



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

**DEBATES
and
PROCEEDINGS
(HANSARD)**

40 Elizabeth II

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Speaker*



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**MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature**

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	L
ASHTON, Steve	Thompson	ND
BARRETT, Becky	Wellington	ND
CARR, James	Crescentwood	L
CARSTAIRS, Sharon	River Heights	L
CERILLI, Marianne	Radisson	ND
CHEEMA, Gulzar	The Maples	L
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	L
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	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	L
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	ND
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	ND
LAMOUREUX, Kevin	Inkster	L
LATHLIN, Oscar	The Pas	ND
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, 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

L - Liberal; ND - New Democrats; PC - Progressive Conservatives

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, April 16, 1991

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

Introduction of Guests

Mr. Speaker: Prior to Oral Questions, may I direct the attention of honourable members to the loge to my left, where we have with us this afternoon Mr. Richard Kozak, the former member for Transcona; Mr. Al Patterson, the former member for Radisson; and Mr. Sid Green, the former member for Inkster.

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

ORAL QUESTION PERIOD

Inner-City Programs Aboriginal Consultations

Mr. George Hickes (Point Douglas): Mr. Speaker, my question is to the Minister of Urban Affairs.

Historically, Canada's aboriginal people have been left out of major policy initiatives and arrangements which have had a direct impact on our daily lives. The major tripartite arrangement affecting Winnipeg's inner-city aboriginal community has been the Core Area Initiative.

Can the minister assure this House that in the future aboriginal governments and organizations will be included in the consultation and planning process of any new core area initiative and similar inner-city strategies?

Hon. Jim Ernst (Minister of Urban Affairs): Mr. Speaker, just about a month ago we met with the leadership of the Urban Indian Association of Winnipeg—myself, the mayor and Mr. Epp. We had some very good discussions in that regard, and we certainly would intend to include our aboriginal people in Winnipeg in any future discussions.

* (1335)

Beat the Street Program Funding

Mr. George Hickes (Point Douglas): Mr. Speaker, my second supplementary is to the Minister of Native Affairs.

In light of recent cutbacks to aboriginal programs like BUNTEP and ACCESS, both by his government and his federal counterparts, will he make a serious commitment to the residents of Point Douglas and Manitoba and guarantee funding to the now threatened Beat the Street program and the Neechi community food store?

Hon. James Downey (Minister responsible for Native Affairs): Mr. Speaker, not accepting the preamble of the member, the Province of Manitoba has not cut back the BUNTEP and ACCESS programs. The level of funding has been maintained by the province. It has been the federal government that has seen some reductions in support to those programs.

When the budget is brought down later today, there will be some areas in there where I think there will be some good news for the member as well as areas that he may not be so pleased with. We can debate it more at greater length during the Estimates of the department.

Aboriginal Education Engineering Program Funding

Mr. George Hickes (Point Douglas): Mr. Speaker, my third supplementary question is to the Minister of Education.

Canada is facing a projected shortage of 40,000 engineers within the next 10 years. Manitoba will be particularly vulnerable to this shortage.

How can the minister defend cuts to the aboriginal engineering program at the University of Manitoba and the aboriginal technology program in Thompson and at Red River Community College, which are producing the skills this province needs?

Hon. Leonard Derkach (Minister of Education and Training): Mr. Speaker, it is interesting that that question comes from a member who used to

be an employee of the Limestone Training Agency and indeed an instructor who was in a program that, after some \$40 million of expenditure, only about a dozen or so graduates came from the program.

That is not the kind of programming this government is going to support. Indeed, we are going to support programs that graduate individuals who will be able to take their place in the work force and indeed in our society.

55-Plus Program Deindexing

Mr. Doug Martindale (Burrows): Mr. Speaker, my questions are for the Premier.

During the election campaign, on August 18, 1990, in a press release the Premier said: Our seniors are our heritage. They deserve not only our respect but also our support in ensuring them a life of dignity and security.

Now the Premier has cut back the 55-Plus program created by the NDP, which did ensure a life of dignity and security for low-income seniors. The government made many promises to address the problems of seniors, but an insufficient income worsens other problems such as homelessness, malnourishment, isolation and poor health.

Seniors are now calling directly on the Premier, and I am sure that they are phoning his office by now and asking to reinstate this program, which affects the most vulnerable members of our society.

