by those people whom I come across, meet with or talk to as I travel around in my constituency. Those people, of course, live in the North, particularly those people who live and reside in my constituency.

Probably the most common remarks that I hear from people at formal meetings and some informal meetings, having lunches and coffee with people around the North, are the following. I will mention maybe four or five of them, and I will then try to explain why those statements are made by the people.

People in the North are saying to me—and judging from the letters that I get on my desk that are copied to me, letters being written to government ministers,

I believe members on the government side are well aware of the sentiments that are being expressed by northern people in those letters, as well as in the meetings that I attend. Government does not care for the North, nor do they care for anyone who may be living in the North.

Mr. Speaker, people are also saying to me and to government ministers that the government has convinced itself that the province of Manitoba is comprised of what is within the boundaries of the Perimeter Highway. The North and the people who live in the North are there to be exploited only. This is what people are saying. There is such an imbalance in the way the North and the people who live in the North are being treated by government, as compared to the South and those who happen to live in the South.

Another thing that I hear often is, we in the North are continually being punished and penalized for having been born in the North and having decided to stay and live in the North. We are being penalized and punished for having visited there or maybe having gone there to work temporarily, but having decided to stay and live in the North.

People are also saying to me, Mr. Speaker, when northerners propose, for example, that government establish a northern heritage fund which could be financed or funded by profits realized by northern resource development such as hydro, mining or forestry, the governments usually respond by saying that we cannot do that because, if we did that, it would only benefit people from only one region of the province. You see, the government tells people from the North that all the resources of Manitoba belong to all Manitobans, no matter where they may be living, whether it is north or in the south or in the west or in the east.

Mr. Speaker, people who live in the North simply cannot understand or accept those kinds of statements that are quite frequently being given by the government because they see that whenever financial resources or programs and services are to be introduced or allocated, nothing or very little actually goes to the North and to the people who live in the North. Yet the government says that all resources belong to all Manitobans, no matter where they may be living. If this is indeed the way it should be, that is, that all resources indeed belong to all Manitobans, then why is it that this government nickel-and-dimes the North when it comes to

allocating resources? When it comes to cutting programs and services, financial resources, why is it that the North does not receive special consideration, given the circumstances that the northern people find themselves in?

As I have said before in this House, Mr. Speaker, living in the North—I mean, I experience this myself. When I am in the city, it is actually cheaper for me to live in the city because I do not have to travel great distances, for example. It is actually easy for me to access medical services when I am in the city. It is easy for me to access services when I am in the city because they are right here in the city, but when I am in the North, I have to travel a great distance to access programs and services. If I have to see a specialist, I have to travel by motor vehicle six hours to get to access medical services. All of that costs money, so that is why the people who come from the North and live in the North cannot understand why when the government says all of the resources belong to all of Manitobans, yet when it comes to extracting resources from the North, there is actually very little that goes to the North as benefits for those people who live in the North.

At the same time, however, when it comes to cost cutting, the North always gets hit the hardest. That is what people cannot understand, and that is why people in the North, Mr. Speaker, as I am sure the members on the government side realize—because not only those people who are directly affected by the cuts are saying this to the government ministers, but also people who may not be as hard hit by government programming are also giving the same message to the government. That message is that the North, because they have always traditionally been in a disadvantaged position, meaning that there are not the programs or services available in the North and that the unemployment rate has always been high in the North—in The Pas, for example, it is around 24 percent, and as you go further into the more isolated areas, you will find that the unemployment rate is usually around 80 or 90 percent.

So, Mr. Speaker, that is why people from the North are saying to government and to us in this Chamber that perhaps when it comes to cutting costs—and we all agree that we should be trying to cut down the deficit. That is not the argument, but the point to be made is that whenever we are looking at cost-cutting measures, perhaps we should look

at the circumstances that currently exist for those people who live in the North.

Mr. Speaker, on April 6, this government, the Conservative government, brought down its sixth budget since they came into office in 1988. This budget, as we have seen, has been the most hurtful for the vast majority of Manitobans, including those people who live in the North, seniors, women and youth. The average family of four, for example, got hit with more than \$400 in tax increases and raises more than \$100 million in taxes for this government.

\* (1650)

Mr. Speaker, we say that this budget is extremely unfair in its application, because it hits those people who can afford it the least. It hits some people far harder than others, yet this budget is supposed to be a fair budget. Everybody, as we were told by the Minister of Finance (Mr. Manness), should bear the pain equally. We do not accept that from this side. In keeping with the Conservative tradition, it hits particularly seniors, as I said, middle-income people, and the most vulnerable in our society, the disadvantaged, and, yes, as I said before, children and our youth.

So our biggest criticism so far of this budget has been in the area of fairness. Is it a fair budget? The government says that it is a fair budget. We say that it is not.

Sure, we accept that hard decisions had to be made. I have already said that we have to somehow deal with the deficit that is there, but we cannot ignore the fact that this government brought Manitoba from a \$58-million surplus that was left there by the NDP administration in 1988 to about over \$700 million in 1992.

Mr. Speaker, we all know what has been happening in Saskatchewan because the government members during every Question Period remind us what has been happening in Saskatchewan.

