



Second Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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**DEBATES  
and  
PROCEEDINGS  
(HANSARD)**

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

LIB - Liberal; ND - New Democrat; PC - Progressive Conservative

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 25, 1991

The House met at 1:30 p.m.

### MINISTERIAL STATEMENTS

**Hon. Harold Neufeld (Minister of Energy and Mines):** Mr. Speaker, I have a statement for the House.

Mr. Speaker, I had planned on making a statement yesterday, but because of other business, I was unable to get here on time.

I am pleased to be able to inform the House that as of yesterday morning Manitoba Hydro President and CEO, Bob Brennan, announced their increased emphasis on energy conservation and demand side management. The name of this expanded program is called "Power Smart." The program will involve an additional investment by the corporation of an amount in excess of \$130 million over the next 10 years.

This program covers a number of new initiatives for residential, commercial and industrial customers and will initially include programs to encourage more efficient street and farmyard lighting; new energy efficient shower heads to reduce the amount of electricity used for water heating; energy efficient motors in industry; and new efficiency infrared lamps for the use in hog operations.

This is a leading customer-oriented energy conservation program in North America. The program was first introduced in British Columbia by B.C. Hydro in 1988 and has been accepted by other Canadian electrical utilities in Alberta, Saskatchewan, Nova Scotia, Prince Edward Island and Newfoundland.

Longer term plans include a Power Smart labelling program to designate energy efficient appliances, motor and other electrical equipment, that meet stringent energy efficiency standards. These new initiatives are in addition to the rebate programs already offered by Manitoba Hydro on block heater timers and compact fluorescent light bulbs.

As you are already aware, Manitoba Hydro had set an initial target to reduce energy demand by 100 megawatts by the year of 2001. It is now anticipated

that the initial target will be exceeded. The utility is now committed to saving as much electricity as is cost efficiently possible. This is a major new direction for the corporation, whose historical goal has been to meet the electricity demands for Manitobans by developing new sources of supply and to ensure a reliable delivery network.

Today's announcement by Manitoba Hydro is in line with this government's commitment to provide adequate supplies of fuel and power at competitive prices and to ensure that the energy is produced and used in an efficient and environmentally sound manner.

As Minister responsible for Manitoba Hydro, I am pleased that Hydro is undertaking energy conservation in such an aggressive and responsible manner. Our department has been and will continue to work with Manitoba Hydro and other utilities to identify new opportunities for energy conservation.

\* (1335)

**Mr. George Hickes (Point Douglas):** Mr. Speaker, I also am pleased to add a few comments to this. It is very good, encouraging news.

When we last met with Manitoba Hydro, I personally introduced a resolution to raise the target from 2.6 percent to 6.6 percent, so we are encouraged by this and we know it can be done. It can benefit all of Manitoba, everybody in Manitoba. All we need now is some initiative and efforts to help the people in northern Manitoba who will be coming to change their power sources, and that should find some way to help them conserve their energy. With the announcement with the X number of dollars that are tied into the conservation of the energy, that will mean we can save a lot more energy consumption in Manitoba. So hopefully we should be able to find new markets for that, to create more wealth for Manitobans and to keep our taxes and costs down for everybody in Manitoba.

One thing that I would encourage the government to tie in with energy conservation is looking at the aspects of reversing the billing process, where now if an individual uses more electricity they save more money. If that was reduced, where you conserve

more energy and you reduce your bill, then you will encourage more consumers to be energy conscious.

I applaud this, and I know our side of the House will do whatever we can to support the initiatives. I know there is more that can be done. We just have to find new ways and take opportunities of new ideas, and we will all benefit by this. Thank you.

**Mr. James Carr (Crescentwood):** Mr. Speaker, this is a very good news day for Manitoba Hydro, for the government and indeed for all Manitobans, because at long last we have recognized the importance of energy conservation.

Allow me to be just a little amused to listen to my friends in the New Democratic Party now talking about energy conservation and talking about resolutions that they introduced in front of the committee of Public Utilities, because between 1981 and 1988, when they were government of Manitoba and in charge of Manitoba Hydro, not one megawatt was saved, Mr. Speaker, and the target for energy conservation was one big fat zero.

I think it is important to put on the record that there has been some considerable shift in position between what we hear from the critic today and the actions that were taken by the New Democratic Party when they were in government.

Manitoba Hydro itself has come a very long way even over the last two years, because we saw as recently as the annual report ending March 31, 1989, the Manitoba Hydro pictures on its annual report, a rural Manitoba farmhouse with 11 lights on burning brightly. Obviously that is the wrong message to send to the consumers of hydro-electricity in Manitoba and obviously a lesson learned by the new management of Manitoba Hydro. We also have to remember that there are considerable -(interjection)- well, there is some heckling going on from the member for Flin Flon (Mr. Storie). The member for Flin Flon was the minister responsible for Manitoba Hydro when the energy was zero.

For a change—

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order, please. We have given the courtesy to the honourable minister to make the statement. We have also given the honourable member for Point Douglas the courtesy. Now I

expect that we give the honourable member for Crescentwood the same courtesy.

**Mr. Carr:** I think we should also on this very important day make the point that building huge hydro-electric dams in northern Manitoba has a cost beyond the cost of building the dam and the construction of the transmission line to southern Manitoba and then for export sale.

The costs are also very much a part of a traditional way of life of aboriginal peoples who live in northern Manitoba, the environmental costs that we have to look at very carefully before any major construction.

\* (1340)

So this all in all is a happy day. Let me also say that I think all members of the House can take some credit for this. Those of us in opposition do not often get an opportunity to see the results of our own labour in government decisions, but this is an example I think where private members' resolutions and pressure from members of the opposition have encouraged policy development from the government.

We do not want to take away any of the credit that the Minister of Energy (Mr. Neufeld) deserves, or the board of Manitoba Hydro. I think that we can all take credit for a good public policy development, very progressive, Mr. Speaker.

## TABLING OF REPORTS

**Hon. Darren Praznik (Minister responsible for The Civil Service Act):** Mr. Speaker, I would like to table in this House today a report prepared by the Hay Management Consultants for the Manitoba Civil Service Commission, a review of the recruitment, selection and classification process within the Manitoba Civil Service.

## 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 Elmdale Elementary School sixty Grade 5 students. They are under the direction of Sylvia Baker and Dave Driedger. This school is located in the constituency of the honourable Minister of Highways and Transportation (Mr. Driedger).

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

## ORAL QUESTION PERIOD

### Repap Manitoba Inc. Preferred Shares Value

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, the Minister of Finance (Mr. Manness), who is the minister responsible for the divestiture of Manfor, has been asked a number of questions in this House by a number of members over the last couple of years. We asked the Minister of Finance last year how he in all consciousness could put \$78 million of so-called preferred shares in the so-called Fiscal Stabilization Fund, notwithstanding the Auditor's comments that that in fact was an incorrect and invalid place for the shares, because in fact they were worth nothing in terms of the financial situation of Repap.

Since the government's announcement, which included sale of some of our products to Wisconsin plants, in the press release of a couple of years ago, we have found out from publications in The Pas and other announcements today that Repap is having problems with payments from the Wisconsin plant for purposes of Manitoba product, and that in fact, according to financial analysts, will put Repap's financial situation in greater jeopardy.

I would ask the Minister of Finance: What is the status of the preferred shares that he has placed in the Fiscal Stabilization Fund, given the Auditor's statement and given the fact that we have to pay \$90 million as part of this deal for highways? What is the status of that preferred share situation? What year can we cash those preferred shares, and what year can we use them to hire nurses or keep our province going in terms of the Fiscal Stabilization Fund, given the recent financial analysis of the Repap situation?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, as I have said many times in response to questions put previously by the Leader of the NDP and also in response to some other questions emanating from the Provincial Auditor's comment, certainly the \$78 million to which the member refers is not to be considered cash. They are not realizable at this particular time in a cash or spending sense.

They are footnoted that way, but let me also indicate that when I challenged members opposite or indeed the Provincial Auditor to tell me where to lodge the value of those shares, I never got a response, because in reality they had to be lodged

somewhere, so I put them in the best place that I thought then, and I still seem to think that was the proper place to lodge them.

\* (1345)

We have promised this House and we have promised Manitobans that \$78 million would not be spent in any fashion until they turn up in a cash sense. The member asks: When is that going to be? Mr. Speaker, that would begin to happen in 1994-95 under the present contract as it stands. Let me also indicate to the Leader of the NDP and to members of this House, the contract is binding on both parties, government, including Repap.

Let me also indicate, Mr. Speaker, that not one dollar of the \$90 million commitment in roads has flown to this particular point in time. Not one dollar of the guarantee that was put into place, *pari passu*, equal status with the other lending institution, has flown also. Government has not put any money into this other than to clean up the horrible mess that was left with respect to Manfor.

### Job Creation

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, the previous government did not in any way change the forest cut area. In fact, we had separate value-added job opportunities being developed in the Swan River area. I will table the internal confidential document that went to the Conservative caucus from the Western Diversification Office talking about the tremendous opportunity in the Swan River valley area for jobs.

Mr. Speaker, we have called on the government to not give away the forest cut area in the Swan River area to have the separate value-added jobs being evaluated both subject to the environmental hearings that would of course have to take place.

Now that we have only two jobs from Repap in the Swan River valley area instead of the hundreds of jobs that were being analyzed by the Western Diversification Office and analyzed by other independent sources, I would ask this Minister of Finance: When is he coming through with the 250 jobs that he and his Premier promised to the people of the Swan River valley area?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, what is obvious, firstly, is the NDP is totally against the divestiture of Manfor to Repap. What is obvious also is that the NDP is trying to pit The Pas

region versus Swan River in this whole issue, and I say to them, shame.

Mr. Speaker, right today there are 60 jobs in the Swan River area purely and entirely as a result—in the cutting area, I am talking in the Swan River area—of the supply of chips to The Pas existing mill. The member can try and dredge up this story from the past again, but as he is so keenly aware and hopefully understanding, the 250 jobs can only come as a result after the investment has been made in Phase I leading to Phase II by Repap, and that can only happen after the environmental licences, as required, are finally provided.

**Mr. Doer:** Mr. Speaker, let the record show that most Manitobans are against this deal that this Tory government negotiated in terms of giving away our forest resources in the Swan River valley area and other areas of the province of Manitoba, changing the cut area. Let the record show that it was the Tories who changed the cutting area and got nothing for it.

Mr. Speaker, given the Premier's own comments in his own press release and the Minister of Finance's own comments where they made job guarantees to the people of Manitoba, has the government renegotiated the wishy-washy, meaningless wording that they had in the contracts saying that the best efforts would be made to have these jobs? Has the government renegotiated wording in a contract in terms of this divestiture that could guarantee fulfilled jobs in Manitoba instead of the promises that have not come true in terms of what this government has made to the people of Manitoba?

**Mr. Manness:** Mr. Speaker, the short answer to the question is no. No renegotiation has taken place. Let me also indicate though to the member, as individuals in the forest products industry became aware of the covenants put into place, particularly by Repap, the indication has been made to the government that no better agreement could have ever been struck for the province of Manitoba.

\* (1350)

Let me indicate, Mr. Speaker, the agreement is so solidly in support of the best interests of the province, it is one of the problems that the government would have to face, indeed, if Repap came forward seeking a redraft of certain aspects of the agreement, because we have such a solid agreement that is in place right now with such

tremendous guarantees that we are very reluctant to make changes within it. It is so binding on the company.

### **Repap Manitoba Inc. Job Protection**

**Mr. Oscar Lathlin (The Pas):** Mr. Speaker, my question is for the Minister of Finance.

At this moment, over 100 residents of The Pas are demonstrating in The Pas over the contracting out of woodland jobs by Repap. Some 50 employees of Thompson and Cranberry Portage along with other traditional woodland jobs have been dropped by Repap, while the company is contracting out part-time nonunion woodland jobs and importing chips from nontraditional areas instead of increasing the jobs in The Pas. All of this when the mill is being shut down.

My question, Mr. Speaker, to the minister: What guarantees did this minister put forward to protect woodland jobs, so that the total number of employees in the mill and woodlands area will actually rise rather than being shifted around, playing one area against the other?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, here is the great irony of this situation. It is a great dilemma that the NDP particularly have because in the member's preamble, when he talked about contracting out, when he talked about moving the cutting area into a nontraditional area, that is happening but it is happening in the Swan River area, and that is where the economic benefit is shifted in part.

Now, as far as a reduction, with respect to the sawmill—and let us be very specific—the member is well aware as to the reality in the forest products industry. He is well aware that many, many companies, if not half of the corporations with respect to the forest product industry, are showing significant red ink. Corporations, of course, are going to do what they have to do, and they are going to have to try to address that loss.

Mr. Speaker, what can happen and why the government is so happy it divested itself of Manfor is right now if the government owned it, there would be pressure for the members opposite to be losing \$30 million, \$40 million, \$50 million a year and supporting a nonviable operation at this point in time. That is what the people of Manitoba have

saved by way of that divestiture. I say to the members opposite, shame on them for being in opposition to the sale to Repap.

### Northern Manitoba Youth Employment Services

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

Since the layoff at the mill was announced some time ago, why did this minister not support keeping the northern youth job corps and CareerStart at current levels? Did the minister not realize how many Northerners are already unemployed? Right now there are 225 people unemployed—being laid off at Repap. What will the minister do? Why did he not support Northern Youth Corps and CareerStart?

**Hon. Harold Gilleshammer (Minister of Family Services):** Mr. Speaker, I believe the member is well familiar with the situation that the federal government has withdrawn their funding for that program. That information was provided by the federal government last year, that they would no longer fund it, and we do not have the ability to fund that program on our own.

As far as the CareerStart Program is concerned, there will be a CareerStart Program this year. We have sent out applications to those institutions and groups that have applied for information. The program is somewhat smaller than last year, but we will be going ahead with the program. The confirmation of the successful applicants will start taking place after May 3.

### Repap Manitoba Inc. Job Protection

**Mr. Oscar Lathlin (The Pas):** Mr. Speaker, my last question is to the First Minister.

What contingency plan does his government have now if Repap continues to encounter financial difficulties, continues to lay people off and finally decides to shut down? What plans does he have right now to address that situation?

### Point of Order

**Hon. Clayton Manness (Government House Leader):** Mr. Speaker, I ask you to bring the member to order, to ask him to pose his question in the unhypothetic, to present it as based on fact,

because there were as least two "ifs," and I would say the question is totally out of order. It is hypothetical.

\* (1355)

**Mr. Steve Ashton (Opposition House Leader):** Mr. Speaker, I believe the member for The Pas was asking this government if it has any plans. I realize that the government may not have plans; that indeed may be an answer, but I believe the member's question was not hypothetical. It was: What are the plans in regard to Repap in The Pas?

\* \* \*

**Mr. Speaker:** Order, please. The honourable member for The Pas, would you kindly rephrase your question, please.

**Mr. Lathlin:** Mr. Speaker, what are the plans of this government to maintain the jobs at Repap and to ensure that the people in The Pas and area continue to be employed?

**Hon. Gary Filmon (Premier):** Mr. Speaker, the first and foremost thing we did was to sell Manfor to Repap, to a private sector corporation that has been very successful in the past decade, in fact, the fastest growing private sector operator in the forest industry in the private sector in the past decade in North America. In so doing, we have given stability to the operation, unlike what happened during the '80s when the NDP were in government, where when they were running the operation, they were not only losing \$30 million a year of taxpayers' money, but they too were laying off hundreds and hundreds of workers.

We have the press clippings. I do not know what the member for The Pas was doing in those days, but he certainly was not out there criticizing the New Democrats who were laying off hundreds of people when they operated it, and at the same time, having a \$30 million annual—

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

### Point of Order

**Mr. Ashton:** On a point of order, I would ask, Mr. Speaker, that we do follow our rules. Beauchesne is very clear that answers to questions should relate to the matters raised. The member for The Pas asked a very straightforward question, what is the policy of this government? What are they doing?

The First Minister should not engage in the kind of debate which is avoiding to answer a very serious question that was asked on behalf of the people of The Pas.

**Mr. Speaker:** On the point of order raised, I would like to remind all honourable members that answers to questions should be as brief as possible, should deal with the matter raised and should not provoke debate.

### Repap Manitoba Inc. Construction

**Mr. Reg Alcock (Osborne):** Mr. Speaker, the Premier seems to forget that Manfor was in the black when it was given away.

Mr. Speaker, the Minister of Finance talks proudly about the solid agreement he has, but an agreement is only solid if you choose to enforce it and he has not shown that willingness to date. When Repap pulled out of its commitment to Swan River, he did not take the necessary action to see that they met that commitment.

I would like to ask the minister a very simple question. To the Minister of Finance: Will Repap be starting construction in this fiscal year?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, if Repap started construction this year before they received all necessary environmental processes, permits and clearances, I can indicate the very first person who might be standing at attention calling upon us to take drastic measures preventing Repap to build indeed would be the member for the Liberal Party.

Mr. Speaker, I cannot answer that question in definitive terms, because I cannot stand here today and tell members when it is that the clearances and the permits necessary to begin and allow building will be in place.

### Development

**Mr. Reg Alcock (Osborne):** Mr. Speaker, despite the environmental issues, the financial community on this continent seems to suggest that Repap will not be building this year or next year and perhaps never. It is, and I quote, the most heavily debt-financed forest products company in North America.

Can the Minister of Finance give us some indication of when Repap is going to do something to begin to build the kind of economic base that this

minister keeps promising that investment is going to create, because we have seen nothing to date?

\* (1400)

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, the member quotes from a 7:30 a.m. this morning CBC Radio clip, and the source of that was an Ahmed Wadwhaney, a financial analyst with M. J. Whitman and Company of New York. That was the source of the quote that the member asked the question today.

I would prefer to put my confidence, Mr. Speaker, with respect to development, Phases I and II under the agreement, first of all in our own environmental processes and after that in Repap itself, who has been a tremendous corporate citizen in Canada, who provides literally thousands of jobs across this nation. I put my faith in the agreement as has been written and ultimately put faith in the people of The Pas and Swan River, who I know will provide the necessary fibre supply for a billion-dollar-plus investment in our province.

### Financial Protection

**Mr. Reg Alcock (Osborne):** Mr. Speaker, the people of Swan River put their faith in this minister, and he failed them.

My question is to the minister. It is the Wisconsin plant that is so seriously in trouble today. In this very good agreement that the minister speaks so proudly of, is the Manfor complex, The Pas complex, sheltered from the problems of the Wisconsin plant?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, directly, yes. Indirectly, in the sense that it is a subsidiary of the same parent, Repap Enterprises in Montreal, the answer is no. I mean they are part of the same conglomerate.

I know the member knew the answer to the question before he asked it, and I say to him, what point is he trying to make? I sense what he is trying to say is that Repap should not be here. He wishes that they were not here, and if the Liberals were in government, he would do everything in his power to make sure that they were run out of the province, and to that I say, shame.

### Mini College Program Continuation

**Mr. Leonard Evans (Brandon East):** Mr. Speaker, I have a question for the Minister of Education.



Assiniboine Community College has run a summer program for young people in Brandon for a number of years. It is called Mini College, and it is very popular in the community. It also provides summer employment for four university students. This program was to be offered this year at no cost to the provincial government, since the federal government, through an employment program called Challenge 91, would provide some funds with the parents making up the difference in tuition fees. Nevertheless, the government will not allow the Mini College program to be offered this year. This sounds very unreasonable.

Mr. Speaker, I would ask the minister: Would the minister please explain why his department is depriving 150 young people in the city of Brandon of a learning experience and four students of summer employment when there is no direct cost to the provincial government?

**Hon. Leonard Derkach (Minister of Education and Training):** Mr. Speaker, although the member for Brandon may think there is no cost to the provincial government, indeed the operations of plants, the provision of supplies and all of those matters constitute a cost, and although the NDP does not account for those kinds of costs, indeed they are.