In light of the Premier's campaign promises and calls from seniors, will the Premier direct his Minister of Family Services (Mr. Gilleshammer) to reinstate the 55-Plus program indexing?

Hon. Gary Filmon (Premier): Mr. Speaker, quite obviously the New Democrats are spreading false information to the seniors if they believe that the program has been cut. -(interjection)- That is exactly what he said. Listen to his question. Write it out for him so he does not get it wrong next time.

Point of Order

Mr. Steve Ashton (Opposition House Leader): Mr. Speaker, on a point of order, I believe if the Premier had been listening, the member did make reference to indexing -(interjection)- he did, Mr. Speaker. Perhaps if the Premier would stop taking cheap shots—

Mr. Speaker: Order, please. The honourable member did not have a point of order.

* * *

Mr. Filmon: Mr. Speaker, Hansard will confirm that he referred to cutting the program and he referred to reinstating the program. He did not refer—the fact of the matter is that the program has not been cut. The fact of the matter is that the seniors have been asked to share in the difficult times that all of us have.

Everybody in this country—I find it really difficult to accept this criticism from the New Democrats, who did not pass along cost-of-living increases in the 55-Plus programs, nor in the housing programs in the SAFER program for more than half of their time in government. They did not pass along cost-of-living increases. They did not increase it automatically until later in the program, and now when we are following similar practice to what they did in the early parts of the program, they are suggesting that this is a big problem.

Seniors in this province know that when we are facing difficult times that the worst thing that could happen to them is if we do things to increase the debt and therefore drive up inflation or if we raise taxes. That is our commitment to them, that we will not raise their taxes, their personal taxes. Therefore, as a result of that, there are some things -(interjection)- Mr. Speaker, everybody knows that in six years the New Democrats raised taxes 16 times in this province—

Mr. Speaker: Order, please.

* (1340)

Public Consultations

Mr. Doug Martindale (Burrows): Once again to the Premier: Before deindexing the 55-Plus income supplement program, which of 17 seniors organizations did the Premier or any of his colleagues consult before making this retroactive decision to punish seniors who are the most vulnerable members of our society?

Hon. Gary Filmon (Premier): Mr. Speaker, the minister responsible for the program has given me the facts on the matter to which I was alluding in my earlier response.

Between 1981 and 1986, the New Democrats did not raise the 55-Plus payments at all—five straight

years. That is exactly what they did. Now they have the audacity to complain about a one-year pause, when we are facing difficult times. That amounts to \$1.70 a month of increase that is not passing through to the seniors.

That is the kind of hypocrisy that Manitobans were tired of when they decimated the New Democrats in 1988.

Funding Redirection

Mr. Doug Martindale (Burrows): Mr. Speaker, I have a final supplementary.

When the government deindexed the 55-Plus program, the reason given was that more vital areas needed support. Will the Premier tell the House what kind of program he considers or programs he considers more vital than support for our seniors and exactly where the money has been pulled out of this program or where it will be spent out of this program?

Hon. Gary Filmon (Premier): Mr. Speaker, first and foremost—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order, please. The honourable member for Burrows has asked a question, and I am sure the honourable member would like an answer.

Mr. Filmon: If the member for Concordia (Mr. Doer) would quit quacking, Mr. Speaker, I could respond to the question.

Mr. Speaker, the New Democrats ask questions and then they do not want to hear the answers, because they are embarrassed by the answers, because they know how badly they did when they were in government. The reality of it is that we are putting our priorities where they ought to be, and that is in health care. We are not shutting down beds like New Democrats did when they were in office under the Pawley administration.

We passed along an increase to nurses of 7 percent in their salaries so that our health care could remain secure, so that our health care could remain as sound as possible for the future of this province. We believe that the seniors appreciate that even though New Democrats do not.

St. Boniface Place d'Enfants Core Area Initiative Funding

Mr. Nell Gaudry (St. Boniface): Mr. Speaker, the St. Boniface children's place, Place d'Enfants Incorporated, is a St. Boniface community group that has been working to establish new facilities for their day care. The city accepted a conditional offer to purchase 255 avenue de la Cathédrale last fall. Completion of the sale was dependent upon obtaining funding from the Winnipeg foundation Community Places and the Core Area Initiative.

Mr. Speaker, my question is for the Minister of Urban Affairs. Time is running out. St. Boniface School Division has indicated that it needs a few classrooms currently being used at the Marion School.