Well, I was looking at some data, figures and graphs the other day and comparing the annual deficits for Manitoba and Saskatchewan. We find that in 1988-89, as I said, the NDP administration left a surplus of some \$50 million and since then, by the way, the deficit has grown to where it is now, and at the same time we look at the Saskatchewan side, the same pattern seems to have emerged on the Saskatchewan side.



So we believe we cannot ignore the fact that this government's trickle-down economic policies have failed in those five previous budgets in its attempts to stimulate our economy. In those five budgets, the Conservative government has been off in their forecasts, not by a narrow margin but by wide margins in their forecasts for what is supposed to be happening in Manitoba in terms of economic growth and as far as the deficit is concerned.

We believe that the government has not made the tough choices that it speaks about during every Question Period. We believe that they have made the wrong choices.

Let me read the Minister of Finance's (Mr. Manness) news release of March 15, when he wrote to organizations that are receiving some provincial funding. In his news release, he said: In order to achieve this, priority emphasis will be placed on funding groups and organizations who deliver key human services such as child protection, support to the frail elderly and adult mental health agencies.

He went on to say that the grants totalling approximately \$3 million will be withdrawn from those 56 organizations because in the minister's mind they did not fall within the priority framework, that being delivering key human services such as child protection, support to the elderly and adult mental health agencies.

Well, Mr. Speaker, that is why we say the government did not make tough choices, but rather that they had made the wrong choices. How else can this government explain a corporate tax break totalling over \$300 million over the past five years? They have also cut more this year with \$7.8 million on the payroll tax and \$9 million on the manufacturers investment tax credit alone. That is \$17 million, about the same amount as this government cut out from the public school system this year. They also made the wrong choice with \$53 million in property tax increases, while the property tax credit is being reduced by \$75 for every home in the province of Manitoba, as well as a \$250 minimum property tax.

Mr. Speaker, this government told school boards that they could not raise property taxes by more than 2 percent, and then along comes the same government and hits the average modest homeowner with a 7 percent increase on property taxes, while the homeowner in Tuxedo or on Wellington Crescent in Winnipeg will be impacted

by less than 2 percent. The \$75 tax increase, as well as the \$250 minimum property tax, is a flat tax. It is unfair, because it takes the same from the low income families, the middle income and the rich. This budget is even more unfair because thousands of low-income people, people who cannot afford it, will have a property tax increase of \$250 this year alone.

I also wanted to share or read some of the letters that I have received from people in my constituency, for example, the Association for Human Development for The Pas, funding of the friendship centre. He writes to the Minister of Family Services (Mr. Gilleshammer): I am writing on behalf of The Pas Association for Human Development. We are very concerned about the recent funding cuts to The Pas Friendship Centre. You may not consider the friendship centre in Manitoba essential services, however The Pas Friendship Centre is considered to be a vital part of our community.

The Pas Friendship Centre offers many programs for an array of people coming from all walks of life. Many of these individuals will become much more dependent on the system once these cuts come into effect. The Pas Friendship Centre has allowed our organization to place severely employment disadvantaged into their centre for on-the-job training. In all likelihood, these individuals will receive employment and ultimately become self-sufficient. Please reconsider the provincial budget cuts to this essential organization.

Mr. Speaker, that is why we say this government did not make the tough choices, but rather it made the wrong choices. I have another letter here that I have received from Carol Kozun (phonetic), director of the Marigold preschool centre in The Pas. Carol says: I have recently sent a letter to Premier Filmon and Honourable H. Gilleshammer about some of my concerns. I did not at this time question why nursery schools have been expected to take such a cut after experiencing severe cuts during the recent restructuring. Does the government plan to tear down the previously well-established child care system in this province?

They go on to say: I am writing about a continuing concern and the government's recent news releases about cutbacks to various social services and agencies. As a taxpayer and a director of an integrated nursery school, I am interested in balancing budgets and concerned about growing

provincial deficits. At the same time, however, I am most distressed that your government is able to enact these cutbacks without providing agencies and groups necessary planning time. Working on a tight budget already, I find the 50 percent cut in our operating grant without prior notice or responsible planning on the part of myself and the board which I operate under most distressing.

\* (1700)

When asked by the press to comment on what the changes would mean to my centre, I said I would wait for the official word. I am still waiting for that official word.

That is a letter from Carol Kozun (phonetic), director of the Marigold preschool centre in The Pas, Mr. Speaker.

I also have a petition here that was given to me by the people from Norway House, Mr. Speaker, but it was not put on the official petition form. I will read what it says anyway. The federal government is trying to take more of our money, this time by declaring that Norway House is not an isolated community.

So, Mr. Speaker, what the people from Norway House are saying to us or saying to the government in this letter is that they feel that they should be treated the same way as other Manitobans are treated in Manitoba. One of the things that they feel they are entitled to receive is safe roads, better transportation, and they talk about the road system that goes into Norway House from No. 6 Highway, from the Thompson road.