Again it is a part of the reshaping and refocusing of education in this province, that indeed we are determined to ensure that the training and retraining we undertake in this province results in skill development that will lead to jobs rather than simply having individuals deliver courses for no purpose whatsoever.

**Mr. Leonard Evans:** I would ask the minister if he would really take it upon himself to review the whole matter, because my understanding was that there were no out-of-pocket costs. It is a great program in the community. It provides jobs for young people, and the province as a whole would be the loser, Mr. Speaker, if we do not proceed.

I do not know what he has against those kids, the students, the community. There are no out-of-pocket costs. The facilities are there, and it is virtually a free program.

**Mr. Derkach:** Well, Mr. Speaker, the member uses the term "virtually." In terms of determining what our priorities are as a government and as a department, we have to ensure that the money we invest in all kinds of training opportunities and education does

indeed lead toward meaningful skill development and meaningful job skill development in the future.

Mr. Speaker, to that extent we have set some priorities. Indeed the programs that we have developed at Assiniboine Community College, at Red River and at Keewatin Community College are those that we think are going to lead to meaningful jobs in the future.

**Mr. Leonard Evans:** This program does not detract from that objective whatsoever, Mr. Speaker.

### Budget STEP Program

**Mr. Leonard Evans (Brandon East):** I have a question either to the same minister, or perhaps it is the Minister of Family Services.

The Students Temporary Employment Program, referred to as STEP, has provided hundreds of jobs within the provincial government for many a year during the summertime. I understand that it too has been scaled back considerably this year.

Can the minister tell us to what extent this program has been cut back within this budget? How many fewer positions are being offered under the STEP program?

**Hon. Harold Gilleshammer (Minister of Family Services):** Mr. Speaker, we will be proceeding with the STEP program. I simply do not have the details available that the member is asking for at this time, but I will seek to get them and forward them to you.

### Rural Development Corporations Funding

**Ms. Rosann Wowchuk (Swan River):** Mr. Speaker, I have a question for the Minister of Rural Development.

During the election the government made promise after promise that it was committed to the growth and development in rural Manitoba. We were led to believe that under this government the rural economy would strengthen, but instead this government has cut funding for regional development corporations by up to 25 percent. This is an organization that promotes growth in rural Manitoba, helps small business and strengthens the rural economy.

How can the Minister of Rural Development on one hand state that he supports rural Manitoba and

then cut funding to this organization which will create jobs in rural Manitoba?

**Hon. James Downey (Minister of Rural Development):** Mr. Speaker, let me say to the member for Swan River that the program to which she refers and those individuals and those municipalities that participated have in fact provided and do in fact provide in most cases a meaningful program and service to those communities for the enhancement of economic development.

The government has had to make some difficult decisions. The previous government left the people of Manitoba with an annual interest bill of over \$550 million, over \$500 for every man, woman and child. There had to be some difficult decisions made. I believe that through the work with the government through rural development bonds and other activities that we are working on, that we will be able to overcome the difficulties that a slight reduction in that program will cause.

**Ms. Wowchuk:** Mr. Speaker, this government continues to offload and offload onto municipalities. First we have their operating grants cut, increased policing costs, 2,000 kilometres of roads dumped back on to the municipalities, now cuts to the RDC funding.

Can the minister tell this House how he expects municipalities to absorb all this cost? Their budgets have been set. They have been in place for a month. How are municipalities going to pick up this extra cost for their RDCs to continue to operate?

**Mr. Downey:** Mr. Speaker, as I said, there have been difficult decisions that had to be made. I will, for the member's benefit, have to say again that it is important, I am sure, to every municipality that we maintain the hospitals in those communities, that we maintain the educational facilities and that we maintain the family services which this government has provided.

So, Mr. Speaker, those municipal people she is talking about, and representatives, clearly understand the difficulty that this province is facing. They clearly understand it. I know we have had a meeting. The Minister of Finance (Mr. Manness), the Minister of Highways and Transportation (Mr. Driedger) have met with the municipal people and will be meeting further with them to further discuss how the road system can be taken over and how we can work our way through these very difficult times and make sure that we do have the building, the

base of which will rebuild the economies of rural Manitoba.

**Ms. Wowchuk:** What these rural municipalities understand is that this government has given up on rural Manitoba.

Mr. Speaker, to the same minister: Can the minister tell us why he has also cut the RDC associate funding of \$50,000 which is used to promote business and promote Manitoba throughout the country, but also includes the pensions and benefits of the RDC managers? What is going to happen to the pensions and benefits of these managers?

**Mr. Downey:** Mr. Speaker, let me again emphasize that a lot of these difficult decisions had to be made. I can tell her and tell the members of the opposition that we did not and are not ignoring rural Manitoba. The commitment of \$43 million in an agriculture program is not ignoring the farm and rural communities, as is the commitment to continue the removal of the provincial portion of education taxes off the farmer, probably close to some \$20 million in benefits.

So do not let the member say that we are ignoring and neglecting rural Manitoba. We have put a substantial amount of money in this budget for rural Manitoba.

\* (1410)

### Education System Teaching Positions

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** Mr. Speaker, the government workers who demonstrated on the steps of the Legislature at noon today are not the only public employees facing a bleak future as a result of this government's policies. We have learned that the Manitoba Teachers' Society is dealing with 312 teachers who have been laid off as of March 31. That is 10 times the number of teachers who were laid off at the same time last year. At the same time, we have 700 new teachers graduating from Manitoba universities this spring with no hope of a job since the school divisions are laying off, not hiring.

Can the Minister of Education outline in this House today, plans or even ideas that he has that will stop the flow of Manitoba graduates to other provinces and keep Manitoba-trained teachers here

in our province working to improve the skills and competitiveness of Manitobans?

**Hon. Leonard Derkach (Minister of Education and Training):** Well, Mr. Speaker, that is the dilemma we face in this province, because when we unfolded the fiscal plan for this province, we did it for all sectors of the society.

We did go out to school divisions and ask them to set their priorities. We did go out to the Manitoba Teachers' Society and indicate to them that this province was facing an extremely difficult financial situation, and we asked them to contribute to the process by perhaps reducing their demands on the public purse, if you like. School boards then had to make some decisions after having settled with teachers at 5 percent and above levels. That definitely has resulted in some of the repercussions that we see here today in teachers being laid off from the various school divisions across this province. It is regrettable, but that is the reality.

### **Red River Community College Course Elimination Criteria**

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** This minister is so out of touch with what is going on in the education system that it is incredible. Yesterday this minister said in this House in response to a question about the elimination of the developmental social work program at Red River that he had three criteria: they had cut programs in which there were low enrollments; they cut programs in which the facilities were being offered in other institutions; and they were cutting where there were few job opportunities.

Well, Mr. Speaker, I have been in touch today with the people. They tell me that they had overenrollment in this department—overenrollment, and that there is an incredible demand for the jobs.

Why is this minister giving information in this House which is obviously wrong and for which he shows his absolute lack of understanding of what is happening at Red River Community College?

**Hon. Leonard Derkach (Minister of Education and Training):** Mr. Speaker, I regret to say that the Leader of the third opposition party, or the second opposition party—she is going down—is the only one who is out of touch with realities, whether it is in Education or any other department.

As a matter of fact, the program that she talked about that was being cancelled was a market-driven training program. As a matter of fact, she should know also that there is a two-year program that is still ongoing at Red River Community College, and there will be 25 new students taken into that program. So I ask her to do her research and to come back to this House with more accurate information.

It is true that had students and had teachers and had the people who work for government taken zero percent, or if they would take zero percent, there will be fewer layoffs than there would be if people who work for government and for school boards expect very high increases in economic times such as we are facing today.

**Mrs. Carstairs:** Mr. Speaker, there were two programs, one two-year, one one-year. He has slashed the one-year program. Those are the facts and he knows it.

### **Brandon Mental Health Centre Education Programs**

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** I would ask the minister today to tell this House: What legal right do the children who are patients at the Brandon Mental Health Centre have to an education, and how will that legal commitment be fulfilled when there will be no teachers instructing at that program?

**Hon. Leonard Derkach (Minister of Education and Training):** Mr. Speaker, once again, the Leader of the Liberal Party shows her complete lack of knowledge about the educational process in this province.

There are alternative programs delivered right through this province, indeed Brandon School Division has some very progressive programs in terms of dealing with students who have special needs. A year ago, we implemented a special program at Brandon School Division, which is costing the province something like \$100,000 to deliver that program to students with special needs. Indeed, there are programs available. There are very professional staff, well-trained, to deliver alternative programs in this province.

### Health Care System Multicultural Services

\* \* \*

**Ms. Judy Wasylycia-Lels (St. Johns):** Mr. Speaker, has the Minister of Health now familiarized himself with the government's evaluations of the Immigrant-Refugee Health Program and satisfied himself that the program is exemplary, cost-effective and worthy of provincial support?

**Hon. Donald Orchard (Minister of Health):** I have never said anything different, Mr. Speaker.

**An Honourable Member:** For one short question—go back to the old way. It is the only way he will listen.

**Ms. Wasylycia-Lels:** It was a good experiment while it lasted, Mr. Speaker. I guess I will go back to my old ways.

Has the Minister of Health reviewed the government's evaluations of the health program for immigrants and refugees and satisfied himself that this program is exemplary, cost-effective and worthy of provincial support?

**Mr. Orchard:** Mr. Speaker, I dealt with that question last answer.

**Ms. Wasylycia-Lels:** Will the minister be making a positive announcement on this program at his meeting today with ethnocultural representatives at 6 p.m. and at the gathering this evening on the steps of the Legislature?

**Mr. Orchard:** Yes, Mr. Speaker.

Now that my honourable friend has been so concerned about shortness of answers, maybe she would allow me to elaborate.

Let me tell you what the process is that we are undergoing in terms of allocation of funding, because I think—

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

### Point of Order

**Mr. Steve Ashton (Opposition House Leader):** Yes, Mr. Speaker, I believe the minister, probably it may be a first in this House, has answered the question in one word, and I believe we should allow the member for St. Johns to continue with her questioning.

**Mr. Speaker:** Order, please. The honourable Minister of Health, to finish his response.

**Mr. Orchard:** Mr. Speaker, there are two processes at work to deal with this issue. First of all is my Multicultural Health Advisory Committee, which I hope to meet with when the chairman returns, so that they can establish the process of prioritization of program that will be important in aiding us in our decision making.

Secondly, within government, I simply want to reiterate that there was a request for \$160,000 to continue a program that had been developed through ad hoc funding. We were unable to accede to that request this budget cycle.

### GRIP Program Additional Coverage

**Mr. John Plohan (Dauphin):** Mr. Speaker, yesterday the Minister of Agriculture announced his approval of a program, GRIP, that discriminates between producers based on whether they have had crop insurance in the past or not. As a matter of fact, he said that a farmer who had crop insurance premiums, who paid crop insurance premiums in the past, was justified in getting additional coverage because "he has proved himself above average."

In view of the fact that all it proves is that the farmer on crop insurance, who was eligible for additional coverage, merely produced 70 percent of his insured levels in the majority of the years that he was on crop insurance, will the minister now clarify his position with regard to that statement, and will he admit that a farmer's previous premiums paid on crop insurance should entitle him to no special privileges under GRIP?

**Hon. Glen Findlay (Minister of Agriculture):** Mr. Speaker, I do not know where the member has been, but I announced approval of the GRIP program many months ago, not yesterday. What I announced yesterday, for his benefit, is the extension of the deadline to allow more farmers an opportunity—I would also like to remind the member that a safety net task force has been in place for about a year with some 33 members; 19 of them are farmers, 11 of those people are from western Canada, three of them are from Manitoba. One of the principles they work with very strongly is the

individualization of the producer's ability to cover himself based on his record over time.

\* (1420)

**Mr. Plohman:** Mr. Speaker, in view of the fact that only 54 percent of Manitoba producers are actually on crop insurance, and therefore, in other words, nearly half of the producers in Manitoba are not eligible for this additional coverage, will the minister reconsider that provision and ask that the program be changed to allow farmers who were not on crop insurance to bring forward their long-term verifiable records, based on elevator tickets or Wheat Board records, so that they too can qualify for additional—

**Mr. Speaker:** Order, please. The question has been put.

**Mr. Findlay:** Mr. Speaker, the safety net task force recommended that the revenue insurance program be based on the principles of crop insurance and the records that people have built up over years and the records that the Crop Insurance Corporation has built up over years.

When that recommendation came forward, there were some shortcomings in it naturally, and we asked that the window of opportunity of adjustments be kept open on an annual basis, but for the member's benefit, in this year alone we have instituted a superior management adjustment that allows the producer retroactively in 1991 to raise his level of coverage based on his ability to produce. We have allowed producers who are below the soil zone area average to have at least area average, allow them to bring themselves up to average, an option that is available to them if they want.

Mr. Speaker, we have reduced the premiums on revenue insurance. We have extended the deadline for premium payment. We extended the deadline for sign-up. We have added a lot of benefits to the program since it was announced.

**Mr. Plohman:** Mr. Speaker, I would ask this minister—he says that he has made all kinds of improvements to the program with the pressure from this side of the House and from producers across the province. -(interjection)- Yes, there has been some improvement.

Will he allow the long-term, verifiable average for individuals who are not on crop insurance, some 46 percent of the farmers in Manitoba, who cannot qualify for this discriminatory provision? Will he allow that so that those farmers can indeed get

additional coverage to cover their cost of production, rather than be discriminated against?

**Mr. Speaker:** Order, please. The question has been put.

**Mr. Findlay:** Mr. Speaker, some 67 percent of the farmers have been in this crop insurance over the past few years, so he is wrong again on that count.

We have allowed a lot of input into this program from a lot of people, several farm organizations, many delegations. We want this program to be responsible for what the farmers want. We also want the program to look responsible to the taxpayers of Manitoba and Canada who are going to fund this program.

There is no question that the program is desperately needed. I want to tell the member, the rate of sign-up is going at about 1,000 a day right now.

### **Health Care System Multicultural Services**

**Mr. Gulzar Cheema (The Maples):** Mr. Speaker, my question is for the Minister of Health.

It seems that we have lost the whole issue between the short questions and short answers.

Can the minister give us an explanation and assure that this year's funding will be provided for this specific program? It is a spending smart program which has saved money. It is costing \$5 per visit. I think we should expand this program rather than cutting this program.

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, I cannot give my honourable friend that assurance. The assurance that I have been giving in the last couple of days is that this program is in process of discussion with the ministry.

We could not build into the base funding this year the additional funds that were required. There were two specific reasons why we were unable to do that in this budget cycle. No one is saying that the program does not serve a value. What we are attempting to establish with the advice from the Multicultural Health Advisory Committee and advice from my department is where we can reallocate funding if this program turns to be one of a higher priority than those currently funded within our fixed budget.

**Mr. Speaker:** Time for Oral Questions has expired.

## ORDERS OF THE DAY

### House Business

**Hon. Clayton Manness (Government House Leader):** Mr. Speaker, in accordance with the provisions of Rule 65.(6.1), I am tabling the sequence for the consideration of Estimates in the two sections of the Committee of Supply.

### BUDGET DEBATE

**Mr. Speaker:** On the adjourned debate, eighth day of debate, on the proposed motion of the honourable Minister of Finance (Mr. Manness), and the proposed amendment of the honourable Leader of the Opposition (Mr. Doer), and the proposed subamendment of the honourable Leader of the second opposition party (Mrs. Carstairs).

**Mr. Steve Ashton (Thompson):** Mr. Speaker, I am pleased to be able to speak on this budget, a 10th budget, a 10th year in this Legislature speaking in terms of budgets.

I will say this is a budget that I speak on very, very reluctantly. Of all the speeches I have had to make in this Legislature in the last 10 years, this is the most difficult one.

If members wonder why people such as myself and other members of the New Democratic Party have such difficulty in speaking on this budget, they should look at its contents. Mr. Speaker, this budget is the most regressive, vicious budget in Manitoba history.

I find it surprising that I have to make that statement, because I remember when I first ran for the Legislature in 1981 running for a party that opposed what up to that point in time had been the most regressive and vicious government in Manitoba history, the Sterling Lyon government. But you know, this government has exceeded the Conservative government of Sterling Lyon, not only in terms of regressiveness and in terms of vicious cuts, but in particular in terms of duplicity with the people of Manitoba.

As I rise to speak today, I will prove in the short time available that indeed there can be no other conclusion than the fact that this government has misled the people of this province, first in the election of 1990 and now with this budget of 1991.

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

I want to, as evidence, quote the words of those leading members of the government to see exactly what this government is all about, and in particular to see how much Manitobans were misled. Madam Deputy Speaker, does anyone remember the statements of the Premier on election night? What you see is what you get. More of the same, was another quotation from the Premier, referring to the type of so-called moderate government that we had seen for a short period of time while the Conservatives had a minority government situation. How can anyone forget that?

How about the quote of the Minister of Finance (Mr. Manness), Madam Deputy Speaker? This budget does not affect ordinary people—1991. I will deal with that in my comments today. Who of course, if we are going to be talking about quotes from this government, can forget the quote from the so-called Minister of Northern Affairs (Mr. Downey) last year, last session in this House: It is too bad Northerners do not know how to vote. A direct comment he made in response to questions about northern cutbacks. I want to deal with that comment in my comments today.

\* (1430)

But of course there was one comment that probably was an indicator of things to come. It was on election night: A Tory is a Tory is a Tory; a majority is a majority is a majority—Gary Filmon, 1990, Madam Deputy Speaker, the Premier.

Well, let us see what a Tory is in 1991. Let us see what a majority is. Let us see what Conservatives mean when they say, this does not affect ordinary people. Let us assess that. Let us deal with the statement by the Minister of Northern Affairs about Northerners not knowing how to vote, and let us deal with the statements of the Premier to assess whether there is going to be more of the same, and what you see is what you get.

Let us talk about this budget: more than 950 jobs eliminated as a result of this budget; over 400 individual Manitobans have received layoff notices, and that number may increase; Natural Resources slashed by 231 jobs; Highways and Transportation slashed by 114 jobs; major cuts in the Department of Education, more than 100 jobs; cuts to virtually every department in government, major cuts in terms of programs, Madam Deputy Speaker.

Let us talk about this budget, \$20 million being expended to lay off people in the midst of a

recession, send them out on the streets to save \$30 million a year, a strange economic strategy. Funds cut to outside agencies, providing many useful services to Manitobans; funds cut in terms of regional economic offices; major cuts in terms of services to rural and northern Manitobans and no job creation.

In fact, not only is there no job creation in this budget, Madam Deputy Speaker, they have cut what job creation there is. They have significantly cut CareerStart. They have significantly cut other programs, and they have eliminated the Northern Youth Corps job program. That is the reality of this budget.

I want to deal with the Minister of Finance's statement first—this budget does not affect ordinary people. I took the time this Monday to attend a demonstration organized by students in Thompson affected directly by the cuts of this government. You know, the staff could not be there. They were told unofficially they might not want to attend, but the students spoke for them and the students spoke for themselves.

What was their message? Their message was that it was wrong to cut 19 positions with the Keewatin Community College in Thompson. It was wrong to cut carpentry, electrical and plumbing programs. It was wrong to have civil technology students, 16 of them told just after they had been relocated to Thompson in October, they have to move to Winnipeg.

You know, when I spoke at that rally I said to them that the Minister of Finance (Mr. Manness) says this budget does not affect ordinary people. Their response was, if they are not ordinary people, Madam Deputy Speaker, then who is? I want the Minister of Finance and the rest of this government who have been bunkered up in this Legislature, at times behind chained doors, to know the kind of results of their decision making, their so-called budget that will not affect ordinary people.