Will the minister lift the freeze on expenditures on the core social services fund so this much needed community program can proceed?

Hon. Jim Ernst (Minister of Urban Affairs): Mr. Speaker, as I indicated to the House some time ago, the fact of the matter is that current costs related to the expropriation of land incurred in 1981 have increased substantially over what was originally anticipated. Until such time, approximately June or July of this year, as we are able to determine a more accurate cost of what our ultimate expenditure and liability will be with respect to the land, we are not embarking on any new programs under the Core Area Initiative.

* (1345)

Community Places Funding

Mr. Nell Gaudry (St. Boniface): Mr. Speaker, my supplementary question is to the Minister of Culture, Heritage and Citizenship.

Given that the minister has committed to proceeding with the Community Places grant, will the minister today commit to providing the St. Boniface Place d'Enfants Incorporated the Community Places grant they need to purchase the building, given the time constraints the organization faces?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Citizenship): Mr. Speaker, any decision on continuation of the Community Places Program will be announced within the budget process.

I do want to indicate to my honourable friend that the Leader of the third opposition did make some comments that there should not be any Community Places Program in future, because she thought that was not a very worthwhile project or we were not funding very worthwhile projects. Well, obviously the member for St. Boniface feels that the Community Places Program is worthwhile.

As applications come in, Mr. Speaker, they will be assessed if in fact there is a program after this afternoon's budget.

Funding

Mr. Nell Gaudry (St. Boniface): Mr. Speaker, my final question is for the Minister of Family Services.

Will the minister meet with his colleagues the Minister of Urban Affairs (Mr. Ernst) and the Minister of Culture, Heritage and Citizenship (Mrs. Mitchelson) to help facilitate the approval of the grants for this important community project?

Hon. Harold Gilleshammer (Minister of Family Services): Mr. Speaker, I can assure the member that I will discuss many issues with my colleagues, and I would urge him to meet with his Leader to come to grips with the stance of the Liberal Party on the Community Places Program.

Selkirk Mental Health Centre Expansion

Mr. Gregory Dewar (Selkirk): Mr. Speaker, my question is to the Minister of Health.

As the minister is probably aware, the Selkirk Mental Health Centre has again received its professional three-year accreditation. The dedicated staff were commended in a number of areas, including their commitment to providing the highest standard of care to their patients and their central role in development of mental health care for the centre and the province.

My question is to the minister. Will he be meeting with senior staff of the Selkirk Mental Health Centre to discuss expanding the forensic facility there and constructing a psychogeriatric unit at the centre?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, for approximately a year and a half now we have had discussions which are now approaching a very deliberate stage, I guess is the appropriate phraseology, with the federal government

surrounding their participation in high-security forensic beds for the province of Manitoba.

The discussions are proceeding, I think, reasonably well with the federal government and do involve the Selkirk Mental Health Centre as a potential site for the location of those beds. The Selkirk Mental Health Centre senior management have been part of that process of the provincial government's discussions with the federal government.

Adolescent Drug Treatment Centre Establishment

Mr. Gregory Dewar (Selkirk): Is the minister considering establishing a much needed adolescent drug treatment centre at the former St. John's Boys' School in Selkirk?

Hon. Donald Orchard (Minister of Health): No, Mr. Speaker.

Mr. Dewar: In light of the interest in the community for establishing such a centre, would the minister meet with area residents to fast-track the process to construct such a facility?

Mr. Orchard: Mr. Speaker, I realize that maybe my honourable friend might have a proposal, but to my knowledge we have not had discussions surrounding that issue.

My honourable friend might be interested in knowing that this Friday I have the honour and pleasure on behalf of the government of Manitoba to participate in a ribbon-cutting ceremony of the newly constructed adolescent women's drug and alcohol treatment centre at the St. Norbert Foundation, the first of its kind in Manitoba to provide much needed service.

Assiniboine River Diversion Impact Stephenfield Reservoir

Mr. Cliff Evans (Interlake): Mr. Speaker, my question is to the Minister of Natural Resources.

Recently, the minister has received letters from farmers who operate in the area around the Stephenfield reservoir, expressing grave concern that plans to increase water levels in the reservoir would deplete water in the surrounding lakes and rivers, endangering fish stocks and the overall water supply.