They say that every year they have to drive to Thompson several times and that it is costly whenever they have to make that trip from Norway House to Winnipeg or Thompson. Flying is out of the question, because we all know how costly that is. It costs the people from Norway House \$425 for a round trip to travel 350 miles. So they have to drive a road that goes on to No. 6, and they tell us how that 100-mile stretch of road translates into a huge cost for those people from Norway House who have to travel that road: windshields, high fuel costs, front-end repairs, tires, rollovers, breakdowns, accidents. It is a risky trip every time anybody has to travel from Norway House to Thompson or to Winnipeg. So people from Norway House are saying to this government, hey, you know, we are Manitobans as well. Even though we

live in northern Manitoba, we still should be considered as being Manitobans.

Mr. Speaker, the education people from The Pas have written letters to me and I know they have also written letters to government members, so government members know what I am talking about when I say, for example, that teachers, school trustees, parents are expressing their concerns with the limitations that the provincial government's actions had placed on their education program in the Kelsey School Division in The Pas. They feel that the restrictions imposed on the trustees of that particular school division forces them to make decisions based on what they should be doing rather than on the needs of those students in that division. They say that would mean that their division motto, which is, Dedicated to Quality Education, will rapidly become a hollow one.

I have to say, Mr. Speaker, that I agree with that wholeheartedly. The more cuts that are being made, even though they have a very noteworthy and worthwhile and excellent motto, Dedicated to Quality Education, they will eventually be unable to provide quality education.

As a northern community, we are required to meet every aspect of student need, not only for the resident students of The Pas and area, but also for those students from outlying areas who relocate here temporarily to access a broader range of high school electives. We are now in danger of seeing those electives diminish or disappear with few of the alternative sources found in Winnipeg acceptable to our community.

The children of The Pas deserve better, Mr. Speaker. The teachers and trustees and parents in The Pas are saying that their children deserve better—better treatment from this government. Their future lives depend on the education that they are now receiving, so they are asking in their letters to government to reconsider their cuts in the education budget and to reinstate that funding that is so vitally necessary.

Mr. Speaker, the fishing industry that I talked about briefly in the House during Question Period, I believe that this government should take the fishing industry very seriously, because it is indeed an industry, just like agriculture is, just like mining, just like construction. It is indeed an industry, because the way the people are talking in Berens River, for example, in Moose Lake or in Leaf Rapids, it seems

as though fishing is not regarded as an industry because oftentimes they hear that whenever the agriculture industry runs into problems, government steps in with support programs and financing and so on. Oftentimes the people in Berens River, Leaf Rapids, Moose Lake, Grand Rapids read newspapers, and watch it on TV news, of fishermen in Newfoundland or Nova Scotia or Halifax or in eastern Canada getting assistance from the federal government.

\* (1710)

Mr. Speaker, the fishermen in the North are simply wanting not more than what other people are getting, but the same kind of treatment, the same kind of assistance that is being given out to other fishermen in other parts of Canada. They wanted to be treated as if they are also citizens of Manitoba, just as our friends in the agricultural industry often get help whenever they run into problems.

Today I asked a question on daycare, for example, regarding the cuts that have been made to the daycare centres. I asked a question previously on Keewatin Community College. I mentioned that there is 24 percent unemployment in the town of The Pas and area. I also mentioned that the unemployment rate could go as high as 80-90 percent in the outlying areas, remote areas. So I myself could not see my way through supporting this kind of budget because we say that it is an unfair budget. The government can talk all it wants about having to make tough decisions. We say, we agree with having to make tough decisions, but we also have to realize that we have to, I think the government and all of us here, look at making sure that we make the right choices.

Mr. Speaker, this budget has been very hard on the poor. It has been very hard on the North, and I have to say that once again the North has been forgotten in the budget. One only has to meet with teachers in The Pas, nurses, school trustees, friendship centre staff, people who have been laid off by government from KCC and other government departments. One only has to talk to the fishermen around The Pas area to realize that people are getting desperate. People are almost like in a depressed state of mind when you go and have a meeting with these people. That is not a very good sign, you know, for people to come on as if they are depressed, and that is what I sense. I sense a

feeling of hopelessness. People say, well, what is the use? What is the point?

Mr. Speaker, with all the cost-cutting measures that this government has taken with a view to cutting the deficit, I say to the government that in the end, in the long run, the cost-cutting measures that this government is currently taking will cost the government even more down the road. We see it happening already. This afternoon during Question Period people talked about violence. We read about it in schools. We read about gas sniffing in northern Manitoba. We read about the violence that permeates northern isolated communities. We read about family violence, child abuse and so on.

Mr. Speaker, this budget here will only serve to make that situation worse. As I was talking to one elderly person in The Pas two weeks ago, his question to me was, how far is it going to go before something has to break? His concern was that people are human beings with feelings. What he was trying to say to me was there will come a time when people are going to fight back. They are going to start fighting back. They will be driven to the wall and pretty soon there are not going to be any more options left for a whole lot of people. When we are in that situation, he was telling me, that is when people do desperate things.

Mr. Speaker, I have to say that I agree with the message that the elderly gentleman was trying to give me in The Pas. We have seen here in the last two weeks what that gentleman was talking about in The Pas, and that is, people are getting tired, people are getting frustrated, people's backs are to the walls. They have no more options left. That is why we see people marching to the Legislature just about on a daily basis, because sooner or later, something has to give and when that something gives, it is not going to be nice, and it is not going to be pretty.