I would like the Minister of Finance to meet with two couples in my constituency where both the husband and wife have been laid off. Talk to them, are they not ordinary people? I would like the Minister of Finance to meet with the 29 people laid off and ask them directly how they felt about the layoffs.

I would like to ask the minister to meet with the students who are being affected by these cuts in

programming, to meet with the civil technology students who have said to me and have said publicly, they are now faced with a choice between their education and their family, because many of them are parents, many of them are single parents. I asked them back, out of that choice, what choice will you make? They will, Madam Deputy Speaker, choose—many of them—their families. You know what that means? They will drop out of that program. I would like the Minister of Finance to talk to those people.

I had a meeting last night, a public meeting, because I wanted those people to have the opportunity to talk. Most of my comments today are based on the feedback. Before the Minister of Northern Affairs (Mr. Downey) talks about playing politics, I want to let him know that one of the first messages that people gave me on Monday and yesterday again, that his statements, his threats to Northerners, and in fact it is now being carried out, the fact that Northerners in his own words, and I quote him, do not vote right. They have said that that is absolutely unacceptable on behalf of the government in the 1990s. They look directly to that so-called Minister of Northern Affairs and blame that minister for the kind of vindictive cuts they have been faced with—the kind of vindictive cuts.

Those are the ordinary people. Do you know what they said yesterday? I just want to relate some of the comments. They worried about the future of this country, they worried about who is in charge anymore, for whose benefit are decisions being made. They worried about the impact of the cuts in jobs to the Civil Service. They are incensed over the \$50 user fee, the surcharge for the northern patient transportation program that we have in place.

Madam Deputy Speaker, they said that Northerners are being targeted. They said, they only wished they had some of the opportunities of people in the South. They talked about seeing neighbours laid off, friends laid off, families affected by this budget.

They talked about the impact on the school district and the Minister of Northern Affairs, who had the gall last Friday to go fly up in the government jet to the opening of the Eastwood School, irony of ironies, the Eastwood School, which this government refused to fund, but which that minister will gladly jump in front of any ribbon-cutting ceremony, they said that this government is hurting that school by

its cuts to the school board, including the drastic cutback in the school lunch program in that school. Many of the people there said, how can a government like this penalize the children of northern Manitoba?

Do you know what else they talked about? They talked about special needs kids in schools, because they are going to suffer. They talked about the increase in fees in terms of day cares, because this budget will affect them.

They talked about the fact that if you are going to talk about medicare, you should talk about employer abuse as much as anything else in a community like Thompson, where often some of the main expenditures are when companies send people to doctors to get pink slips. Always we hear from the other side, from this type of government, in terms of so-called abuse of medicare. They talked about putting day care back 20 years, because that is what they feel will be the result of this budget.

They talked about, yes, the comments of the Minister of Northern Affairs (Mr. Downey). One individual said it was frustrating to have to tell people only six months after the election, I told you so, I told you so, when it comes to Tories and what they bring in.

They talked about other things, the kind of tax breaks that still exist in our tax system for corporations and how this government has done nothing to deal with that.

They talked about education being turned into a two-tiered system. That is their fear: one system for those who can afford it and basically no system or a second-rate system if there is to be a system at all for others.

They talked about welfare. They asked, is this going to be the welfare generation in northern Manitoba? That is their fear.

They talked about the priorities of this government. One woman who was in the civil technology program worked in the business sector as a secretary for seven years, and the essential reason she went into civil technology was that there were no jobs. What is the government doing now? They are cutting out the civil technology program in Thompson and putting in a business skills course. She asked, what kind of priorities does that government feel that it is showing by those disastrous decisions?

People said they do not need to be lectured on how to vote by the Minister of Northern Affairs (Mr. Downey). They said that he is not going to threaten or bully them. In fact, one individual said, Madam Deputy Speaker, that in the next election perhaps Northerners should teach other areas of the province how to vote, because maybe that is the problem, not how Northerners vote.

\* (1440)

They talked about the increase in the gas tax and how that affects Northerners, the major cuts in terms of Natural Resources. They talked about the elimination of a number of heli-tac crews. These are the people who saved northern Manitoba in the major forest fires only a few years ago. They were given all sorts of accolades by Northerners and this government. Now they are getting pink slips. They said, what kind of government can face us with that kind of a risk?

They talked about Conawapa. They want to see Conawapa built, but they do not trust this government to put the training in place to see that more Northerners are hired. They predicted, and I agree with this prediction, Madam Deputy Speaker, that training in the North might suddenly become a priority six months before an election.

But you know, those people have been fooled so many times before, they will not be fooled again. That is what they told me. They asked, in terms of the kind of people who are being affected, how they could be impacting on students making less than \$1,000 a month, living below the poverty line. They asked, was this part of the government's strategy, divide and conquer? They talked about the fear of the employees involved who are afraid, many of those who were not laid off, but they may be next. There was a lot of talk about fear from people.

They talked about the buzzwords that were used, attrition, layoffs, when in fact, we know the real human dimension of it. You know, for more than two and one-half hours they spoke about how they felt the budget was affecting them, themselves, their neighbours and their families. Madam Deputy Speaker, that meeting was probably one of the most moving meetings I have ever attended. It was a public meeting. It was open to all. There were many people there from all walks of life, and I think the real message the people had out of that meeting was, they said, how could this happen? How could this happen in Manitoba? What happened to those fine



statements I referred to earlier? They said very clearly that the budget does in fact negatively hurt, disastrously hurt ordinary people.

So we will remember the Minister of Finance's statement. He will remember it for a long time. They said that they were not fooled in 1990, by the statements of, what you see is what you get, and, more of the same. They dealt with that as you can see from the comments from the people in my community. They said they were not fooled at the time, they will not ever be fooled again by the likes of this government, that this government had a hidden agenda that is brought into place, particularly in northern Manitoba.

They said that indeed a majority is a majority is a majority, but you know, what I sensed the most was a cynicism of politics and politicians, and it was frustrating after 10 years of being a member of the Legislature to hear of such a great amount of cynicism. You know, I do not blame people at all. I told the meeting myself that I get frustrated by what I see sometimes. I get cynical too when I see biodegradable campaign promises, when I see the Premier, only months after the election, doing a 180 degree turn on key areas. This government making so many decisions—

**Mr. Edward Helwer (Gimli):** That is wrong.

**Mr. Ashton:** The member for Gimli should look at this budget and see how it impacts on people because it was not to be found anywhere in their election campaign promises, and he knows that to be the case.

But you know what really, really bothered them, and I have mentioned this several times and I want to reference it again, was the comments about Northerners not knowing how to vote right. I had people come up to me afterwards and say, what can they do? I had one person who was thinking seriously of filing a human rights complaint, filing a complaint against this government for discrimination based on political affiliation. He comes from a community by the way, Madam Deputy Speaker, where I believe out of 60 votes one person voted Conservative the rest of the community did not. He has never told me his politics by the way. He said it is supposed to be a free and democratic society.

How can this government, how can this Premier (Mr. Filmon) have his Deputy Premier and Minister of Northern Affairs (Mr. Downey), someone who blackmails and threatens the people of northern

Manitoba, as evidenced by his statement in 1990 and in 1991—

**Madam Deputy Speaker:** Order, please. I would remind the honourable member that all debate should be relevant to the question before the House and that he should use some discretion in terms of parliamentary language.

**Mr. Ashton:** Madam Deputy Speaker, I would also ask that you do consult Beauchesne in terms of the budget speech which allows members to make comments on a wide variety of issues. This one, which is integral to the duplicity of this government, which has threatened Northerners with cutbacks because of the way it voted, as evidenced by the minister in this House and which continues to do so—that is absolutely fundamental to this budget. The actions of this government, led by the deputy hatchet man—the so-called Minister of Northern Affairs, who has taken out the incredible 1950s right-wing mentality on the people of Manitoba.

I am here today, Madam Deputy Speaker, saying the people of northern Manitoba are not going to take that from the likes of the Minister of Northern Affairs and this government. -(interjection)-

To the members—including the member who sits at the back and laughs and makes light of this, would he like to come up and talk to the 29 people that he and his government have laid off? Would he like to talk to them? Would any of the Conservative members like to get out of this building and talk to the real people of this province?

**An Honourable Member:** We do.

**Mr. Ashton:** Oh, you do? They say they do. Then how can you stand here in this budget debate and support a budget brought in by a Minister of Finance who says this does not hurt ordinary people? I am tempted to use language which I know would be declared out of order, but I will use a statement that is within keeping in Beauchesne as in order, Madam Deputy Speaker, that the Minister of Finance is not telling the truth when he says that this budget does not hurt ordinary Manitobans, because it fundamentally targets ordinary Manitobans, it targets Northerners, it targets rural Manitobans, it targets the unemployed, it targets young people. So do not tell us about what the budgetary policy of this government is. Do not tell us. Get out of this building and talk to Manitobans, because they will tell you.

What frustrates me the most is the fact that we are seeing Calvin Coolidge-R. B. Bennett economics. They have said—

### Point of Order

**Mr. Jack Penner (Emerson):** Madam Deputy Speaker, on a point of order, the honourable member just implied that those of us sitting on the Conservative side of the House continually spend all our time in this building and do not consult with rural people or people in Manitoba about whether it is budgetary items or other. I think the honourable member should be asked to retract that statement because it is in fact not truthful.

**Madam Deputy Speaker:** The honourable member for Emerson does not have a point of order. It is a dispute over facts.

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**Mr. Ashton:** Madam Deputy Speaker, this is the first government in Manitoba history to chain the doors of the Legislature to keep people out of this building, because they are too afraid to face them.

So I would ask that member to look in the mirror at this government if he professes still to be a part of this government, before he suggests that there is anything untoward about suggesting that this government is hiding from the people. This is the first Premier in Manitoba history who is afraid to go out and talk to people. We saw today. He will not talk to the laid-off civil servants. He will not talk to the students. He hides in this building.

He sends out people to speak on his behalf, and I do have some sympathy for the Minister of Natural Resources (Mr. Enns) having to do that. Even Sterling Lyon had the guts to get out and talk to Manitobans, even Sterling Lyon. Whatever happened to that approach, Madam Deputy Speaker?

They are hiding in this building, and if they do venture out of this building to talk to anyone—it is like the Minister of Northern Affairs (Mr. Downey), he came to Thompson to go to an opening for something they refused to fund, the Eastwood School. He, in this House a couple of days ago, said he did not get any complaints on the budget.

What else did he do? He talked to a Conservative political function. That is his definition of going consulting with Northerners and talking to ordinary

people. He went to a Conservative dinner. Wow, Madam Deputy Speaker, he should get out of that jet of his and start talking to the many Manitobans, the many northern Manitobans who would love to have a few minutes of his time to be able to tell him exactly what they think of this budget, this government and, in particular, one of the statements I would say that will haunt that minister and haunt this government for the length of this government and for many years to come in northern Manitoba.

What frustrates me is how little people learn from history. You know, when I see this government I can see Calvin Coolidge and Herbert Hoover and R. B. Bennett written all over them. What I thought was probably the best summary of Calvin Coolidge's economic philosophy was when he, and this is a quote from Calvin Coolidge, when more and more people are thrown out of work, unemployment results. Well, brilliant, Madam Deputy Speaker, I mean that is what this government is doing. It is throwing more and more people out, and the minister gets up and says bottom line is we have unemployment. What they do not understand is the causation. There is a direct causation, and it is interesting that they feel they can solve the problem of unemployment by firing people and laying them off and cutting job creation. That is Calvin Coolidge all over again.

\* (1450)

I am reminded actually of J. S. Woodsworth, who I think summed it up best. I can hardly understand how people can go on year after year wondering why people lack food, collecting old clothes without asking why people should not buy new ones, trying to get people jobs and not asking why unemployment? Why unemployment? Exactly, Madam Deputy Speaker, why unemployment? That is the question this government has not even asked yet, let alone answered.

In fact, I am reminded—and J. S. Woodsworth being a man of the cloth—of a quotation that I saw, which I think probably sums up what is happening in Manitoba today, from a Reverend J. M. Douglas from 1895, a member of Parliament for Assiniboia, and it is what is happening in Manitoba. A friend remarked when we first came to this country, we lived on faith. That failed, and we lived on hope. Hope even is deserting us, and it almost seems as though at least we should live on charity.

That is what is happening in this province. First there was faith, faith in this government, faith in the future. That went. Then there was the hope that maybe something would happen, something would go right. It has not happened. What are we left with, Madam Deputy Speaker? We are left with charity. We are left with food banks. We are left with welfare. That is the end result of not asking that question, why unemployment?

Well, the bottom line is you do not put people to work by laying them off, do not solve the problem with unemployment. You do not solve the problem of unemployment by cutting job creation programs for young people like the Youth Corps program in remote northern communities. You do not solve problems of the future by cutting back on the future itself through cutting education and training. That is no solution. You definitely do not solve anything if you do not listen to the people, if you can honestly believe that this budget does not affect ordinary people.

You know, that is the sad thing that has happened the last number of years. Sterling Lyon cut programs, he was proud of it and at least people knew where he stood. This government slashes programs, cuts programs and then tries to pretend it is not doing that.

Well, I am reminded of the story of the emperor with no clothes. Madam Deputy Speaker, because it was the emperor with no clothes, no one commented on it for awhile. I think that is what is happening with the Conservative caucus. The vestige of moderation, those garments that they wore uncomfortably for two years are now being stripped away and we are seeing the same right-wing ideology that we have always seen, the same sorts of cuts in programs and job creation and yet this government does not recognize it.

I really believe that they also, many members of this government, not all because I have faith in the judgment of some, particularly new members who indeed may in fact be talking to their constituents and getting the same message we are, but to say that this does not affect ordinary Manitobans is fundamentally wrong. It is wrong, this fundamentally affects ordinary Manitobans. Whatever their ideology is, whatever we may agree or disagree about in terms of political approaches, let them not say that.

Madam Deputy Speaker, there is so much more I would like to say, and if I have been heated in my comments today it is because of what I have seen, the impact it has had on ordinary Manitobans, the people I talked to on Monday had their programs slashed, the people I have talked to who have lost their jobs, two couples in my constituency, people I know who are concerned about the fact that the young people in remote communities are not going to get jobs this summer, in Native communities.

That is why I do apologize if in anger I said anything that offended the rules of this House, but in all the 10 years that I have been in this Legislature, this was the most difficult speech for me to prepare for, the most difficult speech for me to make. It is the most difficult time period for many of us on this side because we are seeing so much of what we accomplished, when I say we, not the NDP but people in this province generally at threat because of this government.

Just one final message—and I really say this to the government because there will be further budgets and we fear there may be further actions of this kind. Please, talk to some of those people, the ordinary people who have been affected, please listen to their stories. That is all I ask. Do not listen to what we have to say in this Legislature, do not assume that is everything. Talk to the people, and I think you will see the error of your ways. In fact, Madam Deputy Speaker, if people—as the member for Emerson (Mr. Penner) has suggested, he has talked to his constituents.

I will be watching very carefully, as we see the vote tonight, to see if there will be members who in good conscience will rise to vote against this budget because they cannot in good conscience see so many ordinary people penalized.

Thank you, Madam Deputy Speaker.

**Mr. Reg Alcock (Osborne):** Thank you, Madam Deputy Speaker, and I thank the member for Thompson for giving up some of his time so that I have an opportunity to speak today.

This is the fourth budget that I have spoken on since becoming a member of this House, and I agree with the member for Thompson, because in many ways for me it has been the most difficult by far.

In my first budget, the very first time I spoke in this House was on a budget speech. It was my inaugural

speech in the House. At that time I said, and this is back in August of 1988, the economic future in Manitoba is not promising, despite what the Finance minister claims. The question I asked at that time was: How does the government propose to address this? It was a new government, just come into office, with a new plan, with a new idea, having been in the opposition for long enough to think a little bit about the economy in this province, and I said, what are they going to do? Where is their vision?

I was somewhat forgiving of the government at that time. They really did not have much time. It was important to get a budget before the province of Manitoba. They did not have a lot of time to plan, so they took the Kostyra budget; they tinkered with it a bit and they brought that in. I was not too harsh with them, because I understood that it takes a little time to build a budget. You cannot take on a task as massive as that in a few months.

The following year the concerns increased. The following year, in June, almost 12 months later, I asked the same questions. There is a problem. The economy is in trouble in this province; this province is in trouble in this country, and what are you doing about it? What is your vision? How are you going to improve things in this province? The Minister of Finance at that time kept telling us, no, there is not a problem. We are fine. The growth rate is high. He would make these statements, and then a month or two months or six months later they would of course be proven wrong as the various indicators came out.

(Mr. Speaker in the Chair)

I said at that time, Mr. Speaker, that the problem with the growth rates that the Finance minister was predicting is that they are so fragile that a relatively small shock in the economy will send us into negative growth very quickly, and what happens then? The question then becomes: What is this government doing to prepare Manitobans for an uncertain future?

A year later, Mr. Speaker, I said the same thing. Increasingly, as I was looking at what was happening in the province, as I was reviewing the indicators, as I was studying the economic information that is available, I became increasingly concerned about the position Manitoba was finding itself in, both with the debt and with the economy and prospects for growth.

We launched a task force, and I spent a great deal of time talking with members of the business

community, with economists, with managers, with individuals, people from all parts of the province, people from all backgrounds. I talked with social workers. I talked with businessmen. I talked with educators. I talked with labourers. I talked with labour. I talked with management. All the time we collected information. All the time we analyzed what we were collecting.

What we discovered was very worrisome. We discovered a province that has been sinking over time, a province whose share of national wealth has been diminishing not growing, a province that year over year is falling behind in this country, a province that once had a well-diversified economy, that once was able to resist the changes that took place, but I do not believe that is the case any more. I think increasingly we have been falling back into a simple resource-based economy, and those resources are in deep trouble right now.

I keep asking this government, budget after budget, and this is the fourth budget, and I am going to have to ask it one more time. What are you doing? What is your vision that is going to get us out of this particular problem?

When we looked at Manitoba's share of national wealth, and we graphed it over a period of time through successive governments, what we discovered was very worrisome. We discovered that if we were receiving the same share of national wealth today that we were receiving in 1970, this province would have about \$3.5 billion more GDP than it has today. If we had the same share of full-time jobs in this country that this province had at the start of the Lyon government, we would have 23,000 more full-time jobs in this province today than we had when the Lyon government took over.

We asked: What are the things that we can do in this province to build wealth? How can we increase the economic activity in this province? How can we build our base for the future? One of the things that we looked at was private and public sector investment.

We said over and over and over again that if you are going to have private sector investment, you have to have public sector investment, because when we tracked investment in this province over time, we found that two things ran parallel.

\* (1500)

If we got private sector investment at the Canadian average level, we would have a billion and a half dollars more private sector investment in this province right now than we do at the current time.

Research and development—we said, well, research and development is an area where one can invest and build for the future. We looked at what was happening in this province, and we tracked it on a per capita basis. We found that up until 1984 this province paralleled the national averages. It actually did make some significant investments in research and development, but since then it has tailed off. If we were investing the same amounts in research and development as the Canadian average in this province, we would be investing an additional \$125 million in R and D in this province.

In every area we looked at we found this government, this province falling behind. The other thing we found, Mr. Speaker, as we met all over the province was tremendous distrust and tremendous cynicism about what was happening in this province and in the people's view of what we were doing, tremendous cynicism about those of us who occupy these seats. It was a message, Mr. Speaker, that does not sit well with someone who takes public life as seriously as I do.

The questions people asked me all the time were: Why is spending good and control bad? Why are some groups okay and other groups not? In an economy that is changing so rapidly, why are we so afraid of change? Why is government operations good and private sector bad, or why is the private sector bad and government good? Why is this debate becoming so incredibly polarized in this province?