What initiatives are the minister and his department taking to ensure that measures related

to the Assiniboine River diversion, designed to assist communities in the southern part of the province, do not bring about severe harm to the area around the Stephenfield dam?

* (1350)

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, I welcome the concern and the support that I hear from honourable members opposite about the problems of sourcing water in southern Manitoba. That support is very welcome. Two years ago this government increased the capacity of the Stephenfield reservoir, which makes some additional capacity available for allocation.

I am aware that the municipal authorities there, as indeed others, are extremely concerned any time the department makes further allocations of this valuable resource. My officials have met with them as late as last week to indicate to them that in our judgment those allocations that were made can now prudently be made, but we will have further discussions with them about it.

Mr. Cliff Evans: Mr. Speaker, I have copies of correspondence from farmers in the Stephenfield reservoir area expressing their opposition to a project that will take 150 acres of agricultural land out of production, make another 100 acres marginal, force producers to split or reduce their cattle herds.

Will this minister listen to area farmers, discuss these issues, or will he simply bulldoze ahead with this project as he did with the government financial aid to the office complex at Oak Hammock Marsh, since, Mr. Speaker, as he admitted himself last week, he is not an independent person?

Mr. Enns: Mr. Speaker, there was just so much contained in that question, I just do not know where to begin to answer.

My office constantly is in discussion with different farm groups, particularly on this very important matter of water sourcing.

Job Creation

Mr. Cliff Evans (Interlake): Mr. Speaker, in this House last week the Minister of Natural Resources claimed the Assiniboine River diversion would create 20,000 permanent jobs in Manitoba. If this is the case, the project would clearly be the biggest

job creation initiative this province has ever experienced.

Would the minister detail precisely what these permanent jobs would be and where they will be located?

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, to begin with, it may come as a surprise to honourable members, but the plant at Carberry, the Carnation plant, now produces the french fries for the entire McDonald's chain from Montreal across this nation, employing 450 permanent jobs, well-paid unionized jobs. That plant alone has asked and indicated to this government that they want to expand their production by 20 percent every year for the next three years. What is concerning them is adequate water.

I cannot think of a better way to dramatize the importance of the honourable member's question and the tremendous potential about whether adequate water supplies should be found and made available to the south central part of this province. Indeed those jobs that he refers to, that I am not saying will be created but indeed this report, this 12-month study, says will be created, then indeed that is a potential, Mr. Speaker.

Winnipeg International Airport Report Recommendations

Mr. Paul Edwards (St. James): Mr. Speaker, my question is for the Minister of Highways and Transportation.

Back almost two years ago the minister appointed a committee to recommend ways to preserve the long-term viability and survivability of the Winnipeg International Airport. The importance of this airport to the economy of this province can hardly be overstated, something that has been attested to by this minister, this cabinet, and indeed all parties in this House as well as the Chamber of Commerce. To replace the airport would cost us in excess of \$1 billion. We cannot contemplate that risk.

Why, Mr. Speaker, given the obvious need to move to protect the airport from incompatible surrounding development, as has been allowed in the past, has this minister allowed the report of his airport committee to languish on his desk for some nine months?

* (1355)

Hon. Jim Ernst (Minister of Urban Affairs): Mr. Speaker, the question of the importance of our airport here in Winnipeg, particularly because of its very close proximity to downtown Winnipeg and the fact that air cargo is a significant portion of the traffic through the Winnipeg International Airport, the issue of protection of the airport is of great concern to the government.

Mr. Speaker, in order to ensure that protection is afforded to the airport and that there is a wide dissemination of that information to the public, it has been the decision of the government to ask the City of Winnipeg to broaden its considerations of the review of Plan Winnipeg presently underway to ensure that airport consideration is a paramount section within that planning document.

Mr. Speaker, Plan Winnipeg is the first place that any developer or any user of land goes to look when he comes to the city of Winnipeg or considers within the city of Winnipeg to develop that property, so that is the logical place for it to be. Plan Winnipeg will have extensive public hearings over the next period of time, and the City of Winnipeg has the power at the present time to freeze development in any area surrounding the airport that it so wishes.

Mr. Edwards: Mr. Speaker, we live today with the legacy of the poor decisions made by the City of Winnipeg and the surrounding area around the Winnipeg International Airport. That is why this minister commissioned a report. That report has been there for nine months. That report recommends legislation similar to that in Alberta. It has been in place for 14 years in Alberta.