I want to conclude by mentioning one more thing. I mentioned the Norway House road, the Cormorant road, the Cross Lake road, the Moose Lake road, because not all that long ago, this government made an announcement that it was going to spend some combined provincial-federal monies on road construction or highway construction.

When I was travelling around the North, people had heard about that by the time I got travelling to Norway House, Cross Lake, Moose Lake and Cormorant. Of course, they were expecting some

of that over \$70 million would be coming up North. When they started hearing about the announcements that were being made, they were disappointed, naturally.

The question was put to me, why is it that the provincial government can spend \$70 million for road, highway construction, and we do not see one cent coming to the North? One person in Norway House told me, he said, you know, Oscar, all we are worried about are gravel roads. We want to fix our gravel roads. A single lane highway, we want to fix those kinds of roads in the North. We are not even worried about twinning highways. All we want to do is fix those gravel roads that are deteriorating every year and causing a lot of expense to those people who live in those communities.

So, Mr. Speaker, perhaps I can close off by saying that the failure of this government—this Conservative government has been stepping aside, like, for the last five budgets now.

So the failure of that Conservative step-aside vision has led us to where we are today both in terms of the deficit, the human suffering that is going on out there, the high unemployment rate, people moving out of Manitoba in numbers you would not believe.

\* (1720)

Their projections have been wrong on everything from transfer payments to employment levels to the size of the deficit. This Conservative government must take responsibility for the impact of their policies and the failure of this Conservative government's vision to get the province back on its feet.

Thank you very much, Mr. Speaker.

**Hon. Jim Ernst (Minister of Urban Affairs):** Mr. Speaker, I listened carefully to the words of the member for The Pas (Mr. Lathlin). Unfortunately, he has misconstrued almost everything that has gone on in the House since we brought down the budget, and I could not agree with very much that he said because he seems to have missed the point of all of this.

I can say, Mr. Speaker, this is the sixth budget that I have had the opportunity of participating in, of speaking in in this House. I also can say this is the sixth budget that I have had the opportunity of working on, prior to it getting here, as a member of our Treasury Board.

I want to say a word or two about the Minister of Finance (Mr. Manness) and the approach that he has taken to how the budget is prepared and how the budget is brought forward. I think, first of all, that it is probably the most progressive attitude of any Finance minister in the country.

Now, I have not had the opportunity, Mr. Speaker, obviously, to be involved in the caucuses of every political party across the country, so I can only guess that this is the case. But historically, at least from all reports and discussions that I have had, our caucus has had the benefit of the openness of the Minister of Finance, and he takes great risk in doing that, because you have seen in the past what has happened to Ministers of Finance who have had one little thing leak out before the budget is tabled in the House.

So I give every credit to our Minister of Finance for having taken that opportunity because these are unusual times. These are not times that have normally and historically gone on in the past. Mr. Speaker, these are unusual times, and times when all of us have to understand the need, we have to understand the impacts of the kinds of financial problems that the province has been facing in recent times—very unusual times indeed.

I must also say that the members, Mr. Speaker, of that same Treasury Board also worked very hard, not wishing to pat myself on the back, but certainly the other members of the Treasury Board I think have worked well together too.

Many of us have been there since the very first budget and have a synergy of working together over that period of time and an understanding of how many of these things work. The benefit, of course, is that you get to see what goes on in all of the departments of government on a relatively detailed basis, something that not all members obviously of the government side of the House and certainly not from the opposition benches get to see. At the same time, you run the risk of having all of those colleagues with whom you have dealt harshly—whose budget you have dealt harshly with—now all of a sudden dislike you considerably. That is, of course, why I think the member—

(Mr. Jack Penner, Acting Speaker, in the Chair)

**An Honourable Member:** Is that why Jim took off?

**Mr. Ernst:** I think so.

Nonetheless, Mr. Acting Speaker, we do have a dedicated group of people on Treasury Board and one that has worked very hard to try and produce the results that we have seen today.

I have heard—and I expect it here, quite frankly, from the members opposite—the kind of derision and catcalls and name calling and naysaying and a variety of other things that come from the opposite side about this particular budget. Let me say that none of the decisions that were taken here were taken very lightly at all. For many of us, for all of us, as a matter of fact, it was a very different experience this time compared to previous times, because we had to do an awful lot of soul-searching as to how to try and deal with the issues that were before us on a fair and reasonable basis.

Fair and reasonable, I suppose, Mr. Acting Speaker—[interjection] It is in the eye of the beholder, as the Minister of Natural Resources (Mr. Enns) indicated. Certainly, some will judge things differently than others. The fact of the matter is, I think we all tried, desperately tried to try and be reasonably evenhanded in terms of how we dealt with the budget process.

The fact of the matter is, we know our revenue stream is significantly down from what it has been in the past few years. We know that transfer payments from Ottawa are way down. We know the census dealt us a fairly severe blow in terms of our relative position in Canada. Mr. Acting Speaker, we are faced with a number of very difficult circumstances in trying to prepare a budget.

At the same time as our revenues are plummeting we have a situation where the costs of the government simply rolling over from one financial year into the next generally cost somewhere in the area of 5 percent, all things considered. How do you deal with a significantly reduced income stream yet an increasing cost side?