This is a time for some serious rethinking, Mr. Speaker. It is a tough time in this province. It is a time that has been growing tougher year after year. What we need to see in this province is a competition for good ideas, a competition for ways to get ourselves out of the trouble that we have gotten ourselves into and not a continuation of the competitive kind of rhetoric that has characterized this House for the last decade or two.

If somebody even raised with me—and it is a concept that I have read widely on in the U.S., in Boston, I studied down there—the premise is that we have a Bill of Rights in this country as they do there, and is it time that we began to speak about a

bill of duties, that with rights go responsibilities and should we not begin to recapture or recast some of our thinking about what we do within a province, or what a province does for or with us in terms of what responsibilities we have to this community that we live in?

Mr. Speaker, through all of that and through many discussions within the business community, we determined that what this province needed was three things if we were to build some life back into this economy.

There was a need for capital. There was a need for investment capital so businesses at the various sizes could grow and produce the kinds of jobs that the Minister of Finance would have us believe are out there just waiting to be created in this province.

That there was a need for investment in R&D. That we needed to see some investment in the future, we needed to think beyond what is happening today, and we needed to think beyond simple resource extraction. That we are living on a continent within an economic system that is moving heavily into information technologies and into services, and we needed to be there to compete. If we just allow ourselves to be an economy built on the extraction of our resources, we are going to fall further and further behind and we are going to shrink more and more, relative to the rest of North America.

The third thing people told us, and I applaud the government on one thing because we heard about it very strongly and obviously the government has listened, is the need for training. Now they have caused some serious problems in the training programs, but one area they did hear a need was in the training of aerospace workers. We have a broad base in aerospace, and I went around, as I am sure the members of the government did, and I heard exactly the same concerns. We have to learn to train aerospace workers. We have a need.

We have a high skilled job, we have plants that can hire the workers, and we have an ability or a need to train them, and we should train them here. The government has done that with the investments in Portage la Prairie, and I think that is a very positive step. But I think the government needs to stop and think a little bit about what it has done there, and apply that thought across other areas of the economy and other areas in which similar training is also required.

Mr. Speaker, as I looked at the position that we were getting into in North America, as I looked at economies falling, not growing, as I looked at the economic resource bases diminishing, not expanding, I grew increasingly worried. I grew very worried frankly about the level of debt that this province was carrying.

I do agree with the Minister of Finance when he raises concerns about the capacity of this government to remain independent, not just this government, but any government that is managing the affairs of this province. I looked with some shock as Saskatchewan attempted to raise money in New York to finance its debt, and found that that offering went extremely slowly. I have real concerns about what is happening in some of the small provinces in the Maritimes as bankers from outside this country are making investment decisions in that particular province. I have very serious concerns about that.

So when the Minister of Finance called the briefing on January 21, and stood up and said, I want to enlist the support of members of the Legislature, I supported him.

**An Honourable Member:** You supported him. CJOB. On record.

**Mr. Alcock:** I supported him. That is right, that is exactly where it is. Well, I am going to put it back on the record today so the member for Burrows (Mr. Martindale) who seems to want to run blindly ahead without thinking about what is going on in this province as his party has chosen to do, should sit and should think a little bit about what is happening here because it affects all of us. It affects everybody in this province, and I am frankly very saddened by the debate that has taken place in this House.

I am very saddened by the debate that took place in this House on Bill 33, because I think it hurt all of us. I think it reflected very badly on every member of this House.

**Mr. Kevin Lamoureux (Inkster):** No winners.

**Mr. Alcock:** There are no winners in this province right now; the member for Inkster is quite right.

When the Finance minister came forward and said, I want to enlist your help, I was suspicious as others were about the sincerity of that request, but I did not stand up and express those concerns at that point. I stood up at that meeting and I said, well, you have said there is a concern with revenues. Give me the information. Tell me what is happening. You say

you are restructuring into an enveloping system. Tell me what is happening. Give me the information. You say you have a problem with expenditures. Tell me what is happening. Give me the information. If you want my help, give me the information so that I can attempt to be helpful.

Mr. Speaker, it took me two months to get a copy of the slides that the minister showed us that day, and that is the only piece of information that has ever been forthcoming from this minister—public relations, nice colours, nice graphs, irrelevant in terms of the economic debate that is taking place in this province, absolutely irrelevant.

Still, I did not attack the minister. I thought hard about it. I went on CBC television, did a free-time public broadcast on February 8 in which I talked about exactly the same thing. I talked about supporting the Minister of Finance (Mr. Manness). I talked about the fact that corporate income tax revenues had fallen so far, that the mining tax revenues had fallen, and that we had a serious problem here.

I asked the questions at that time about what we could do about that. I asked Manitobans on television, not in the back rooms; right on television I asked Manitobans: What would they do? What were they prepared to live without? What were they prepared to give up in order to see this province get back into balance?

\* (1510)

Now, Mr. Speaker, I asked them two questions. I asked them: Where can we cut back, where can we find deficiencies? And what should the government be doing to stimulate this economy? What should the government be doing to provide growth? There are two things that you can do when you are looking at attempting to get yourself out of a problem like this. You can cut back and many times you have to. You have to lean down. You have to watch your expenses, but you can also take some action to increase your revenues.

If I have a fault with this budget, that is the fundamental one, that this government, this Finance minister, seems to understand one side of the question, but he fails to recognize the other side of that equation. That is the concern I had in 1988 in August, and it is the one I have had with each budget that I have had the pleasure of speaking to.

Now, Mr. Speaker, I decided to ask people in the province. I sent out letters. I sent letters all over the province to people asking them a few simple questions. One of the things I discovered—I survey widely all the time, primarily within my own constituency—I found that people wanted to talk to me. People wanted to—they did not want to just tick off a few boxes and do a traditional survey—they wanted to write things, because they had ideas they wanted to express.

I got back hundreds of surveys from all over the province, not simple little surveys where they checked off a few boxes or said, are you in favour of good things, yes-no, but questionnaires that asked them to detail their thoughts on how we could save some money, their thoughts on how we could produce growth in this province. I got back some very interesting responses.

As the budget drew closer, there was a central message in there, and it was a two-part message. One was that we have to cut back. People believe that we have a problem. The government has been successful, and I think successful because the facts support them in believing that we have to reduce the level of expenditure in this province, but the other thing they said over and over and over again is that we have to provide opportunities for people, that we have to invest in our people and we have to treat people with respect. Over and over again they were concerned about the actions of this government.

Mr. Speaker, as the budget got closer, I wrote again. Only this time I wrote to my constituency, and I asked them—in fact, the Finance minister has already quoted from a section of the letter that I wrote. I am prepared to share this letter with anybody who wishes to see it. I have already sent out 10,000 copies of it. What I did is I sent out a copy of the budget, and the statutory areas of the budget I listed, along with the amounts that are being spent on it and the proportion of the provincial budget. I asked people to work along with me to indicate those areas of the budget that they felt they would accept cutbacks in and those areas of the budget that they would ask to be expanded. Then I gave them space to comment one more time on what they thought we could or should be doing.

I asked them, in the letter that I wrote, several things. I said, what action can we take to reduce the deficit? What services must we protect? What services can we do without? Overall I asked them,

what can the government do to create opportunities for Manitobans? I got back probably the strongest response—I think the only thing I got a stronger response to, because I do this continually, as you know, Mr. Speaker, was the response I got to the Meech Lake question, because I got a very, very strong response to that. This would be second. People said all sorts of things on it.

Mr. Speaker, I just want to read a couple of them right now: Our health care and education systems are falling apart because the government does not care. I hope their position changes soon. I worked for the Filmon party during the election, and I am beginning to think I made a big mistake. Health and education are unique in Manitoba and Canada, that is what makes us different than the Americans. I am proud to be a Manitoban and a Canadian. I hope the provincial and federal governments realize most of us feel the same.

Mr. Speaker, when I totalled up the results I got back, people in my constituency told me that they wanted health care protected, they wanted services to seniors protected, they wanted education protected and they spoke at great length about education.

In the written responses I have more writing on education than I do on any other activity, any other area of the budget, because over and over and over again people expressed their concern about the cutbacks to the universities. At that point they were just prospective cutbacks because the budget had not been announced yet. I have letter after letter of students detailing their own expenses and how they simply cannot go to school anymore. I got letters from parents expressing concerns about how many of their children are moving out of this province, because they cannot get the kind of education that they once could here.

The environment was another area that came up over and over again, and it is interesting. I asked people to do four things. I asked them to indicate what they would reduce, what they would freeze, what they would see met inflation so it did not lose ground and what it is they wanted to expand. The area that got the greatest support for expansion was the environment, followed by education.

Family Services and Agriculture were the two areas where a clear majority of the people in my area felt that there should be support. In the rest of them, led by Urban Affairs, they were prepared to

see some reductions—Urban Affairs, Energy and Mines, Northern Affairs, Rural Development, Justice, Housing, Natural Resources, they were prepared to give up some services. They were prepared to tighten their belts and to do without in order to see us get the debt down, but they talked over and over again about how you do that.

Now, Mr. Speaker, they talked about who gets hurt when you cut back. They asked the government to protect people, to protect those people who were least able to protect themselves. What we have seen out of this government is exactly the opposite. What we have seen out of this government is a desire, an apparent desire, to make the budget cutbacks on the backs of many very defenseless groups, the poorest seniors in this province—not seniors—the poorest seniors by definition, the recipients of 55-Plus.

Students who do not have the resources, do not have the access to jobs and do not have the loan abilities to meet their education costs, and the government has cut their supports. Single women—I mean, the choices that this government has made as it has gone about attempting to reduce the size of the provincial budget simply do not support the kinds of priorities that certainly the people in my area would like to have seen. Over and over again the people said they were prepared to accept some cuts.

Mr. Speaker, there is a bigger problem. You know, the Minister of Finance (Mr. Manness) spoke on the budget, and he actually repeated it today in the hallway. I keep wondering when we are going to get the real story, because it seems what happens with this government is that they make an announcement, they make a statement, they defend it vigorously and then, because they know that a lot of the indicators do not come out for a month, six weeks, two months, three months after the fact, and then when the real story comes out, they, by that point, are off onto some other tangent, some other explanation of why their original prediction was not correct.

The minister would have us believe that starting in July we are all of a sudden going to be wealthier in this province, that we are all of a sudden going to be doing better, because we are coming out of recession. What is happening, Mr. Speaker? The Business Council on National Issues met just recently and sat around a table—some of the CEOs

and presidents of the largest corporations in this country—and they have done this periodically through different recessions. Always there have been some sectors of the economy that are doing well, some sectors of the economy that are doing very poorly. Today, all of them are doing poorly.

A friend of mine who was at that meeting said he was absolutely astounded, that he has never seen it before. Every CEO answering the question, how is your sector doing, how is your business doing, all of them said, it was tough, it was real tough. It has been growing tougher in this country for some time.

I ask people—in fact, I had a gentleman come in, he wrote me a very long letter, and his business was placing people in employment. He had been in business since the early '50s—I think, '52—had been through many recessions, and I asked him: Just subjectively, tell me, compare today to '81-82, how are you doing? Do you think it is better or worse? Absolutely worse, we are in greater trouble today because each time we sink, we never get back to where we were. Each time we fall, we never make it quite back up to the same level we were at before.

Right now by the minister's own figures in the Budget Address—although he says in the beginning that things are going to be so much better, his own figures indicate that agricultural income is down once again; mineral prices are down and predicted to fall throughout the year, and if you look at the forwards on it, it is exactly the same; housing starts are down again, they have been for the last three years; financial industries are in trouble; manufacturing is down, predicted to be down; forestry is in deep, deep trouble. The minister has given away the best private resources we had in the province. It looks like once again he has managed to turn lead into gold, once again he has managed to destroy an opportunity for this province.

\* (1520)

There was an interesting thing that happened, Mr. Speaker. If you look at what has happened between the two economies in the U.S. and in Canada—and this Minister of Finance (Mr. Manness) supported the Free Trade Agreement very strongly, and his party continues to—but what is interesting when you match the two economies is that, prior to the '81-82 recession, unemployment rates in the U.S. and in Canada were pretty close together. They were like the interest rates. They were not dramatically different. After '81-82, as we went through that



recession, we developed a substantial spread. U.S. unemployment rates came down between 4 percent and 5 percent; Canadian unemployment rates did not come down again. They did not continue to parallel. Each time we have been through it, we have lost. Each time that we have fallen further behind, it is that much harder to get back on top.

Mr. Speaker, the member for—I forget, is it Emerson?—made the comment just recently as I began to speak, that interest rates are going to solve our problems. This is the panacea, and I hear the Minister of Finance (Mr. Manness) talk about it all the time. Interest rates are coming down, and all of a sudden there is going to be this flurry of activity that is going to take us out of this slump. It sounds good; it makes sense intellectually. You think, falling interest rates, money costs less, people can get more, they can spend. The fact is, though, that the lesson from the Great Depression is that it is not enough. It is a necessary condition, but it does not move the economy. One of the first things governments did in the '30s was to drop interest rates. The second thing they did was drop government expenditure, which is credited with taking us deeper and deeper into recession.

The question a lot of people are asking right now is: When is this Minister of Finance (Mr. Manness) going to stop using the "r" word and start to use the "d" word? When is he going to start recognizing the depth of the problems that we have in this province, and when is he going to come forward with a plan to get us out? He has had four years and to date he has produced nothing.

What is particularly difficult—and it is interesting, you can go all sorts of ways, you can look at Keynes and we had a great debate about what Lord Keynes had to say about this a year ago. I am not going to repeat that. I am going to reference somebody much more at home. Basil Lagopoulos, who runs a restaurant down in the village here, and who is a good personal friend of mine and somebody I admire very much, opened a second restaurant recently. I went to Basil, and I said, are you crazy? I said, this is a recession. We are in deep trouble right now. How can you be expanding at this time? Are you not afraid that you are just going to get overextended and get into trouble?

And what Basil said to me, he said he has been in business since the early '60s, he has been through a lot of recessions, and the recessions that

he held back in, the recessions that he hunkered down in, were the ones he got hurt in. He has learned that to get through this period, to maintain market share, to maintain growth and vitality, you have got to be aggressive in a recession. You cannot hunker back. It is the lesson that he has learned doing business in this community a few blocks south of here.

It is the lesson that Lord Keynes talks about, it is the lesson that we got out of the Great Depression, but it is a lesson that seems to have failed to penetrate the skulls of the members on the Treasury bench. He has debt, but in the words of the Minister of Finance (Mr. Manness), debt is okay. He stood out in the hallway a few minutes ago and said debt is okay. What you have got to think about is what that debt is doing for you?

Now I want to use another example. A good friend of mine by the name of Val Thompson, who runs a car dealership, said exactly the same thing. It is a recession, and I said, what is happening? They have been in business since the early '70s, and the lesson they have learned from recessions is you have got to get more aggressive. You do not hide in the closet, you work harder. You bear down, you push and you grow. In fact, they were the only business I know that is experiencing significant growth. They have pared down their expenses, and they worked hard to create growth. This government is talking about paring down its expenses. It is doing nothing to create growth, and that is the failure.

But there is a second one, and it is one that is, I think, a little more invidious and a little more disgusting, and that is the attitude of this government towards the people who work for them. You know I have a lot of civil servants who live in my area, and they wrote to me too. They wrote to me like this: I am a civil servant and I do not like waste, I do not like high taxes, I think the deficit should come down, I am prepared to do without. What they do not like is the government's gloom-and-doom statements, and the morale problems it is creating within the Civil Service.

You read the management literature right now, and you read *Passion for Excellence* and you read *In Search of Excellence*. What is the first thing they tell you in the management of large corporations? Enlist the support of your staff. Get your employees on side. Get them involved in solving the problem; communicate with them. See them as a resource,

not as the enemy. Yet if there is a major problem in labour relations in this continent, it is that we seem to have adopted a British model of relationships with our workers. We do not treat them like a resource. We do not see ourselves as a resource for this province. I do not know. Yes, it may be politically easy right now because there is not a lot of support for civil servants, but I think it is crass and vicious to treat them the way this government has.

I think the kicking out, like some sort of criminal, a person with 17 years of experience is just unacceptable behaviour.

There is an interesting example that was studied at great length by a friend of mine at Harvard. He looked at four companies in four different countries that were all in the same problem: British Leyland, a large car manufacturing company in Britain; Chrysler; Telefunken in Germany; and Mazda in Japan. All four of them were huge corporations, all four of them were on the verge of bankruptcy. All four of them went to their governments and said we need help. All four of them eventually got that help. All four of them restructured and came back to be more vigorous and to be major contributors to the economies in their provinces. All four of them were success stories during the period of time studied.

Chrysler laid off tens of thousands of people during that process, saw them as being disposable, saw its employees as being the problem and got rid of them, despite the fact it promised that it would not, despite the fact it got the government grants in order to prevent layoffs.

British Leyland did exactly the same thing, got huge grants in the name of job creation and then did not follow through with the commitments it made.

The other two examples, a German one—a very successful economy—and a Japanese one did exactly the opposite. They did not lay off a single person. They went to their workers and said, we have a problem. We all have the problem. We have to cut back. We have to reduce. We have to find a way to make these companies more viable.

In Mazda's case, the line workers who no longer had work to do because they were cutting back on the production line shifted over and became car salesmen and went out and supported the company in the community. In the case of Telefunken, very similar things happened. They developed employee work groups. They developed new products. They worked at getting new production lines underway.

They enlisted the employees in ways of finding ways to reduce expenditures.

You can do that here. Most civil servants in middle management positions, if you trust them and you work with them, are like anybody else. Most of them will work with you. They will try to solve the problem. They pay their taxes too. They will help you out, but you have to trust them. You cannot treat them like they are somehow throwaways. You have done that. You have violated that possibility.

It is so strange to me, Mr. Speaker, because the Minister of Labour (Mr. Praznik) is working on a proposal, a copy of which got leaked, that I think is very innovative. I think it is very creative. I think it is something that government could do with, that talks about enlisting people and trusting them and getting them involved in decision making and letting them manage and letting them be responsible, while the Minister of Finance (Mr. Manness) treats them like criminals.

**An Honourable Member:** Who do you think brought the program in?

**Mr. Alcock:** Who do you think brought the program in? I have not seen it announced yet. I have seen a lot of talk. I have seen no follow-through, and I see the announcement of a very innovative management approach in terms of one department—

**An Honourable Member:** Who do you think chaired the committee when cabinet brought it in?

**Mr. Alcock:** Well, the Minister of Finance you know makes statements all the time about the wonderful things he is doing. The trouble is the reality and the realization have yet to be apparent.

Mr. Speaker, the one thing that this government is committed to is the first 48 hours of any issue. They are very, very interested in the spin that comes out of their stories. They will say anything necessary to get that spin. What happens after that seems to be irrelevant.

\* (1530)

If you listen to the Minister of Finance, if you listen to the Premier, you know they will tell you that they are doing really well. They will tell you that they are funding Family Services, as an example, at an exceptional level. They will tell you that they are really attempting to build some support into that set of services, and they will tell you they are meeting

their commitment to preserve that sector of the economy or those organizations.

The fact is, Mr. Speaker, what they have done for the first time at least since 1977 is, they have restructured that appropriation in order to hide what they are doing, in order to prevent people from knowing the truth, in order to continue to deceive people into thinking that they are following through on their commitment.

Like the last time, they win the first 48 hours, they lose the rest. The truth will come out. It will not come out today. It will not come out until we get into the Estimates of Family Services. I see they are afraid to bring them forward early. They are going to wait. They have made them the very last on the list, Finance and Family Services. The Minister of Finance (Mr. Manness) is afraid to bring his own Estimates forward, because he simply knows that the truth will be exposed when he brings it forward.

Mr. Speaker, I understand that there has been an agreement to allow the Premier (Mr. Filmon) to speak now, and I will sit down and relinquish some of my time in order to allow him to do so, but this budget is the same as every budget we have seen this government produce. There is no creativity, there is no vision, there is no hope, there is no direction, there is no thought, therefore there is no support.

**Hon. Gary Filmon (Premier):** Mr. Speaker, it is a privilege for me to rise and address the fourth budget of our government.

As others have said during the course of this budget debate, it is not a particular pleasure to address a budget that is filled with as difficult choices and as difficult decisions. In the real world we must make choices, because life is about choices. Every aspect of what we do involves choice making—at home, on the farm and in our own small businesses, in our workplace, with our families. Believe me, nobody ever said it was going to be easy. The only time it is easy for a temporary while is if you avoid making choices.

You know, it has often been said that a particular budget is presented at a critical point in our history when our province is at a unique crossroads, facing a particularly difficult challenge. Although that has been said before, I do not think it has ever been as true as it is for this budget. Every budget has an important impact on our province, both in the immediate sense and in the long-term sense for the

future, yet some budgets are more significant than others.

This afternoon, I want to speak to this budget, in particular about its goals, about how we establish them, but also I want to speak to you about the debate that has been engaged in this Chamber over the last week and point to just some of the inconsistencies that have developed over that period of time.

Our government's fundamental goal since we came to office in 1988 has been the strengthening of our province's economy. In each and every budget since our election, we have been able to make steady progress toward that goal. We need a strong economy to create jobs and economic activity. We need economic growth to support the health and the social programs that people have come to expect and depend upon us for. A strong economy is fundamental to the preservation and improvement of the quality of life that we enjoy today. There are no easy answers, no overnight solutions when it comes to economic growth. I wish there were.

Politicians do a disservice to their constituents when they suggest that there is a quick fix to fundamental structural problems in the economy. The cynicism directed toward politicians today is due in no small part to the raising of false expectations in the past by politicians.

We have opened up the budget process in this province to an unprecedented degree to try and help dispel that cynicism. We have laid out the challenges in a straightforward manner and set forth realistic expectations. I have had discussions with various people from the media and from the public about the course of events that began with our budget last fall in which we laid out a year's projection ahead, in fact the first time in the province's history that we were able to start projecting ahead. I beg your pardon. We laid out two years ahead in that particular budget.

We have said to people what they could expect from the economy by doing that process, and then we followed it with a statement by the Minister of Finance (Mr. Manness) about how we were going to handle the very crucial part of our budget process, the aspect of public sector wages, in December. Then he held an open forum for all members of the Legislature in January to lay out -(interjection)- the

first time ever, our projected revenues and expenditures, for the forthcoming budget.

In the process of this, he engaged in all sorts of consultations, and I might tell you that, despite protestations, I have met on two occasions in less than three months with the president of the Manitoba Government Employees' Association; once with some of his executive, once just one on one with him to lay out this information in as full a manner as I possibly could to try and avoid some of the difficult decisions and ask for some co-operation.

This province is set on a path that will lead to long-term economic success, but it is going to take a little bit of time, and it is going to take a lot of the right decision making along the way. We have to continue to improve the economic climate to achieve that success, and that means keeping our fiscal house in good order—no easy task, believe me.

The fiscal challenge before our government is as severe as any that we faced in government and, in fact, as I look back over the history of my 12 years in the Legislature, and two terms before that on City Council, I cannot see in the past, certainly within memory, any provincial government that has faced as difficult a challenge in terms of the revenues.

Creating a stronger and more diversified economy remains the foremost goal of our government. Our fiscal strategy provides the foundation for the economic strategy to achieve that goal. Manitoba's economy has been severely constrained by the heavy burden of debt and taxation placed upon it by previous governments with a spend now, pay later philosophy.

Government must recognize that there is a limit to what taxpayers can afford, and we have reached that limit. The government's fiscal plan is the blueprint for establishing a more competitive economic climate that will encourage investment in job creation, and there are a number of specific objectives within that plan.

Firstly, keeping taxes down. That is keeping faith with the people of this province.

Secondly, controlling the deficit. That is keeping faith with future generations, because they are the ones who will pay it.

Thirdly, targeting spending to priority areas. That is putting the things that we care about most into perspective.

There are three key components to the government's fiscal plan: internal reform, public sector wage restraint and a new Estimates process.

Internal reform is the process by which the government reviews each of its programs and asks itself if government needs to provide this program, and if so, is it being delivered in the best and most efficient manner possible. Programs that are needed and best delivered by government are being examined to see if there are ways of reducing overhead, administration, duplication. Other programs are needed, but can be delivered more efficiently outside government.

\* (1540)

Increasingly, governments of all stripes have been moving away from a model where government is the sole provider of services toward a model where government acts as a hub in the network of the best providers of that service. Finally, there are some services of government which no longer are needed because of the emergence of nongovernmental alternatives or reduced demand over a period of time. Indeed I can think of some decisions within this Estimates process that take away from government responsibility for things we have done for 25 years, but cannot be justified any longer.

While internal reform is critical to keeping government under control in the long term, it has a limited effect on our immediate challenge. In the face of very constrained revenues and the deepening national recession, government has developed a public sector wage restraint program to avoid increasing the burden placed on taxpayers in these difficult times, while minimizing the impact on public sector jobs.

Difficult times create difficult choices for each and every one of us. The government's choice was a simple question about what was fair. Limiting salary increases, is that more fair? Or laying off more people? To this government, the answer was clear. It is more important to protect jobs and services than to give raises in these difficult times.

I wish that the leadership of some of our public sector unions would agree to that, because more jobs could be protected if only they would agree and co-operate. Even with public sector wage restraint, we still experience some layoffs. We had to set priorities among programs this year and when we cut support to programs, people inevitably lose their

jobs. I wish it did not have to be that way. I wish that there were easier answers. I know personally many of the people who were laid off, and I know that these decisions will have a real human impact on a personal level, but delaying these decisions would only have made things worse.

Each budget is the accumulation of months of work and literally thousands of decisions that take place during the Estimates process. The Estimates process must provide government with the ability to weigh spending requests against one another, both within departments and throughout government.

Very few I know on the other side of the House have had that experience, have had to do that either in government or in the private sector. In fact, as I look across, I can only see one sitting there who may have had to make those kinds of choices and decisions and been responsible for them.

With the risk of perhaps sounding as though I am lecturing to them, I will tell them a bit about the process. Traditionally, government's address the task of the Estimates process through an incremental process. Treasury Board asks all the agencies and departments to submit their spending requests. The Treasury Board either accepts the request in full or in part or rejects it on a case-by-case basis. The accepted requests are then totalled up to find out how much government spending is going to increase overall.

Only after the government decided how much it would spend did it stop to ask how they would pay for it. Government would add up how much money it could expect from existing revenue sources, and if there was a shortfall, only then did they decide whether to raise taxes or increase the deficit. In our view, that is a backwards process.

It is not difficult to see how incremental budgeting was not able to keep spending under control. Spending decisions drove revenue decisions and our government rejects that approach. Instead, the government established a new Estimates process in which the government was able to make decisions about taxes and the deficit first and then make the spending decisions within the limits of what our province can afford.

The Estimates process, of course, begins with Treasury Board establishing the fiscal framework. Our framework incorporates preliminary projections of existing revenues as well as the target deficit and the proposed revenue increases or reductions,

including transfers from the Fiscal Stabilization Fund and other sources.

All spending decisions are then made within the limits of the fiscal framework. Of all of these decisions, the first cost to government is paying the interest on the general purpose debt. Even in the depth of the recession, Manitoba taxpayers cannot escape that first cost. The money available after interest payments is then all that is left for available programming.

The process of establishing program spending priorities is difficult, and it is a very complex challenge. We revised the Estimates process to ensure that related programs and initiatives were considered together to provide a more balanced and considered result.

The key to our revised process was the creation of sectoral committees. The sectoral approach was first used within our government in the cabinet committee system. Four committees were established in the areas of management and reform, sustainable development, community development and human services. These were created to foster greater integration and co-ordination of government activities across departments, because they work towards, in many cases, similar goals. We wanted to achieve a shared responsibility to reach those goals.

The revised Estimates process made use of the same basic structure that was set up within the cabinet committees with some modification, with some slight modification to establish ministerial and deputy ministerial sectoral committees.

The deputy ministers brought their managerial expertise and program knowledge to this process. The committees of deputies took the first step of reviewing departmental requests aided by a priority template and making recommendations based on the relative priority of each request, not just within their department, but within the sector.

Those recommendations were then considered by the sectoral committee of ministers. Their decisions were then forwarded to Treasury Board for the final Estimates review. The process ensured that each proposal had an opportunity to be reviewed on at least three separate occasions to give the greatest opportunity for full and careful consideration. Each proposal was judged against competing priorities both within its sector and throughout government as a whole.

The revised Estimates process has allowed our government to meet the goals of the fiscal plan: No. 1, taxes have been kept down; No. 2, the deficit is under control. I was pleased—well, you see, the member for Burrows who has never had to budget in his life, who has never had to meet a payroll or anything like that, questions that. That is why we do not look to him for economic judgment.

We look to the bond rating agencies who rate all governments throughout North America. We look to the experts in New York and in the financial communities of the world who rate governments across the board everywhere.

**An Honourable Member:** They do the report cards.

**Mr. Fillmon:** They do the report cards. It will not be a partisan political person who has never budgeted like the member for Burrows. It will be a financial expert whose advice we will take and whose judgment we will take. I am sure that he saw what the bond-rating agency said about our budget and how they felt that we had done a responsible job, Mr. Speaker.

Taxes have been kept down. The deficit is under control, and the spending has been directed towards the most essential services of government. This budget meets the fiscal challenge before us and keeps us on the road to economic renewal.

There certainly has not been a viable alternative put forward by the opposition during the course of our debate on this budget. We have listened very, very carefully hoping that there might be a good answer come from them, a good idea. Over the past week or so, this Legislature has been the site of some rather heated debate, a debate between new ideas and old ones, a debate between an open common-sense approach to the economy and a tired failed one represented by the New Democrats and their Liberal friends in opposition.

\* (1550)

Mr. Speaker, the heart of this debate is whether or not we will honestly come to grips with our fiscal challenge today or whether we will wait for our creditors to reign us in at a time of their choosing. I suggest to you that when the Liberals chuckle, they only need to look at Newfoundland, where the creditors have reigned them in very smartly. The creditors have reigned them in to the extent that they have set the budget targets for them and the acceptable deficits, and they have told them that

they have to cut hundreds of millions of dollars, and they had to then indiscriminately go through and close 360 hospital beds and lay off 300 nurses and make massive, massive cuts, 2,600 positions in a Civil Service half our size.

That is what happens when the creditors take control of your province. This province, under our administration, will control its own destiny. This side of the House brings practical experience from many walks of life in the real world to this Chamber. Unlike the Leader of the Opposition, I know what it is like to meet a payroll. I know what it is like to have that payroll taxed. I know what it is like to borrow to the hilt to invest in a business and to be taxed on the money that I borrow.

Mr. Speaker, I have lived through the experience that thousands of Manitoba businesses face today. As I got started in business and had to borrow a great deal of money and had to be very, very careful about my finances, I had to live on the edge of financial risk and viability, watching every penny, fighting for every customer, ensuring that at times I did not take a salary myself so that I could pay my staff. Those are the kinds of experiences that nobody on the other side has ever had.

The Leader of the Opposition likes to gloat about the decline in corporate income tax. That was the major cornerstone of his criticism of the budget. It was repeated by the member for Interlake (Mr. Cliff Evans).

**An Honourable Member:** A 47 percent decline.

**Mr. Fillmon:** There was a greater decline under New Democrats.

**An Honourable Member:** What year?

**Mr. Fillmon:** Between 1981-82 and 1982-83.

**An Honourable Member:** No. Never 47 percent.

**Mr. Fillmon:** It went from \$115 million to \$54 million.

**An Honourable Member:** No, no.

**Mr. Fillmon:** Yes, Mr. Speaker, yes.

**An Honourable Member:** The last Lyon budget went down, yes.

**Mr. Fillmon:** No, Mr. Speaker, it was under the New Democrats and in the midst of a recession, and that is indeed what is overriding all of the decisions we make.

The Leader of the Opposition sees the economy in ideological terms. To him, every business, every

entrepreneur is the enemy. He cannot shed his old union boss past.

I can tell the member and indeed every member on that side of the House that those people who risk their time, their energy, their money every day are the true engine of growth in this province. Let us remember, behind every business and corporate failure or closing, there are many human tragedies. Where do members opposite think that those unemployed numbers that they love to quote come from? Those are people. Those are real people. Those are not just numbers for New Democrats to gloat over and try and make cheap political capital out of. Every time they crow about declining corporate tax revenues, they are celebrating the sorrow of hundreds of Manitobans. Mr. Speaker, that is not the approach of this government.

Mr. Speaker, it is the practical experience in creating economic growth that the vast majority of our members bring with them to government that provides the foundation of our common-sense approach to the economy. We recognize that the first thing government must do to encourage economic growth is to step aside, get out of the way and let the people who really take risks and make the investments do their thing.

Capital is mobile, Mr. Speaker. Investment does not come to the province automatically. We have to compete for it, and we have to compete with every other community on the globe. That is the reality of the evolving global marketplace. The tax burden that we inherited from the NDP placed an enormous millstone around the necks of Manitoba's private sector as it competed to bring outside investment in and keep Manitoba investment dollars from leaving.

The NDP taxed investment through the corporations capital tax which they invented. They taxed job creation through the payroll tax which they invented. They set the highest business income taxes in the country, and then with a temporary economic stimulus of Limestone they pretended that there was nothing wrong. Well, the days of let-us-pretend economics are over. It is time that the opposition woke up. This province cannot bear any more taxes. We cannot handle any more debt either.

This year we will spend \$550 million just to pay the interest on the costs of programs that ended years ago. The debt is unavoidable. It is the first draw on our revenue year after year after year. We cannot ignore that debt. It will not go away. It is not

just like a student loan that you can ignore until it becomes an embarrassment to your political career.

We are paying the price of the NDP's spend now, pay later philosophies of the 1980s, and they still have not learned. They want us to keep doing the things that got us into this mess in the first place. They want us to increase spending, increase taxes, increase the debt. That is what they portray day after day after day in this Legislature.

The reality is, this debate has been a massive exercise in posturing. In the past, when they were in different circumstances, the members opposite have said everything that we are saying and they have done everything that we are doing, because budgets are about reality not ideology.

Mr. Speaker, it is funny how your past can catch up with you. The opposition likes to remind us, on the government side, of some of our previous statements and the views that we expressed.

Today, I would like to remind members opposite of some of the things that they have said in the not too distant past. For instance, it was the Leader of the Opposition (Mr. Doer) who said, and I quote: Over the short run you can be intellectually dishonest, because in a world of 10-second clips, you can say one thing on one day and another thing on another day. You can do that for a while, and that is unfortunate, because over a period of time it catches up to you. Well, it is catch-up time.

Let us start by putting the Leader of the Opposition's comments into perspective. He often enjoys talking about the difference in the government between majority and minority, but he neglects to talk about the changes on his side of the House in those two different circumstances. A minority government does not only keep the government accountable, it forces the opposition to be responsible. We have not seen a lot of responsibility from the members opposite over the past eight months.

Let us take a look at what the Leader of the Opposition said in June of 1989 when he was in a minority House, and I quote: All of us love to be able to criticize the government of the day to the absolute extent of our ability and then be able to vote against them knowing that we do not have to precipitate a \$9-million or a \$10-million election when the people do not want it. Obviously, that is the best position to be in in a democracy with a majority government.

Well, we do have a majority government, and the opposition has gone back to its old ways, attacking anything that moves while failing to provide any alternatives.

I think Manitobans expect more from the people who use the title of Leader. We saw how the public responded to the negative pressure tactics of the federal government in Meech Lake. They did not like it. We saw how the public responded to the negative advertising of the Manitoba Liberal Party in the last provincial election campaign. They did not like that either. Manitobans are expecting more from their Leaders, and they are getting less from the Leader of the Opposition.

\* (1600)

The Leader of the Opposition has forgotten his own warning in his desperate hunt for a 10-second clip. He is not fooling anyone with his side comments about spin doctors. He is the specialist at the spin in this Legislature, gets all of those 10-second clips thought out ahead of time that might catch the six o'clock news, Mr. Speaker. He is the expert spin doctor in this Legislature.

Let us just compare the current budget with a few of his comments from minority. Here is what this budget states. I quote: In the '70s and '80s, governments allowed spending growth to drive taxation and borrowing decisions. The result is the legacy of debt and uncompetitive taxes which we face today. We cannot change the past, but we can and we must make better choices about the future. There are no magic solutions. Spending must be reduced or taxes must be raised significantly. That was this budget that we are addressing.

This is the Leader of the Opposition four budgets ago, four years ago, defending his own NDP government's budget, quote: Governments over the years, whether they are Conservative or New Democrat or under the former federal Liberal government, have been forced to deal with the situation that has developed in the '70s and '80s of diminishing revenues, in a relative sense, and very, very hard challenges.

The days of just being able to spend your way out of problems had to change over the '80s, he said. Ministers of Finance and indeed governments of all political stripes had to begin to manage their way out of those problems, often with some very unpopular decisions, whether they be taxation or cuts or a combination of both, but often Ministers of Finance

have been faced with very, very tough times in terms of the decisions that they have to make and present to this Legislature and to Legislatures across the country (end of quote).

That was what the Leader of the Opposition said, defending his NDP budget—tough decisions, cuts, taxation, all those things that he said they had to make.

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

Now tell me the difference. Tell me the difference. Where does his quote differ substantially from what is in our budget? Where does it differ substantially? We have not changed, Madam Deputy Speaker; we are still saying the same things. The Leader of the Opposition has changed his tune dramatically.

This was the last budget of the New Democratic Party. Yes, we will get the quotes on it, all on the record. As the Leader of the Opposition noted, at that time, when he was in government and trying to be responsible, we do have to make some tough decisions.

To date, I have not heard him make one single suggestion of a tough decision with respect to this budget. Everything was, spend more, tax more, run up the debt more. That is all he has said.

Over the last few days of the Budget Debate, we heard a great deal about the impact of this budget on municipalities. Well, every budget must make tough choices, and the choices in this budget were tougher than most.

Despite a \$32-million cut in cash transfers from the federal government for health and post-secondary education, we increased health care funding by \$19 million in this budget. That money had to come from somewhere, and some of it did come from a whole host of programs, including support for municipalities.

We have heard dramatic cries of protest from the Leader of the New Democratic Party (Mr. Doer) across the way. Yet it was not even four years ago that the Leader of the Opposition was echoing exactly that same approach to budgeting.

This is what he said about reductions in transfers to municipalities at that time, quote: The area of the environment, another tremendous challenge. Now who carried the primary responsibilities for those areas? It is not the municipalities that carry those challenges of delivering those services to the



citizens of Winnipeg or to the citizens of other municipalities. So we decided, because we carried the challenge, that we would cap the municipal grants (end of quote).

What did they do? They capped a transfer that should have been almost 20 percent down to 6 percent. That is what they did. Millions of dollars of cutbacks to the municipalities.

This is how he justified it. I will carry on with his comments: We knew the municipalities would complain and we knew there would be flak and we knew we would get criticism, but we also knew that the biggest pressure for spending, if you look at the next 15 years, for any one of us, on behalf of our citizens, was going to be in the area of health care. There is no question about that. We knew that the province carried that responsibility, so we capped the grants to the municipalities, because their challenges, their demands, were a lot less than the demands on a provincial government, indeed this provincial government and its next budget. Yes, it was negative. It got criticism, but if we are going to meet the challenges of maintaining our funding to our health care system, you have to make a tough decision.