Well, we have to look at what happened over the last four or five years within the private sector. Obviously, businesses, in attempting to deal with recession and in attempting to deal with global restructuring, with competitiveness in terms of trade across the world, across North America, Mr. Acting Speaker, have found that they had to do a number of things. They had to do more with less. They had to cut their expenditures significantly in order to be competitive. They do not have the luxury of taxing. They do not have the luxury of raising their revenues

willy-nilly. They, in fact, have to go in and cut their operating expenses, maintain the quality of their product in order to remain competitive, in order to go out there and be able to continue to sell their product, to continue to create the jobs that Canadians need in order to pay the taxes that are necessary for governments to operate. It is very simple. They have to create wealth.

Mr. Acting Speaker, the only way they are going to do that is to be competitive, because in this day and age we do not have the opportunity of doing what the NDP would like to do. That is, throw up barriers all around the province and say, we can exist here with a million people all by ourselves; we do not have to have trade anywhere else; and we can artificially manipulate the economy as best we need to in order to achieve our own purposes. We cannot do that. In the real world it does not work like that, and I urge the members opposite to get into the real world and understand how things happen here, understand what has to go on in order for us to remain competitive as a province, for us to be able to say to those companies that wish to come here and create those jobs, to those companies that are already here to maintain the jobs that are here.

We have the Leader of the Opposition (Mr. Doer) standing up every so often in the House and complaining that jobs are leaving the province and then suggesting all of a sudden that we could still, even though they are leaving, tax them more.

We could pass a bill to force them to stay. According to them, I think, Mr. Acting Speaker, according to their ideology, we could pass a bill in this House that would legislate them a profit. We would simply say, we will pass a bill in this House that says X company will have a profit next year, and then we will tax them.

Well, the real world does not work like that. That is crazy to think like that. We have to understand that there is an interrelationship on a global basis today, and on that global basis they have to be competitive. They have to be able to match quality, price, delivery and all of the things that are necessary in an economy in order to be competitive, and we have to try and do that.

But the NDP would not necessarily want to do that. They would much rather simply raise taxes, raise their prices as they were. Raise taxes, tax the people more, because they really do not understand what competitiveness is all about. They really do

not understand what it means to compete in a world economy or any economy for that matter.

Now that is a pretty general statement, and there may be one or two over there that really do, but obviously they are not able to convince their colleagues that is how it works, and that is unfortunate. If we are going to offer ourselves for—and it is interesting, you know, because it seems to be resident only here with the NDP because in Saskatchewan they seem all of a sudden to have recognized they have to be competitive. In Ontario they have come to the conclusion, I think, that they have to be competitive.

\* (1730)

In British Columbia, Mike Harcourt has all of a sudden seen the light and said, yes, we cannot simply close off all of the things that the special interest groups do not like. We cannot stop logging in a province where 50 percent of their economy is based on logging. They simply cannot stop no matter how strongly the environmentalists feel they should not be logging in those particular areas.

They have to have sustainable development, a term that we have all heard in this House, and we have heard as one of the basic principles of our government, sustainable development, development that matches a respect for the environment together with a need for a market economy so that people can have jobs, people can earn a living for their families, and yes, can pay taxes to our government so that collectively we can provide those safety nets, the health care, the education and other things that are so necessary and our people have come to understand and want.

But yet, Mr. Acting Speaker, the opposition says, we cannot reduce our expenditures in health care, for instance, because health care is what we need most, and we have to continue to provide health care and more hospital beds and more opportunities and more operating time. We hear this every day during Question Period, more, more, more in terms of health care. We need to have more beds, more nurses, more doctors, more operating time, more personal care home beds, more home care, all of these things continuously more and more and more. So we cannot touch health care. In fact, health care we should be increasing our expenditures in. So for a moment let us consider then we cannot touch health care.

Then we come to education, but we cannot cut education either because education is the key to the future. Education is the fact that we have to train our young people. We have to retrain those people who have lost their jobs. We have to train the people on welfare. We have to provide education for all of those people and simply have to throw more money at it. We cannot for a minute not fund anymore. We cannot for a minute do anything differently. We cannot for a minute decide that somehow under the educational process that we can do more with less. That is not in their think, not in their vocabulary, so simply throw more money at it.

So we cannot reduce any expenditures in health care and now we cannot reduce any expenditures in Education. In fact, we have to increase those expenditures again. So then we get to Family Services. My colleague here, the Minister of Family Services (Mr. Gilleshammer), is in fact in this budget doing more with less and doing it very effectively. But we cannot cut off the advocacy groups, cannot cut off their funding. No, that is wrong. We cannot do that. We cannot cut off the Anti-Poverty Organization. We cannot cut off the foster parents association. We cannot cut off any of these groups. No, we have to continue to fund them.

Of course, because of a recessionary economy, we are faced with additional welfare cases. We have to continue to provide basic necessities of life for those people, but therein, Mr. Acting Speaker, lies a bit of a conundrum alone. The members opposite do not think of welfare as providing the necessities of life, as kind of an interim measure to tide families over when they have run into difficult circumstances, but rather as a guaranteed income. I think they themselves would admit that, that they think welfare should be a guaranteed annual income to people and not a stopgap measure.