If you are not willing to make the tough decisions today, you will not have the money to deliver the services tomorrow—end of quote from the Leader of the Opposition (Mr. Doer) when he was in government.

Tell me how that last statement about not being willing to make the tough decisions and will not have the money to deliver differ from this phrase right out of our budget, quote: If you are not willing to make the tough decisions today, you will not have the money to deliver the services tomorrow. That was his quote, and it could have come out of our budget. If our Minister of Finance (Mr. Manness) had said that in our budget, he would have jumped all over it, and we would have had a Frances Russell column about it. That is what we would have had, but it did not come from us, it did not come from the Minister of Finance, it did not come from me. It came from the Leader of the Opposition. You know what? He was right then, and that comment still holds true today. It is too bad he does not hold true today. That is our problem.

It is true that we have had to make difficult decisions in this budget. No decision was ever more difficult than the decision to eliminate over 900 jobs.

That was a very, very difficult decision, but we are not alone in having to make those sorts of decisions. Members opposite, like the member for Brandon East (Mr. Leonard Evans), and I welcome him here, the member for Flin Flon (Mr. Storie), they can share with their colleagues their experience in 1983 and 1984.

We were not in the difficult financial circumstances that we are today. Their revenues were already growing in those years, perhaps even close to double-digit rates. But what did they do? They cut a total of 552 positions from the Civil Service. At a time when their revenues were increasing 16 percent, in those two years, they cut 552 positions, the New Democrats, with the member for Brandon East at the cabinet table. It is funny how they have selective amnesia now, and they cannot remember having done that.

In the 1983 budget, the NDP cut 273 positions. In the 1984 budget, the NDP cut an additional 279 positions. How soon they forget. Let me share with you what the Chairman of the Treasury Board at the time, Honourable Jay Cowan, had to say about those layoffs, and I quote: A difficult fiscal environment has necessitated many tough decisions on all government programming. These staffing reductions and other savings that have been determined throughout the development of departmental budgets will allow the government to gain efficiencies in its operation in order to provide resources to protect the basic integrity of essential government services such as health care. He went on, Mr. Cowan, to say: Decisions to significantly reduce the size of the Civil Service will provide for a leaner and more efficient provincial government.

\* (1610)

What Mr. Cowan wanted us all to know—this was his epilogue to that, quote: We do not do this with glee. This is not an attack on the Civil Service. This is a way of bringing more fiscal responsibility to this province (end of quote).

Tell me the difference, Madam Deputy Speaker, tell me the difference. Those were the words of Jay Cowan, who many of his friends in caucus, I understand, called him boy Stalin in those days.

What is the difference between those sentiments and those expressed in our budget? Not very much difference.

We are not eliminating over 900 positions because of ideology any more than New Democrats were seven years ago. In fact, there is plenty of evidence in the clippings about the then President of the Manitoba Government Employees' Association criticizing the New Democrats for cherry picking who they laid off in that process—cherry picking, political choice making, as they delved into the public service and picked particular individuals in that process.

But, Madam Deputy Speaker, there was not any rally on the steps of the Legislature either with 552 positions. Was it because they had the President of the MGEA in their back pocket at the time? Could that have been the case?

The Finance minister at the time, Vic Schroeder, summed up his feelings like this. This is what Finance minister Vic Schroeder said: I do not believe that just because an individual happens to work for the government, he should be guaranteed a particular job for life. Right now in Manitoba, there are 41,000 unemployed who have a right to an income too. We think we have a very good Civil Service, but there are areas where jobs have become redundant (end of quote).

Well, I think Vic was not nearly as eloquent as Jay Cowan was. He perhaps had a little trouble choosing his words and maybe, you know, maybe he got kicked around a little bit, but his sentiment was probably accurate and that is that we have to act in the interest of the greater good of all Manitobans. You have to look beyond the small picture to the big picture of the people who have entrusted us with the responsibility of running this province.

That is what we sought to do with our public sector wage restraint package and it comes as no surprise to see that we were not the first to do that either. We were not the first in this province to propose such a public sector wage restraint package. In January 1984, the Winnipeg Free Press reported, quote: Schroeder said the 3 percent guidelines should not be viewed as a firm figure for wage increase. Some raises will be above the provincial restraint level this year, while others will fall below it (end of quote). Is that not what the Minister of Finance (Mr. Manness) said in December of last year when he was absolutely attacked viciously by the Leader of the Opposition (Mr. Doer) and his colleagues for pitting one group in the labour force against another?

Madam Deputy Speaker, I cannot believe the hypocrisy. I cannot believe the hypocrisy of these—the Opposition clamour was deafening. They talked about blackmail. They said it was totally unfair. It was exactly what the NDP did seven years ago. Many members on the other side were a part of that government, and they ought to remember exactly what I am talking about because they were there. Do you remember what the member for Flin Flon had to say about this? I would like to quote him on it: It is a signal, I suppose, to everyone that you should not continue to expect the kinds of increases, the kinds of things, we have enjoyed in the past (end of quote). That was in the midst of a growth, -(interjection)- 16 percent increase in provincial government revenues, and they were imposing a 3 percent wage restraint package. They were telling people, you could not expect the kinds of increases you had in the past.

How many times has the member for Flin Flon (Mr. Storie) sat in this House and heckled us over what we are doing in this budget, which is precisely what he endorsed, supported and initiated as a member of the Treasury bench in the NDP government? What hypocrisy, Madam Deputy Speaker! No wonder the public is cynical about politicians; no wonder they have no trust in the Leader of the Opposition (Mr. Doer). You know, the Leader of the Opposition had a quote that sums up his feelings about this kind of hypocrisy. He said, quote: When you are a minister, you say you have no problems in the department. It does not matter what is going on, that is what you say, no problems (end of quote). That is the way he felt about it. You put on a happy face and you ignore the consequences.

Apparently, when the members opposite switched sides, Madam Deputy Speaker, they switched principles as well.

**An Honourable Member: No.**

**Mr. Fillmon:** Yes. Well, okay, to be fair, in those days, the Leader of the Opposition was not exactly a solid NDPer. That is true. There were doubts; there were questions. Of course, in those days, he was president of the MGEA, and he had to fulfill his role as a union boss, so we have to recognize that he was a little bit on one side and a little bit on the other.

(Mr. Speaker in the Chair)

He did not like, I will admit, the restraint program of the party he currently leads. He was critical of the

Jobs Fund, that kind of short-term, make-work program that he is advocating today. In fact, he had some pretty choice words for the NDP. This is what he said then about the NDP, quote: What sense does it make to eliminate stable, full-time jobs in order to create short-term, make-work ones? Why would you hire people to count the flowers along the side of the highway and fire the crew that repairs the potholes on the same road? (End of quote) He had a great turn of phrase; I can see why they elected him Leader.

He went on, he had some other good turns of phrases, listen to this: There is a real sense of unfairness now—that is what he was saying about the New Democrats. It is white wine socialism, he said. The senior executive positions in the government have been increased 22 percent since the NDP took over—that was just two and a half years earlier—22 percent increase in senior executive positions. There has been a big increase in the political staffs of the ministers and the government is spending millions on image advertising, meanwhile it is reducing line department positions, the service to the public. We agreed with the Leader of the Opposition when he said those things at that time I might say.

Unlike him, we still oppose short-term make-work jobs and we sought to set a strong example by demonstrating personal leadership in taking a salary freeze for all members of the Legislature, major reduction in support services and expenses to every member of this Legislature, cutting communications positions and cutting communications budgets by millions of dollars, Mr. Speaker, and reducing all the budgets in the ministers' and deputy ministers' offices. Now, that is real leadership, that is honest leadership, and that is what we are giving this province.

\* (1620)

Mr. Speaker, getting back to the unfairness of the NDP's actions at the time when they were in government, here is another Free Press story that quoted the Leader of the Opposition making this comparison: Manitoba Government Employees' Association President Gary Doer says the restraint program being practised by the NDP government is ultimately worse than that undertaken by the former Lyon administration. I know that has to be true because it was in Frances Russell's column.

**An Honourable Member:** Why do you not give that quote about the odor of the government out of Frances' column, not the other one?

**Mr. Filmon:** I can see that the Liberals are enjoying this, Mr. Speaker. They are enjoying it seeing the government and the official opposition going at it, and they are in the third party on the sidelines. They do not have to worry about it, because it is much harder to hit a moving target, of course.

We do not know what their policy on the budget is going to be today, because it depends on whether or not the member for Osborne (Mr. Alcock) gets up or the member for River Heights (Mrs. Carstairs) gets up. We know what the member for Osborne said when he was on Peter Warren, saying that he approved of the budgetary process that the Minister of Finance (Mr. Manness) is going through, he approved of tough measures.

He said that he had to agree with the Minister of Finance that he was going in the right direction and then he got taken to the woodshed by the Leader, the member for River Heights, and like a little puppy dog he came whimpering in here two days later and said, Mr. Speaker, this budget is a disaster.

Mr. Speaker, our members from rural Manitoba, especially those from around the city of Winnipeg, will tell you about the growing phenomena of want to be's. Want to be's are city dwellers who keep their city jobs but move to the country to live the country life. In the debates in this Chamber in the past week, the Liberals have reminded me of want to be's. Sometimes they want to be Conservatives, sometimes they want to be New Democrats and sometimes of the time they want to be somewhere else.

Mr. Speaker, looking over the Liberal benches reminds me of the one thing that the government and the NDP still do agree on—at least I think we do—and that is the need for the Fiscal Stabilization Fund. Back in 1989, the member for Concordia (Mr. Doer) said some good things about that fund and I quote, I philosophically believe and our party believes, that when times are good there is extraordinary revenue, for example from the mining industry, and that it is a pretty good idea not just to take all that money and put it against hydro dams and a lapsed debt, but to take some of that money and put it toward worthwhile public projects that are necessary in a year where there will be less resources available (end of quote).

If we had been listening, of course, to the Leader of the third party in the election, there would be \$140 million less available now to fund health care, Education and Family Services. She has said during the course of this debate that we are not doing enough for people in all these areas, but if she had won the election last summer, there would have been \$140 million less to do things for people.

We believe in planning ahead and we have been doing just that since we have been in government. We believe in providing a more responsible and accountable government than we experienced under the NDP. We have opened up the budget process to the people of Manitoba and we did so for very good reason.

It is the people of this province who are paying today for the past mistakes of the NDP governments, those that I catalogued in the course of my remarks that at that time were opposed, in some measure, by the Leader of the Opposition that he now endorses fully, because the taxes that are being paid to cover interest costs are taxes that resulted from New Democratic government decisions of the past. In fact, today we can say for certain that it is the children of today's taxpayers who will probably end up having to pay down the principal. I believe that is a horrible legacy for the future, and we must not make it worse.

We are all politicians in this Chamber. We understand the temptation to go for the short-term gain to win the battle of the 10-second clip that is so prized by the Leader of the Opposition (Mr. Doer). We also have a responsibility to do what is right. This budget is our government's best effort to do what is right for this province, not just for today, but for many years and generations to come.

Mr. Speaker, I have shown over the course of my remarks that the fundamental cornerstones of this budget have been specifically advocated in the past by the Leader of the Opposition or in other cases undertaken by his colleagues in their days in government under the New Democratic Party.

I was asked on a radio program last Friday how I would characterize this budget, and I said in two simple words, "honest" and "responsible." This is the most open and honest budget that has ever been produced in this province. The numbers are there for everyone to see, and for months leading up to the budget they have been shared with the public. It is a responsible government. It is a responsible

budget, because we can face future generations and say we did everything possible to protect your interests under the circumstances.

This budget is not about ideology, it is about practicality. This budget is not about what we owe to our friends, it is about what we owe to our children and our grandchildren. Unfortunately, it is also about what our children will owe because of past decisions in this government.

I think the NDP, with their let-us-pretend economics and their want-to-be colleagues in the Liberal benches owe this province a little more frankness and a little more honesty and a little less rhetoric.

I cannot understand why the members opposite will not apply the same principles to the budget that we all should apply to the environment. The fundamental premise of sustainable development is that the environment is not something we leave for our children, it is something we borrow from them. We have to take the same approach to our finances.

What right do we have in this generation to enjoy programs that we are not willing to pay for? None. What right do we have in this generation to spend money that our children and grandchildren will have to earn? We have no right to do that. I will not mortgage our children's future.

Mr. Speaker, my colleagues and I, on this side of the House, will do everything possible to undo the damage that the NDP have done to this province. This budget is an important step in this process. I am proud of the Minister of Finance (Mr. Manness) for bringing it in. I am proud of our government for working so hard to develop it. I will be proud to vote in support of it, Mr. Speaker. Thank you very much.

**Mr. Leonard Evans (Brandon East):** Mr. Speaker, we are now debating and considering the fourth budget of the Filmon government. We have had four budgets, but it is the first majority Tory budget to be put before this Legislature. The budget that was submitted to us last fall, late last year, was a budget that was concocted during the minority period of this government. It reflected a minority situation. Frankly, I was here throughout the Lyon years. I can tell you, we had acute protracted restraint then, and today we have again acute protracted restraint. The only thing that is different is the rhetoric. One thing I give Sterling Lyon credit for, he was honest and aboveboard, and he called a spade a spade.

Well, Mr. Speaker, the fact is, regardless of how you look at it, the Premier (Mr. Filmon) says, well, we are aboveboard, all the figures are here. Well, I always thought the figures were there no matter what, but we have a cut and slash mentality at work in this budget, the Premier and all the members on that side really and truly believing—they feel religious about it—that they are doing the right thing and what this budget is, is really good for Manitobans. They believe that it is good for Manitobans. It does not matter what it does to women, the seniors, to rural Manitoba, northern Manitoba or whatever; they really believe that they are doing the right thing.

\* (1630)

Mr. Speaker, what they are doing is the wrong thing. They are doing the wrong thing in the name of deficit control. In the name of deficit control, this government is making our economic situation in this province worse. This budget is leading to more unemployment. This budget is causing the incomes of Manitoba to drop. This budget is reducing the quality of public services in this province. This budget is causing real estate values to drop, and in fact this budget will cause business to find Manitoba to be less attractive a place to invest in.

This Minister of Finance (Mr. Manness) keeps on talking about the need to attract private investment. This budget will make Manitoba a worse place to invest. It will make it less attractive. In fact, we are going to continue to have an exodus of Manitobans as we have had, as we have experienced during the past three years when we have had an enormous increase in exodus on interprovincial migration.

The theory is—it is very simple—you cut spending, you reduce spending, so that eventually you can reduce taxes, cut taxes, and then eventually you can attract more private investment. Well, Mr. Speaker, shades of Reaganomics, shades of right-wing supply-side economics, that was tried in the United States, of which there have been many, many studies, and the studies show that this approach simply does not work, that it may sound logically correct, but it takes decades for any impact on a supply-side approach and that is by reducing taxes in order to attract private investment. The facts have shown us, of course, Mr. Speaker. We have had four budgets now, we have had this government in office for three years and what has happened to private investment, it has been going down the tube.

Well, Mr. Speaker, I want to take a moment to talk about the hypocrisy of the Premier (Mr. Filmon), the hypocrisy of this budget, and the hypocrisy of this government in this position. They are stating—they keep on chastising the NDP for spending money and increasing the debt in this province, but the fact is the debt of this province has been increased under this same government, particularly in 1988-89 they increased the general purpose debt enormously in that year. Again, 1990-91, we increased it to an all-time high and, of course, this year it is at an all-time high.

The reality is, they used to chastise us for not spending enough money the last two or three years. Oh, they were spending more money than the NDP did and they were giving us a hard time. Now today we get the story, well, we spent so much money that we have all this debt courtesy of the NDP.

The fact is, Mr. Speaker, that the Minister of Northern Affairs (Mr. Downey) and his colleagues have brought about the highest debt in the province's history. Today it is \$5,142 per person; that is the highest it has ever been. It grew—it has been growing—(interjection)—Well, before you became government the net general purpose debt was \$4,784. Today it is higher and it has grown under this government, it has grown under this government in the past three years, so you are talking out of both sides of your mouth.

On the one hand you were criticizing us about not spending enough, and I can go to Hansard like the Premier (Mr. Filmon) did and read back the criticisms you made of us not spending enough. Now you are saying we spent too much, but the reality is you did spend and you did bring the debt up.

Mr. Speaker, I believe that this government is so absorbed with the debt that they really do not—and they really talked themselves into this, they really believe it. I give them credit for that, they really believe it, but the fact is Manitoba's relative debt situation has not changed over the years. As a matter of fact, Manitoba traditionally has been in the middle of the 10 provinces in terms of debt.

This is true today. I read one report from a provincial budget showing a chart relating Manitoba's relative position. This is the debt of the provinces as a percentage of their gross domestic product, and as of March 31, 1989, Manitoba was the fourth lowest. We were not the worst and I dare

say if I had the figures right today we could show you that Manitoba was not the worst; it was not the best, but it was in the middle somewhere, so that has not changed over the years.

Here are other statistics from the Investment Dealers' Association and made available by the Toronto Dominion Bank, which shows that the debt per capita as of March 31, 1991, puts Manitoba right in the middle. We are right smack in the middle of the provinces. That is per capita debt in 1991. If we went back a number of years you would see us in the same position, relatively in the middle of the provinces. This government is using the debt situation as an excuse to cut the public sector and the programs, and I say, it is warmed-over Reaganomics. We have got a right-wing economic philosophy that is prevailing here.

This budget fails for three fundamental reasons. First of all, the main problem facing the Province of Manitoba today is lack of economic growth, a very major economic recession, and this budget does not address the No. 1 problem facing this province. It does not solve our economic problems. Instead, it is making unemployment worse. We have programs being cut, there are fewer jobs for our youth, fewer jobs for people as a whole, and I, like the Minister of Energy (Mr. Neufeld), believe in work, not welfare. I say the budget should be geared to maximize job opportunities for the people of this province, and it is not doing that. It is making unemployment worse, there is no question about that.

Secondly, this budget fails because it is not fair. It increases the burden on the most vulnerable in our society. We are freezing grants to Child and Family Services agencies, we are cutting services for people with disabilities, we have deindexed the 55-Plus program, fewer dollars available for the CRISP program and so on. So what this budget is doing is adding the burden to the weakest, to the most vulnerable in our society.

Thirdly, this budget fails because it transfers costs to other levels of government, primarily the municipal governments. It is causing property taxes to go up much higher than they would otherwise. Specifically, I refer to the underfunding of the school divisions, and we see some pretty sad cases, particularly in rural Manitoba, and indeed the city of Winnipeg about the impact of the underfunding of the school divisions. So this budget fails particularly for those three reasons.

We have got an economic situation that is horrendous. Everyday we get bad economic news. As a matter of fact, the economic statistics are nothing but bad, in fact, so bad and so frequent that they are not news anymore. Bankruptcies were up. In the first quarter of 1990, bankruptcies were up by 27 percent. This is business bankruptcies I am talking about, not consumer bankruptcies. A very serious situation.

\*(1640)

What about our manufacturing industry? Our manufacturing industry has fewer jobs today than it had before this government took office. There are fewer people working. When this government took office there were 63,000 working in manufacturing, today there are only 53,000. There is a drop of 10,000 jobs. When you look at what has been happening recently, Mr. Speaker, you see that in the first two months of this year alone value of factory shipments has declined by 15 percent. You might say, so what, there is a recession. The fact is that this is three times the Canadian average. The manufacturing industry in terms of the shipments has declined three times as fast as the Canadian average, and we are in a position that is so bad that we are ranking 10 out of 10 in terms of manufacturing performance in the first two months of this year.

Looking at private investment, again we found from looking at Stats Canada documents that private investment has been declining steadily. It declined in '89, it declined in 1990, and now it is forecasted to decline again in 1991. So after all these years of this government being in office, I say, Mr. Speaker, where is all this great growth that is going to come from private investment? It simply has not come along.