Interestingly, Mr. Acting Speaker, when I was away in February, I happened to turn on the TV and I saw President Clinton, that great left-wing President of the United States, lauded by all kinds of groups as being—finally we got rid of the Bush-Reagan right-wing conspiracy. We have somebody in there who cares about people. Here was President Clinton. Here is the guy who is going to go in there and do something for the people of the United States.

Now, normally, they do not even care about people in the United States. In fact, most of the time they spend bashing them, but now we have this left-wing president who is going to come in there and he is going to look after the people. I saw him on television stand up there and he said on nationwide television to the people of the United States of America, he said welfare is not a long-term benefit. He said welfare is a stopgap measure there to tide people over between jobs. It is not there forever. So what he said is we will provide welfare to you for two years. We will provide you with training, and at the end of that two years it is over. You have to go out and get a job and be a contributing member of society. This is their saviour, interesting enough. This is not Ronald Reagan. This is not George Bush. This is Bill Clinton.

Anyway, we cannot reduce expenditures in health care, according to my friends opposite, and we cannot do it in Education. We cannot do it in Family Services, no. What about municipalities? No, we cannot do it in municipalities because that is offloading. We cannot take away \$75 of the property tax credit. We cannot say to people, you really ought to pay something, you know, for your realty tax property services that you get from your municipality. I mean, it is only fair that you should actually pay something. You should not actually get away with paying nothing for those services that you get from your municipality. But that is wrong because that may be a significant increase on a percentage basis over what—you know, anything over zero is a significant percentage increase, Mr. Acting Speaker.

So we cannot do it in Health. We cannot do it in Education. We cannot do it in Family Services. Now we cannot do it in municipalities—[interjection] Oh, I have not got to Highways yet. Can we do it in Environment? Can we reduce now our vigilance over the environment? Oh, I do not think so. I think the member for Radisson (Ms. Cerilli) would be the first to leap up and say, no, we cannot do that. We cannot consider reducing our vigilance over the environment. In fact, we should be doing more. We should have more inspectors. We should have more people out there checking up on things. We should do more in terms of the environment, not less.

Well, 60 percent, 70 percent of government expenditures are wages, Mr. Acting Speaker, for the dedicated civil servants who work for the Province

of Manitoba. By and large, they are dedicated people and work hard. I had a view at one time, still held by many people, that somehow the civil servant did not do a full day's work for his pay, and I think, by and large, having had experience over a considerable period of time in association with those people, no. I think that they are dedicated and do work very hard, but if 65 percent or 70 percent of our costs are related to employees' salaries and benefits, can we perhaps do something in this area to try and save some money for the Province of Manitoba?

Would it be reasonable, Mr. Acting Speaker, to suggest that maybe a net reduction of 1 or 2 percent in their pay packet would help, would do something to assist the government in its financial crunch? Would that be a reasonable position to take? Well, for the members opposite, probably not, but you might think it was a reasonable thing to do. So we approached those people who represent the broad spectrum of civil servants.

**An Honourable Member:** Who would that be?

**Mr. Ernst:** Well, the union. That did not fall on very fertile ground, I might suggest, when it was approached to them. Then the Finance minister, in his own inimitable way, looked for other ways and means of—you know, having taken the first step and tried to approach it on a reasonable, normal, rational basis and say, look, we got a problem; we need some help. We have 60 percent or 70 percent of our cost vested in the people whom you represent. Now can we do something to try and assist me on the cost side?

\* (1740)

You know, harking back now to what I said earlier about the private sector and how they dealt with the recession and global restructuring. They reduced their cost. They did not raise their revenue, they reduced their cost. That is what governments have to do, because for these many years we have ignored it, but the fact of the matter is, governments have to reduce their cost. We spend too much money. We have to reduce it and we have to look at all of the areas. We have been through half a dozen now where we cannot touch, according to the members of the opposition, so we cannot touch the staff either.

What about the public debt? We do have a dollar or two in public debt that we have to deal with. We have a dollar or two of public debt, Mr. Acting Speaker, that needs to be addressed and

interestingly enough, it needs to be addressed first. It needs to be addressed before we deal with health care, before we deal with education, before we deal with family services, before we deal with the staff. We have to pay the public debt first so we cannot deal with that. If we cannot do any of those, if we cannot touch municipalities, we cannot touch health care, we cannot touch education or family services or the staff or municipalities—where? Is it all going to come out of the Department of Agriculture? Natural Resources? Consumer Affairs? The Department of Housing?

Even if we did take all of those departments, Agriculture, Natural Resources, Consumer and Corporate Affairs, Housing, all of those things, Highways, wipe them out completely, we still would not put a dent. We still could not begin to touch the kind of cost structure that is there, because those departments eat up three-quarters of the budget, those three major departments alone.

Mr. Acting Speaker, my friend the Minister of Health (Mr. Orchard) the other day in his speech referred to some honesty in terms of dealing with the budget. I think the Minister of Finance (Mr. Manness) has been as honest as any Finance minister, perhaps too honest, in terms of broadly disseminating the position of the provincial government, the fact of what we had to deal with and what we are having to deal with in an ongoing basis.