In terms of overall employment, we have fewer people working today than we had before this government took office. If you look back in March of 1988, we had more people working than we have in March of 1991.

What is happening to our population? Our population is virtually stagnant because of the terrible outflow on interprovincial migration. Again, if you charted it, you would just see the figures just rise up dramatically in terms of population losses. We have been losing about around 8,500 people a year on interprovincial migration since this government has taken office, a much more serious

situation—it has not been that bad since the Sterling Lyon years, as a matter of fact, Mr. Speaker. On top of that, we find that the rural population is diminishing. The figures we now have show several thousand, 4,100, fewer people living in rural Manitoba today than there were when this government took office.

You can look at other economic statistics. Housing starts have declined for three years in a row, and they are still going down. It is no wonder because our population is not growing, and we have this interprovincial loss. If you look at what is happening to weekly wages, again, we find that we are doing very poorly. We rank 10 out of 10.

I could go on at some length reviewing the economic statistics showing the very weak position of the Manitoba economy. The real question, and there should not be any dispute about this, is: Why is the Manitoba economy so weak, not just weak in terms of some years ago, but why is it weak in relation to many other provinces?

I say it is for a number of reasons. One is the Free Trade Agreement. There is no question that the Free Trade Agreement did hurt our manufacturing industry. There are many, many examples of companies who laid off people, who just closed that shop, moved down to the United States because of the Free Trade Agreement. There was one example in my own riding; Marr's Leisure Products closed up shop January of 1989 because of the tariff change on the products that it produced. Toro Engines is another example; they left Steinbach and went back to Minnesota. There are many, many examples. So free trade has hurt our economy.

Secondly, deregulation has certainly hurt our economy. It has hurt the air service, particularly to regional centres such as the city of Brandon. Ultimately, it has adversely affected other forms of transportation as well.

The third reason why we have a weak economy is because of the federal government policies. I really and truly believe that the present federal government has it in for the province of Manitoba. They are prejudiced against us, and there are all kinds of examples of them transferring federal government jobs out of Manitoba, including those in the railway industry that they have some control over and indeed in national defence as well. Thanks to Mr. Mulroney, Manitoba has been losing a considerable amount of employment, a

considerable amount of economic activity, and I go on.

A fourth reason is the economic recession itself. The fifth reason why we are having a weak economy—and it is going to get weaker—is this particular budget with its cutbacks and layoffs. This budget is simply going in the wrong direction.

Mr. Speaker, our provincial economy has been shrinking. It has led to a loss of confidence, and it has been shrinking, thanks to the federal government, through the wrong-headed Mulroney policies, everything from high interest rates, to free trade, to deregulation, to what they are doing to Canada Post, what they have done to VIA Rail and the transferring out of jobs from Manitoba to other provinces.

Our province's economy is shrinking and will continue to shrink because of budgets like this one. It is making the provincial economy smaller. We have fewer jobs. We will have fewer people. Our services are declining. Our park services are declining. Our education services are declining. Other social services are declining, and what is happening in this process?

Manitobans are being hurt. Seniors are being hurt; the 55-Plus program is one small example. We are hurting youth by cutting back on the CareerStart program, cutting back on the colleges, eliminating the northern youth employment program. The youth are being hurt. We are hurting women. We have cut back on monies for the Status of Women office.

We have frozen the budget of Child and Family Services and, indeed, we are hurting youth and others in terms of education standards. We have layoffs in our schools. We have school closures. We have school closures rife in rural Manitoba, not only planned for this year but for next year because of underfunding by this government. Rural Manitoba, in particular, is being badly hurt because of the offloading of this government. They are no longer providing water management and engineering services and, indeed, 2,000 kilometres of provincial roads are being turned back to provincial government.

(Mr. Ben Sveinson, Acting Speaker, in the Chair)

So, Mr. Acting Speaker, I say that we have a weak economy, among other reasons, because of the actions of this government. When you talk about trying to keep taxes low, let us not kid ourselves.

What we are really doing is transferring the tax burden to another level. Municipal taxes are going to be going up, if not this year certainly next year, because of the offloading onto the provinces.

There has been a substantial reduction in grants to the municipalities, and there has been a substantial cut to services to the municipalities. Indeed, there has not only been offloading to the municipalities, Mr. Acting Speaker, but there has been offloading onto the nonprofit agencies that are struggling to provide services for Manitobans.

On the revenue side, this minister and this government continue to benefit from the NDP budget of 1987-88, because this minister, among other reasons, was able to set up a Fiscal Stabilization Fund because of the increased revenue provided by decisions made by the previous NDP government. As we know, he took \$200 million and put it into the fund.

Indeed, Mr. Acting Speaker, talking about fiscal responsibility, if instead of putting it into the fund that year, we would have had a surplus of nearly \$60 million instead of a deficit of 141. So the Premier can stand up and sound holier than thou in terms of deficits and debts and criticize the previous government, and then when we moved to bring us into a surplus position, they removed it with this fund and used it to show themselves in a better light in the subsequent budgets.

The fact is, Mr. Acting Speaker, they have benefitted by decisions made by the previous government, particularly in '87-88. We still get revenues from the payroll tax. It is a real joke, you know. They talk about keeping taxes down, and they brag about how they were going to eliminate the payroll tax. Well, the payroll tax is well and alive and still with us, and I am willing to predict that this government will never ever eliminate the payroll tax as long as it is in office. It will never ever eliminate the payroll tax. It will not fulfill that promise that they made to the people of Manitoba.

Indeed, there have not been really significant tax changes by this government. There has been a personal income tax which is down by 2 percent from a year or two ago, but really there has not been a substantial change in the tax revenue. Yet the Premier gets up and criticizes the former government for putting some of these taxes in place, and yet after four budgets those taxes are essentially still in place.

In the meantime, Mr. Acting Speaker, we have gotten ourselves into more difficulty because, by the government's own definition, they gave up revenues. They could have had more diesel fuel locomotive tax revenue than they have. We could have raised our tax level to at least that of Saskatchewan. They could have picked up more money in mining taxes a couple of years ago when companies such as Inco were particularly flush with cash. They could have reduced or avoided corporation income tax breaks. Indeed they could have instituted or be involved in bringing about a minimum corporate tax.

It is really interesting that the Canadian Federation of Independent Business recently did a survey of their membership on the issue of corporate income tax, and the majority of them agreed that government should establish a minimum corporation income tax. So that is an interesting observation coming from the small business sector. It is not something that is a wild idea. It is something that can be done. It is something that is done in the United States.

While the Premier is crying the blues I say, over the last three or four years you have not done a very good job. You have not done a very good job in getting additional revenues, and you have not done a very good job in keeping your spending down, if that is what you want to do, because, as I pointed out initially, you have increased the debt. You have not reduced the debt, and you have had four years. This is your fourth budget.

\* (1650)

The Minister of Finance (Mr. Manness) and the Premier (Mr. Filmon) are really overly concerned about the debt situation. As I said earlier, it has not changed substantially over the years in relation to other provinces. Mr. Acting Speaker, again I would point out that the deficit that the Minister of Finance is showing this year, which is about \$324 million, is almost equal to the \$305 million made available for capital expenditures.

If you go back to the accounting that was brought in by Duff Roblin and Gurney Evans—no relation—who was then the Minister of Finance, when they showed capital and current expenditures separately, indeed we would virtually have a balanced budget today in those terms, in terms of the budgeting of the Roblin government.



The deficit is only 1.3 percent of the gross domestic product, and, as I said, the interest on the debt has not changed significantly. We look six years ago, the interest on the debt was 10.4 percent. Today the interest on the debt is 10.6 percent of our total spending. So what has changed, Mr. Acting Speaker? What has changed is that we now have a majority Conservative government. Finally they are coming out with their real agenda, which is to reduce the public sector in this province. That is their ultimate objective. That is their ideological basis. That is their right-wing economic philosophy.

Mr. Acting Speaker, we need a better approach. I would commend the organization referred to as Choices, who actually tried to tackle the problem and looked in detail at government revenues, looked in detail at government expenditures. I agree with them. The No. 1 problem—and we cannot seem to get it across to the other side of the House—the No. 1 problem facing the province of Manitoba is a serious economic recession. The No. 1 problem is not the budget; balancing the budget is not the No. 1 problem. The debt is not the No. 1 problem.

As a matter of fact, Mr. Acting Speaker, budgeting has to be balanced in the long run, I will agree to that. No one can dispute that ultimately you have to pay your way, and no one is disputing that.

What we are saying, though, is the budget does not have to be balanced in one year. If it has to be balanced in one year, if that is so good, why do we not balance it in six months, or how about three months, or why do we not balance it every month or maybe every week? You would say that is silly and ridiculous. Well, of course, it is, just as ridiculous as it is to say that you have to balance the budget in one year. I say, Mr. Acting Speaker, you balance the budget over a cycle. You balance the budget over a business cycle, over an economic cycle, and therefore, if we learned anything from the Depression of the 1930s, that is you do not cut back more so on government spending in times of recession.

This is the time to be easy on spending. This is the time not to make those cuts. This is the time not to raise taxes. This is the time to maintain programs and indeed expand programs to offset the recession that is evident outside. Therefore, Mr. Acting Speaker, this budget is totally cockeyed. It is the totally wrong approach. We balance the budget not in one year; we balance the budget over the

business cycle. That is why, in '87-88, the NDP government came in with a surplus budget which you people have been able to benefit from for some years. You have been benefitting from that, but the chickens are coming to roost. You are sort of running out of that money because this is the last year you are really going to dip into the Fiscal Stabilization Fund.

Mr. Acting Speaker, the key problem is the economy, and the way to improve the economy is not cutbacks because you are going to make matters worse. The way to improve the economy is to stimulate the economy. The problem we have in Manitoba is lack of effective demand. We do not have enough demand for the output of our industries, and therefore you can have all the tax breaks in the world that you like, you are not going to persuade the business community to expand their factories, to expand their plant and equipment when they cannot sell what they are already producing.

I say for the Premier (Mr. Filmon) and the Minister of Finance (Mr. Manness) to get up and say most piously and devoutly and almost pompously that we are going to cut taxes because this is the way we are going to bring in more business to Manitoba, I say poppycock, because (a) it has not happened, and (b) no amount of tax relief will cause business investment if you cannot sell what you are already producing. I say the solution is to stimulate the effective demand in the province, and this way we can help the vast majority of the business sector, particularly small business, if we do something to raise the level of economic activity.

Therefore, we on this side say we should not have cuts. We should not cut the Civil Service. We should not cut programs. We should maintain the programs. We should maintain the services.

What we need to tackle the No. 1 problem is to set up an employment fund, to set up a fund that is going to tackle unemployment in this province, that is going to stimulate the business sector. Whatever is needed, this is what we have to do with an employment fund where we can focus our attention on creating jobs.

A lot has been said about the failure and the limitations of make-work programs, but I say what the Minister of Energy (Mr. Neufeld) said the other day, and I listened to him very carefully: I believe in work, not welfare. Even if they are short-term jobs, at least they are out there doing something.

I would like to remind members, those short-term jobs were mainly in the small business sector. It was the small business sector that took up those jobs and provided work opportunities to young people, old people, women, men and indeed nonprofit agencies were able to give useful work. In fact, we expanded social services through the program.

Sometimes you have to go for short-term jobs. We all prefer long-term jobs, regular jobs, that is the best, but at least the short-term job gives you work not welfare. Secondly, it does raise the level of economic activity. There is no question about that and, thirdly, it provides services to the community. We had all kinds of nonprofit agencies that were able to provide services to seniors, to disabled people, to the blind, to the weak and the vulnerable in our community by getting some of these employment program jobs.

I make no apology for that kind of work activity. That is the way to put people to work, but it need not be just through employment programs. There are other ways of doing it. Let us give incentives to the municipal governments to bring forward public works that they would like to get into but do not have the amount of money that they need right now. Let us give the municipal governments an incentive to bring forward worthwhile, needed public works. This is nothing new, this idea of public works to create jobs, to stimulate the economy. It is something that was finally tried in the latter part of the 1930s, and it was done during the Schreyer years.

Another way of stimulating the economy, Mr. Acting Speaker, is to bring in a program of housing renovations. We have all kinds of housing stock in this province that is badly in need of repair. It is housing people with low incomes, and a lot of them are senior citizens. I say we could have a major program of loans and grants that would improve the housing stock, that would give us something of value and would take people off welfare and give them work.

Thirdly, Mr. Acting Speaker, we could accelerate our own capital spending of our own Crown corporations, maybe miscellaneous capital, but spending by various government departments to put worthwhile assets that are needed, not frivolous, not unnecessary, but required needed capital works. They could be put in place now through an acceleration program.

We can be doing more for aboriginals. We could have an aboriginal program for the urban areas, help them with some small-business expansion perhaps. We can step up our training programs, and there are many, many things we can do, but I say what we have to do is to stimulate the economy. We have to expand. We have to counteract the business cycle.

Now, when we come into a period of more growth of revenue, as we had in '87-88, then we should move into a surplus position as Eugene Kostyra did with his budget. Virtually, he was doing this with his budget. In fact, he understated the amount of revenue because we got additional transfers from the federal government. That is when we have our surpluses, and that is when we begin to pay off the debt. Please do not make the economic recession worse than it already is.

\* (1700)

(Mr. Speaker in the Chair)

This is where we have a major difference of view, ideology if you want, between ourselves and the government. The Premier (Mr. Filmon) says, well, let us be practical about it. I am saying, let us be practical about it. We are being practical about it -(interjection)-

Well, the Minister of Northern Affairs (Mr. Downey) does not like the credibility, but I say this government's credibility is not zero, it is negative.

Today we have had three demonstrations, or apparently we were supposed to have three demonstrations today. I do not remember three demonstrations for three different groups in one day: multicultural groups, farmer groups and MGEA. Three demonstrations in one day. -(interjection)- Well, I did not organize those demonstrations. I do not know where they are from, but I understand there were to be three.

Mr. Speaker, and I may be repeating, but certain members were not listening perhaps, but the fact is that the Minister of Finance's debt position is not any worse today, in a relative sense, than the province was 10 years ago. If this government was so concerned about the debt, why did you not do something about it three years ago? Why did the Minister of Northern Affairs (Mr. Downey) not do something about it years ago? Instead, the government increased spending substantially in some of those years.

You increased spending faster than the revenue. I mean, if you are so pious now about controlling spending, in 1990-91 revenue went up by 4.2 percent, and yet the government increased spending by 6.6 percent. Revenue went up by 4.2 in 1990-91, and program expenditure went up 6.6. If you were so concerned, why did you spend so much? Why did you spend so much in the last three years? You have brought the debt up to the highest level in the province's history. Higher than the NDP ever did, and you did it for three years. I mean, it is higher now than when you took office.

**An Honourable Member:** What is higher?

**Mr. Leonard Evans:** The debt.

**An Honourable Member:** Oh, really.

**Mr. Leonard Evans:** Yes, and you have been doing it. This is your fourth budget, and then all of a sudden this year, this is such a crisis. This crisis is this year, but was there not a crisis in 1990-91 and also in the other years? So, Mr. Speaker, the sad fact is our relative debt position has not deteriorated over the years, and I say again for the Minister of Finance (Mr. Manness) because he may not have been listening before, and that is that the Minister of Finance should not have to feel that he has to balance the budget in one year. Why not balance it over the business cycle? Why not balance it over four or five years? If one year is so great, why not six months or one month?

So, Mr. Speaker, the fact is that the economy of Manitoba is going down the tube under this government. It has done so for the last three years. I quoted all these figures, whether you look at unemployment—

**An Honourable Member:** Let us hear some statistics.

**Mr. Leonard Evans:** I have given statistics. We have fewer people working today than when this government took office. Fewer people are working. There are fewer people working in manufacturing today than there were before this government took office. There are more people leaving the province. We have been losing roughly 8,500 people a year since this government took office, and I dare say there is going to be even a greater loss this year with this particular budget.

Indeed, Mr. Speaker, very serious, for the first time we have detected under this government an absolute decline in rural population. So this budget

is the wrong budget for this time. We are causing the economic recession to be worse. We are hurting Manitobans, and no matter which way you look at it, the bottom line of this budget will be that the Manitoba economy will have shrunk.

So I say, Mr. Speaker, this budget has failed. Our No. 1 problem is economic recession. This budget is failing the people of Manitoba, because it does not solve our economic problems. It makes our economic problems worse.

Secondly, this budget has failed the people of Manitoba because it is not fair. It increases the burden on those who are most vulnerable in our society, the aged, the youth, those dependent on social services, single parents, and so on.

Thirdly, this budget fails because it transfers the cost to the municipal level of government. Indeed, it transfers costs to nonprofit agencies as well. So the people of Manitoba will not be fooled that somehow or other the taxes are being kept down, because they are not being kept down. We will be having inordinate increases at the municipal level.

So, Mr. Speaker, I conclude because my time is about up, but I say the budget is a total disaster. I would say that we would do the people of Manitoba a favour if we voted it down. We will be having the vote very shortly. We will see what has happened, unless some people get lost on the golf course, one or two, it may be a very interesting vote.

Regardless, Mr. Speaker, I say that I know I am talking to a brick wall in terms of giving you some good advice as to how to run the provincial accounts. We are giving you some good advice, but I am afraid it is falling on deaf ears. So it is regrettable that we have a government that is living under the philosophy of Reaganomics that has a cut and slash mentality, that is adding to the unemployment, that is causing incomes to be reduced. It is reducing the quality of services. It is even reducing the real estate values in this province. As a matter of fact, it is making the province a less attractive place for business to come and to invest in.

So, Mr. Speaker, I say this budget is a total utter disaster. On that account, it should be defeated. Thank you.

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, it is a privilege to wrap up debate on this the fourth budget of the Filmon government. Let me

reiterate just for a moment, that the crafting of this budget was not easy. As a matter of fact, to use the very same words of the Leader of the NDP Opposition, it was difficult. It represented difficult choices and had real impact on people's lives, had an impact on community support, had an impact on municipal governments, it had a lot of impact, a lot of it representing change.

Mr. Speaker, let me stand and say also that during difficult times governments, and indeed people within their own homes, within their own endeavours are provided with opportunities. I say to you, and to people in this province that the government of Manitoba was provided with an opportunity. Given the fact that we had revenue growth of basically zero percent to 1 percent, given that there seemed to be not significant increases of revenue that we could expect in terms of 1991, given all those facts, we still were provided with opportunities. Those opportunities, of course, were to remove programming from government that were seen of lesser priority, lesser importance and indeed as seen as maybe not having the same significance in importance to the main areas of Health, Education, and Family Services.

Mr. Speaker, I have heard portions of the debate. I wish I could have been in the Chamber for all of it. I have read portions of the debate that I was not in attendance to hear first-hand. What is obvious is that tens of thousands of words have been spoken in the course of this Budget Debate.

One might think therefore that many difficult and complex issues are under consideration. Certainly there are many difficult choices made in this budget, choices about which reasonable people of good will can disagree and obviously there has been disagreement in a whole host of the issues.

\* (1710)

Nevertheless, the basic matter over which the two sides of this Chamber are divided is pretty straightforward. Should the government sharply raise the deficit and add to the overburden of debt because we are in a recession, as the opposition argues, or should we keep spending and deficit increases under control now in order to avoid tax increases and service cuts down the road, two very fundamental issues, fully understood. There is no gray area in between.

There might be an attempt by some to try and provide some—saying, oh, there is some middle

road, some halfway in between action, but, Mr. Speaker, that is a fundamental difference. That is where we agree or disagree and, of course, that has been manifest through the last eight days in the debate that has taken place in this House. Some members want us to increase the deficit and spend more and try and again delay the problem. We the government have said no, we can no longer delay because the impact in terms of tomorrow, in terms of difficult decisions, in terms of layoff, would be ever so much more severe. We have chosen the latter course, the course of fiscal responsibility, not for its own sake, but because it is the only way to stay on the road to our goal, the goal of long-term, sound, stable economic growth.

Mr. Speaker, I do not doubt the basic premise of the opposition, that a big increase in government spending could provide some stimulus to the economy and create a few hundred temporary jobs, possibly even a couple of thousand temporary jobs. In fact, if the previous administration had run surplus budgets during the mid-'80s when the Canadian economy was growing strongly, and had paid down some of the province's debt, we would be in a position today to consider providing more economic stimulus. As I have said before, I am a countercyclical believer. I believe there is time for governments to spend more and, given normal circumstances, today is one of them.

I cannot help but refer to the Leader of the Opposition's (Mr. Doer) speech when he talked about choices, and he referred to Roosevelt's New Deal. He said, and I guess I asked the rhetorical question, how much debt did Mr. Roosevelt have at that time? Every time I asked this Leader, when I asked Howard Pawley the same question when he sat in this chair two to the right of me in 1984, when I asked him the very same question and whether or not he could even see times becoming so good in the next 20 years that government would set aside money and put it into savings, Mr. Pawley's answer—and I will dig it up if I am challenged to do so—to paraphrase him, he said, well, you know, there are a lot of things to do. In spite of the good times, there are a lot of things to do, so I cannot envisage when in the next decade there will be a time to set aside money.

**An Honourable Member:** We left you \$55 million.

**Mr. Manness:** Mr. Speaker, I hear the member challenges me, he says, "We left you \$55 million."

He did not leave us anything—knowingly. When the budget came down at that time, it was not known that, for instance, there were going to be revisions in the matter of transfer areas.

I could have reduced the debt, there is no question, and I have said that openly and outwardly many, many times. I thank the members in the NDP for not chastising us too strongly in setting up the Stabilization Fund. I also thank them for not wantonly spending from it needlessly through the periods, which tells at least some of them are trying or at least believe that there is another side to the Keynesian approach, that you have to prepare at least for these difficult times. But that was over the two years. This past year I have seen nothing but attack for reducing spending. I have seen nothing but attack from the NDP for not trying to again stimulate the economy to go into hundreds of millions of dollars of greater debt.

Mr. Speaker, we did not choose that approach. Even in the years of strong economic growth and significant revenue growth throughout Canada, the NDP though ran these large deficits. For three years, they ran deficits about \$400 million. For two years, they ran deficits above \$500 million. Indeed, if you convert these deficits into today's numbers, the deficits were about equivalent to \$600 million in four out of the five years from '82-83 through '86-87.

Deficits create short-term jobs, but what Manitobans want are permanent, productive jobs. Excessive borrowing and taxes undercut opportunities and discouraged the business investment which creates permanent jobs.

Deficits also create debt, and I do not have to remind people how the debt increased from slightly over \$1 billion in '80-81 to \$5.2 billion today and where virtually all of that run-up occurred.

The interest costs, of course, rise with them. Today those interest costs are \$377 million higher. I know members opposite get sick of repeating but I do not apologize for that, we will continue to repeat those numbers.

We will try and never allow Manitobans to forget the legacy of debt and why it is we are forced to make the hard decisions we are and why it is that groups of people, today numbering 550 people, assemble in front of the Legislature and wonder why it is we had to make the hard choices that we do.

Mr. Speaker, I say to you, putting an amount into perspective, that \$377 million, it is equal to the combined budgets this year of the Departments of Agriculture, Highways and Transportation, Environment and Northern Affairs, as well as the Seniors Directorate, the Status of Women and the new employee ownership funds, all the departments and programs which I know are dear to the hearts of each and every member of this House. For these reasons, the government has rejected the path of letting the deficit rise out of control in a vain attempt to fight a national recession. Some have argued that one alternative would be to raise spending in order to stimulate the economy and simultaneously raise taxes to prevent the deficit from rising too far.

I suspect the Leader of the Opposition (Mr. Doer) adheres to this point of view. He is well known for demanding higher business taxes in Manitoba in spite of the fact that we have the highest large corporation income tax, the highest small corporation income tax, the highest capital tax on banks and the second highest payroll tax, but he seems to favour higher taxes on families as well. Mr. Speaker, I notice the media has not picked this up. Why else would he take the trouble to argue in this debate that Manitoba's taxes on a family earning \$40,000 compare favourably with other provinces when all taxes and charges are included? What point was he trying to make when he said that a single parent earning \$25,000 in Manitoba pays lower taxes than all other provinces? What point was his colleague the member for Flin Flon (Mr. Storie) trying to make when he talked about how low taxes are for a family earning \$40,000?

Mr. Speaker, the message seems to be that we should be raising taxes on the lower-income families, that we should raise taxes on those undertaxed single parents earning \$25,000, that we should keep our taxes, our income taxes, personal income taxes, near the top of the pack. That is the essence of the message coming from the members opposite.

Mr. Speaker, a second problem is that Manitobans do not want higher taxes. The Leader of the Opposition (Mr. Doer) acknowledged as much in the House a week ago when he said he was part of a government that, and I use his quotes: blew its political brains out—end of quote—because it raised taxes in order to support a high level of spending. Indeed, if you ask average Manitobans what they think of this budget, most answer, I

think—we have asked a lot of Manitobans as they have called in on this budget, and let me say before I forget, to my office the number of calls that I have had is numerous, five to one in support of this budget. The vast number of calls in opposition to this budget have been from the smokers of Manitoba who are opposed to this budget.

Mr. Speaker, if we were asked to characterize how it is Manitobans feel, I would say, in quotes it would be, "I think it is all right; they did not increase our taxes." That is what Manitobans are saying about the budget. There is no surprise in that when you think about the huge tax hit Manitobans took from the NDP. The retail sales tax was raised from 5 percent to 7 percent. Personal net income tax and surtaxes were imposed. A tax on jobs was introduced. A land transfer tax was imposed. Corporate income tax was raised. The corporation capital tax was raised, and so on. All the tax increases from 1982 to 1987—this is tax increases—taken together suck more than \$800 million a year in new tax revenues out of the pockets of Manitobans.

\* (1720)

Mr. Speaker, of course, a third problem relates to business taxes. I stated in the budget that business taxes in Manitoba are close to, if not the highest, in the country. The Leader of the Opposition (Mr. Doer) says, no, no, Quebec has the highest business taxes. Mr. Speaker, that is not true. I suspect the Leader of the Opposition was misled by a table in a Quebec document which compared the fiscal capacity of the provinces, not the actual tax rates. In fact, the small corporation income tax is 10 percent in Manitoba but only 3.45 percent in Quebec. The large corporation income tax rate is 17 percent here and only 6.33 percent in Quebec. The capital tax on banks is 3 percent here and 1.04 percent in Quebec. The retail sales tax on new plant and equipment is 7 percent in Manitoba and zero percent in Quebec.

The only business taxes in Quebec which are higher than in this province are the nonbank capital tax, which is .5 percent for the largest corporations in Manitoba and .52 percent in Quebec, and the payroll tax, which is 2.25 percent in Manitoba and 3.54 percent in Quebec. Mr. Speaker, he is right on one account, he is wrong on seven, when he makes the assertion that business taxes in Quebec are higher than here.

What if our business taxes are only the second highest? Is that a good business in which to promote investment in our province? Does it say, "Come to Manitoba"? What does it say when we say, "Our taxes are only the second highest in Canada"? Incidentally, that probably means that our taxes are the second highest among the 60 states and provinces of North America, yet the Leader of the Opposition (Mr. Doer) would have us believe that business is getting a free ride here.

Mr. Speaker, in the saving of time, I say to members, when I listened to the speeches coming forward and when they want to talk about how it is—at least they give the impression—that there still is untapped wealth, it says to me that the members of the NDP particularly have very high in their priority a general wealth tax. If they were to come back to government, I would be prepared to bet some fair amount of money that, within the first budget, if not the second, there would be a general wealth tax in this province because it is the only area of taxation that is left, of course, from the report as prepared by Decter. You know what that would mean. Without regard to income-earning ability, a painting in a home would be taxed. That is what a wealth tax is. You not only pay the tax on purchase; you pay the tax on ownership. I say, I dare the members of the NDP to stand up and say they are not considering that actively within their consideration.

Mr. Speaker, in addition, the greater our debt, the greater is the influence of external lenders in our affairs. Nor was it feasible to support spending increases by raising taxes because Manitobans clearly do not want more taxes.

The responsible option was to limit the increase in spending, but I want to point out that even though we restricted spending increases, we did so to a degree that is moderate and reasonable in a time of recession.

Our deficit this year will rise to over \$300 million, even after a draw from the Fiscal Stabilization Fund.

I have not hidden the fact that we still have a significant deficit. I have not hidden the fact that if we had not transferred as we had out of the savings account and lotteries that we would have had a deficit in the range of \$450 million—still unacceptable.

The point is, Mr. Speaker, the deficit is still large by any standards.

The opposition clearly believes it is too low but, of course, they have not suggested how large a deficit they think should be appropriate—\$500 million? \$700 million? Certainly, if we spent all of the money that the opposition has demanded in the course of the budget debate, the deficit would end up at least somewhat in that range, and I am prepared to say probably in the area of \$800 million, \$900 million.

This budget does provide significant stimulus to the economy and I do not want this to be forgotten.

The total revenue from Manitoba sources, that is the money this government takes out of the revenue, will fall -(interjection)- This is the amount that we take out of the economy—will fall by \$26 million due to the recession. Add to that an increase in program expenditures of \$143 million, which we are providing for this budget, and you have a stimulus to the economy of \$169 million. This is a substantial amount.

Members opposite would do well to remember that this recession was caused not by any policies of the government of Manitoba, but by high interest rates of the Bank of Canada.

**Some Honourable Members:** Oh, oh.

**Mr. Manness:** Mr. Speaker, obviously the members are not happy with that information, but I draw that to their attention again.

I was surprised, as I listened to the budget debate, to find that the opposition parties are apparently not prepared to support any expenditure cuts in government, except I suppose in Executive Council.

The Leader of the third party (Mrs. Carstairs) in her speech, catalogued many of the areas where we have controlled or cut our expenditure and disapproved of them all.

I could not help but listen to the Finance critic for the Liberal Party today, all of his cuts were in rural Manitoba and when one adds them up and puts some definition and quantification to them, I dare say they would not come to any more than \$15 million or \$20 million.

Mr. Speaker, this government, through some very difficult choices, moved upwards of \$200 million or \$250 million out of the requests of departments, almost all of them legitimate. This was a painstaking exercise.

Opposition parties have a responsibility to provide constructive criticism. Little or none has been

received in this debate. All we get is the same old impossible demands—cut nothing, spend more and do not raise taxes. This is like telling a doctor to cure a patient without providing any treatment.

This government is determined to preserve those programs which are most important to Manitobans while keeping both taxes and deficits down. At a time of flat revenue growth, that means less important programs and services had to be scaled back.

Mr. Speaker, we are confident that this government's fiscal strategy will result in more jobs and higher incomes for Manitobans well into the future. The benefits are appearing already, and I would ask the member for Brandon East (Mr. Leonard Evans) to listen to this.

Over the last three years, private nonresidential investment in Manitoba increased by 22 percent in spite of high interest rates and a national recession in the last year. This investment represented growth widely dispersed across different sectors of our economy and different regions of our province. Health care industries, aerospace, buses, chemicals, metal mining and refining, printing, furniture and hog productions are examples of sectors that are dynamic and expanding.

Local, national and international firms are investing in Manitoba and helping to brighten our future, including Gemini Fashions, Western Glove Works, Willmar Windows, Kraus Industries, MacLeod Stedman, Inco, Western Canada Combine, Boeing, General Electric, Hughes electronics, Dow Corning, Minebea and others.

Mr. Speaker, our policies have already improved the environment for economic development in this province. When the national recession is behind us, and when our policies have been in place longer, I have no doubt whatsoever that Manitoba will enjoy a period of rising prosperity. Thank you very much.

**Mr. Speaker:** Is the House ready for the question? There are several questions necessary to dispose of the proposed motion of the honourable Minister of Finance (Mr. Manness) that this House approve in general the budgetary policy of the government and all amendments to it.

Therefore, the question before the House is the proposed subamendment of the honourable Leader of the second opposition party (Mrs. Carstairs)

THAT the motion be further amended by adding thereto the following words:

And further regrets that:

(a) this government has failed to adequately invest in Manitoba's home grown businesses and has failed to provide incentives to encourage private investment in Manitoba's economy, which are essential to drive Manitoba's economic engine; and

(b) this government has failed to provide for research and development as a long-term investment for the economic prosperity of the province; and

(c) this government has failed to meet its obligations by offloading its responsibility for among other things, roads and engineering and water management to municipal governments; and

(d) this government has failed to adequately support post-secondary education to ensure access to career and skills training for Manitobans; and

(e) this government has failed to maintain career-oriented work programs in order to retain our youth in this province as exemplified by its freezing the CareerStart and the elimination of the Northern Youth Corps Summer Employment programs; and

(f) this government has failed to provide adequate funds to allow for development and refocusing of community-based mental health care delivery; and

(g) this government has failed seniors in Manitoba by deindexing 55-Plus, increasing per diem personal care home rates 9.7 percent, reducing gerontology funding in health care, and by otherwise ignoring their special needs; and

(h) this government has failed to fulfill its promise to support women's health care, including providing for a breast cancer screening program, and giving such promises mere lip service by renaming the existing Maternal and Child Directorate and cutting its budget; and

(i) this government has undermined universal access to health care services for northern Manitobans; and

(j) this government has failed to provide for aboriginal education and health care needs; and

(k) this government has failed to support preventative health care programs to ensure Manitobans of quality of life; and

(l) this government has failed to show concern for the future of natural resources in Manitoba by slashing 231 positions from the department and by further cutting funding; and

(m) this government has failed Manitoba farmers with its shortsighted approach to funding the agricultural sector and for cutting services that help make Manitoba farmers productive and competitive; and

(n) this government has failed to support the programs necessary to promote quality of life in rural Manitoba.

\* (1730)

All those in favour of the proposed subamendment will please say yea.

**Some Honourable Members:** Yea.

**Mr. Speaker:** All those opposed will please say nay.

**Some Honourable Members:** Nay.

**Mr. Speaker:** In my opinion, the Nays have it.

**Mr. Kevin Lamoureux (Second Opposition House Leader):** Yeas and Nays, Mr. Speaker.

**Mr. Speaker:** Call in the members.

**Mr. Lamoureux:** We are ready.

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

### Yeas

Alcock, Ashton, Barrett, Carr, Carstairs, Cerilli, Cheema, Chomiak, Dewar, Doer, Edwards, Evans (Brandon East), Evans (Interlake), Friesen, Gaudry, Harper, Hickes, Lamoureux, Lathlin, Maloway, Martindale, Plohman, Reid, Santos, Storie, Wasylcia-Leis, Wowchuk.

### Nays

Cummings, Dacquay, Derkach, Downey, Driedger, Ducharme, Enns, Ernst, Filmon, Findlay, Gillshammer, Helwer, Laurendeau, Manness, McAlpine, McCrae, McIntosh, Mitchelson, Neufeld, Orchard, Penner, Praznik, Reimer, Render, Rose, Stefanson, Sveinson, Vodrey

**Mr. Clerk (William Remnant):** Yeas 27, Nays 28.

**Mr. Speaker:** I declare the subamendment defeated. Order, please.



\* \* \*

**Mr. Speaker:** The question before the House is the proposed amendment of the honourable Leader of the Opposition (Mr. Doer).

THAT the motion be amended by deleting all the words after the word "House" and substituting the following:

THEREFORE regrets:

THAT in presenting its budget the government has completely failed to develop an economic strategy that will counter the severe recession facing the Manitoba economy; and

THAT this government has cut thousands of jobs from the Manitoba economy, and has cut job creation programs when the actual unemployment rate has increased to over 10 percent under this government; and

THAT Manitoba has dropped to tenth out of 10 in private investment and seen a 47 percent cut in corporate income taxes because of the failure of this government; and

THAT this government has ignored the future of this province by instituting major cutbacks to education, training and job creation programs for young people; and

THAT this government has severely cut programs for people throughout Manitoba; and

THAT this government has further jeopardized the extremely difficult situation in the rural economy by failing to develop a rural economic strategy and deal fairly with the crisis facing Manitoba farmers; and

THAT this government has cut programs to northern and aboriginal Manitobans including job creation and education programs; and

THAT this government has failed to deal with the real needs of Manitoba's health care system and introduced user fees for Northerners; and

THAT this government has not provided adequate support for services to Manitoba families; and

THAT this government has reduced services to Manitoba women; and

THAT this government has targeted seniors for reduced support and services; and

THEREFORE THAT this government has thereby lost the confidence of this House and the people of Manitoba.

**Mr. Speaker:** All those in favour of the proposed amendment will please say yea.

**Some Honourable Member:** Yea.

**Mr. Speaker:** All those opposed, please say nay.

**Some Honourable Members:** Nay.

**Mr. Speaker:** In my opinion, the Nays have it.

**Mr. Steve Ashton (Opposition House Leader):** Yeas and Nays, Mr. Speaker.

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

#### Yeas

Alcock, Ashton, Barrett, Carr, Carstairs, Cerilli, Cheema, Chomiak, Dewar, Doer, Edwards, Evans (Brandon East), Evans (Interlake), Friesen, Gaudry, Harper, Hickes, Lamoureux, Lathlin, Maloway, Martindale, Plohman, Reid, Santos, Storie, Wasylcia-Leis, Wowchuk.

#### Nays

Cummings, Dacquay, Derkach, Downey, Driedger, Ducharme, Enns, Ernst, Filmon, Findlay, Gilleshammer, Helwer, Laurendeau, Manness, McAlpine, McCrae, McIntosh, Mitchelson, Neufeld, Orchard, Penner, Praznik, Reimer, Render, Rose, Stefanson, Sveinson, Vodrey.

**Mr. Clerk:** Yeas 27, Nays 28.

**Mr. Speaker:** I declare the amendment defeated.

\* \* \*

**Mr. Speaker:** The question now before the House is the proposed motion of the honourable Minister of Finance (Mr. Manness) that this House approve in general the budgetary policy of the government.

All those in favour of the main motion will please say yea.

**Some Honourable Members:** Yea.

**Mr. Speaker:** All those opposed, please say nay.

**Some Honourable Members:** Nay.

**Mr. Speaker:** In my opinion, the Yeas have it.

**Mr. Ashton:** Yeas and Nays.

**Mr. Speaker:** Call in the members.

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

**Yeas**

Cummings, Dacquay, Derkach, Downey, Driedger, Ducharme, Enns, Ernst, Filmon, Findlay, Gilleshammer, Helwer, Laurendeau, Manness, McAlpine, McCrae, McIntosh, Mitchelson, Neufeld, Orchard, Penner, Praznik, Reimer, Render, Rose, Stefanson, Sveinson, Vodrey.

**Nays**

Alcock, Ashton, Barrett, Carr, Carstairs, Cerilli, Cheema, Chomiak, Dewar, Doer, Edwards, Evans

(Brandon East), Evans (Interlake), Friesen, Gaudry, Harper, Hickes, Lamoureux, Lathlin, Maloway, Martindale, Plohman, Reid, Santos, Storie, Wasylycia-Leis, Wowchuk.

**Mr. Clerk:** Yeas 28, Nays 27.

**Mr. Speaker:** I declare the main motion carried.

**Hon. Clayton Manness (Government House Leader):** Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that this House do now adjourn.

**Motion agreed to,** and the House adjourned and stands adjourned until 10 a.m. tomorrow (Friday).

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## Legislative Assembly of Manitoba

Thursday, April 25, 1991

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