I do not think any Finance minister, certainly not since I have been paying very much attention to provincial government operations, has ever been as forthright, as honest and as up front about the problems facing Manitoba than the present Minister of Finance. For that I think he should be congratulated because we all need to know what the problem is in order to address it.

Now that we have had the information put forward by the Minister of Finance, we have had a budget brought forward to deal with it, what we need is some understanding and some co-operation from members in the opposite benches in order to deal with it. I would hope that notwithstanding all of the problems that we are facing and the criticisms that they have had of the budget that they will be able to stand up and support this budget for the first time since I have been in the House.

My colleague the Minister of Health talked about honesty and he referred, Mr. Acting Speaker, to that suggestion, that statement by the Leader of the

NDP, that when the Pawley government was turfed out of office they left us with a \$60-million surplus. Now here was the member for St. Vital, Jim Walding, standing up and voting against his own government because they were leaving a \$60-million surplus on the table and he thought that was wrong. Mind you, when you consider the attitude of the NDP, that might have been believable, because they want to see huge deficits all the time. They do not want to see surpluses. They want to borrow more money. They want to spend more money.

In times when they have raised taxes very, very dramatically, Mr. Acting Speaker, they still had huge deficits, but I do not think that was in Mr. Walding's mind when he voted to defeat his own government's budget.

I do not think it was in his mind that there was a \$60-million deficit because in fact there was not. There was a \$334-million deficit. [interjection] A \$334-million deficit and that did not count—because after we became the government, we found out—a settlement for the nurses of about \$20 million, a settlement for the doctors for about \$20 million, some forest firefighting for another \$20 million and a few other little gems that totalled up close to a \$100 million of additional expenditures they did not even include in the budget. They did not even put it in. So all of a sudden, the \$60-million surplus that the Leader of the Opposition (Mr. Doer) talks about is now a \$434-million deficit, all of a sudden, magically.

I cannot know for sure what triggered his decision in his own mind, but I suspect it was not a \$60-million surplus that triggered him to do that. I suspect it might have been a four hundred or more million dollar deficit that triggered that decision in his mind.

Mr. Acting Speaker, the other day I was sitting here in the House listening to the member for Flin Flon (Mr. Storie). [interjection] That is a very good question. Why would anyone want to listen to the member for Flin Flon? Nonetheless, I did.

I heard from the member for Flin Flon that the modest adjustments—and I think that is really all you can refer to them as, modest adjustments—in taxation contained in this budget were a tax grab. According to the member for Flin Flon, this was a tax grab.

Mr. Acting Speaker, as a member of the Treasury bench in the Pawley government, he is referring to the broadening of the sales tax slightly on some items, a one-cent-a-litre increase in the gasoline tax,



as a tax grab. Do you want to know what a tax grab is? I mean this is the height of hypocrisy.

The member for Flin Flon (Mr. Storie), a member of the Treasury bench of the Pawley government, supported \$369 million in increased taxes—a 20 percent increase overall. Now, that is a tax grab of the first order. We are talking now about a 2-percent tax on net income, a new little gem that was brought out by—I think euphemistically referred to as mean Gene the tax machine. This was the Minister of Finance under the Pawley administration.

They raised hydro rates 10 percent. They raised telephone rates—11.5 percent telephone rate increases; 30 percent increases in Autopac premiums. They averaged a 20-percent increase in every fee that the government collected, everything from drivers licences to birth certificates.

**An Honourable Member:** Mr. Acting Speaker, I hesitate to interrupt my colleague, but I wonder if he would table the document that he is reading from?

**Mr. Ernst:** No, Mr. Acting Speaker, I need not table this document because that information is part of the public record. That information is contained in Hansard. You need only look in back issues of Hansard to find that information. Read past budgets delivered by members of the NDP, and you will find those incredible increases in taxation.

A land transfer tax—somebody who wants to buy their home—these people that they refer to as low-income people who are struggling to keep their own home—they put a tax on buying one. That was one of their gifts to the public of Manitoba.

\* (1750)

I heard today someone talk about how people would have to pay more for a Big Mac at McDonald's. Interestingly enough, you know that the NDP put a 7-percent tax on take-out food for the first time. [interjection] Yes, they did—a 7 percent tax on Big Macs.

Mr. Acting Speaker, not only that, they put in two—not one—two 1-percent increases on the sales tax in this province. I have heard them stand up over there and talk about regressive taxation—the sales tax is regressive; we ought not to have it. They put in two increases on the poor and the seniors who have to buy those basic commodities. They put that up 2 percentage points.

Mr. Acting Speaker, not only that, they implemented that other gem to encourage

employment in this province. They thought, you know, we want to have jobs for the people of Manitoba, so we ought to have something to encourage that, and they put in a payroll tax. For every job that was created, they decided, well, we will tax it, and that will encourage the business people to put in more jobs, by their somehow strange and warped sense of economy.

That was not good enough, so they implemented it once, and they increased it by 50 percent the next year, Mr. Acting Speaker, because it was not working. We have seen it before with members of the NDP who said, it may work in reality, but does it work in theory? That is what we have to worry about.

Mr. Acting Speaker, while I was sitting here and waiting for my opportunity to participate in the democratic process, I happened to refer to Maclean's magazine. I was referred to it by the Minister of Natural Resources (Mr. Enns). It is Canada's chronicle of events, Canada's principal news magazine and chronicle of what occurs in this country.

I turned to the page entitled Canada. What does it say? Rebuking the NDP. Now, I thought that was pretty tough stuff, particularly because a lot of us, on this side of the House, thought these guys were left-wing. When we all of a sudden now discover that there is a headline in Maclean's magazine that says, Rebuking the NDP, it peaked my interest, as you might think it might.

I read on. [interjection] As soon as I put on my glasses, we will find out what it says.

It says: Most people are pretty fed up with the NDP because they promised us a lot and have been very slow to deliver. Now, Mr. Acting Speaker, what they are talking about is the New Democratic Party of the government of Ontario, because the subheadline says, Bob Rae gets a failing grade in a mini-test taken in two Toronto ridings.

**An Honourable Member:** That is no reflection on the school system.

**Mr. Ernst:** Well, no, that is correct. It is not, but you have to wonder because here is a government that has been in office roughly the same amount of time as ourselves. They were elected a week earlier than we. For the first time the socialist saviours of Ontario are going to solve all their problems. But it does not seem to work that way, let alone the

prattlings of our colleagues here in the House who come and tell us how great they are going to do if they ever get into government again. God help us if they do, Mr. Acting Speaker, particularly based on this kind of—but let me read on.

It says, by-elections often serve as a public report card on a sitting government's performance. For Premier Rae's hapless New Democrats who fought and badly lost two of them in Toronto last week, the grades were particularly dismal. In suburban Don Mills, popular East York mayor David Johnson won a previously held NDP seat for the Conservatives, now remembering that the Conservatives were kind of a bit out of favour for a bit in Ontario. The NDP finished a poor third—

**An Honourable Member:** How poor?

**Mr. Ernst:** Well, I do not know.

**An Honourable Member:** 8 percent.

**Mr. Ernst:** Well, no, no.

In St. George-St. David another riding, Tim Murphy held on to former Ontario Attorney General Ian Scott's vacated seat for the Liberals, capturing 51 percent of the vote compared with 38 percent for the Tories who, again, have traditionally been running third in recent times and a humiliating 8 percent for the NDP.

So, Mr. Acting Speaker, we see I think the kind of problem that can occur when you have statements being made by members opposite about how great they would do, because when they are confronted with circumstances, when they are faced with having to deal with major issues in a responsible manner, that is what happens. They did it coming in irresponsibly to start, and they were forced now—I think the relative comparison of deficits, theirs approaching somewhere in the area of \$12 billion, which, on a per capita basis, would relate to a \$2 billion deficit in Manitoba. That is what Manitobans would be facing under an NDP government on the same kind of scenario as Ontario based on a per capita transference, \$2 billion.

Now what is the deficit proposed in this budget, Mr. Acting Speaker? Somewhat less than \$400 million, significantly less, by large orders of magnitude, than would have been the case had the NDP been in power using that transposition. Now that may not entirely be fair, but there is no other way of judging, but then what goes on either historically by the NDP in this province or by what

their ideological soulmates do in other provinces on either side of us? What are we suppose to judge it by? By the hollow rhetoric of the members opposite, I do not think so. I think we should look at what happens. What are the facts? What have they done for real with the responsibility, the elected responsibility to carry out those activities? What have they done? That is what we are judged on. They should be judged in the same way.

Now time is getting on and I have only begun. [interjection] Three minutes. Thank you, Mr. Acting Speaker. Well, we have to look for a minute and see what is happening in those other budgets in other provinces under other administrations. Mr. Acting Speaker, New Democratic Party governments in Saskatchewan and in Ontario and in British Columbia, Liberal governments in New Brunswick and Newfoundland, P.E.I. and in Quebec, we have not seen all of their budgets yet, but we know that two New Democratic Party governments and one Liberal government have raised their sales taxes by one percentage point, something this budget does not do.

They have all of a sudden thrown out their ideology with respect to regressive taxation and have said, not only that, we are going to tax the poor, we are going to tax the senior citizens, we are going to tax regressively with a sales tax, because we need the revenue. They were not prepared to face a reduction in cost, but they were forced to do that too, because of past actions, Mr. Acting Speaker.

But why have they not launched major attacks against the corporate sector? Why have they not launched major attacks in those provinces against personal income taxes and so on? For the same reason that we have not. They have recognized all of a sudden, for the first time, that we have to be competitive. They have to be competitive, and we have to be competitive. That is exactly what the Minister of Finance (Mr. Manness) has done with this budget. He is continuing to make this province competitive.

The Premier (Mr. Filmon), as the chair of the Economic Development Board of Cabinet, is continuing to make Manitoba a competitive place, the members of that board, the members of this entire government working constantly for the betterment of this province, to make it a better place, more competitive, to attract jobs, to attract industry and to be able to have the revenue to look after the

social safety net, to have the revenue available to pay for education, health care and family services.

Thank you.

**The Acting Speaker (Mr. Penner):** The hour being six o'clock, this House stands adjourned and remains adjourned until tomorrow (Friday) at 10 a.m.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 15, 1993

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