Will the Minister of Highways and Transportation (Mr. Driedger) tell us whether or not he intends to accept the recommendations of that report and when we will see some legislation, like that in Alberta, come forward in this province?

Mr. Ernst: Mr. Speaker, my honourable friend for St. James did not listen to the first answer and/or the written question, that he had, had to come whether the answer was received or not.

Mr. Speaker, I said it is the policy of the government that we will refer the question of airport protection to that of the review of Plan Winnipeg, and in the adoption of Plan Winnipeg, we think there are adequate safeguards to deal with that issue.

Mr. Edwards: Mr. Speaker, it is fairly obvious that that report has been shelved.

Crescent Creamery Property Land Use

Mr. Paul Edwards (St. James): Mr. Speaker, for the Minister of Housing, on a separate issue, property owned by this minister's department on Wolever Avenue behind the present Motor Vehicle Branch has now been vacant for some time. The minister has recently allowed the property to be sold for development. That property was purchased, it is my understanding, by the Manitoba Housing and Renewal Corporation, to be used, at least in part, for park space.

My question for the minister is: When and why did the intended use of that property, when it was purchased by MHRC, change?

Hon. Jim Ernst (Minister of Housing): Mr. Speaker, first of all, the report with respect to the airport has not been shelved. It has been referred to the City of Winnipeg. That is for the third time now, I would answer my honourable friend.

With regard to the property that he refers to, the former Crescent Creamery property, let me say, Mr. Speaker, the property was purchased by the Manitoba Housing and Renewal Corporation for socially assisted housing. When an application was brought forward for socially assisted housing in that area, it was opposed by the residents of the community.

Mr. Speaker, by opposing that, the zoning did not go through, and therefore the project was shelved. The land then, obviously, because the residents of the area did not want socially assisted housing, the property was put forward for disposal and was sold to the Jehovah's Witnesses church for development.

Domtar Site Environmental Concerns

Ms. Marianne Cerilli (Radisson): My question is for the Minister of the Environment.

Since the spring thaw, I have again received calls from residents of Radisson about the hazards of the Domtar site. I appreciate that the minister has sent out a fact sheet on the cleanup of this site, as I requested in last session's Estimates. However, there are a number of legitimate concerns that the residents have that are not being addressed.

Can the minister tell the House what the department has done to address the toxic odours

affecting the area, the fires in the Domtar site during the cleanup and the spring runoff that could contaminate the neighbourhood in this area?

Hon. Glen Cummings (Minister of Environment): Mr. Speaker, that site, as almost everyone in the area knows, is a historic site, the remains of an active operation that now the company is taking responsibility for and is actively proceeding with the cleanup.

We did make inquiries and made some suggestions as to how that cleanup could best proceed without creating some of the odour problems that are occurring during the working of the soil and the removal process. Unfortunately, I do not think there are many ways that we can guarantee no omissions of odours. We made some moves to advise on a better practical method that they might employ.

We regret, and I am sure that the people manning the operation regret the offensive smells that are coming from it, but we are assured that if they proceed expeditiously that the time over which that will occur will be reduced as much as possible, and then the site will be environmentally sound.

* (1400)

Ms. Cerilli: Mr. Speaker, the residents of this area have been very patient with this cleanup, but they do not want to go another summer without being able to enjoy their backyards or even open their windows.

Can the minister make a commitment that Domtar will be contacted and that this will be the last summer for the residents in this area having to put up with these odours so that the cleanup will be completed by the end of this year?

Mr. Cummings: Mr. Speaker, it is certainly our hope that the majority of the work will be done and that, in fact, that area will be restored, as the plan has been, on behalf of the corporation and working through the Department of Environment.

I would only indicate that I hope the member opposite will have a little bit of patience. This is a site that was contaminated over a number of years. The cleanup process, as a matter of fact, is one that is being undertaken at the company's expense and under the close scrutiny of regulatory authorities. We believe that it is the best for all concerned that the cleanup be done properly and, yes, I will assure that it is done as expeditiously as possible.

Ms. Cerilli: Mr. Speaker, my final question is for the same minister.

In an effort to demystify further the cleanup process and deal with the residents' legitimate concerns, will the minister organize a public meeting between environment inspectors, members of McLaren consultant group, the company that is cleaning up the area, and members of the concerned public?

Mr. Cummings: Mr. Speaker, it is quite some time since I last reviewed the fact sheet that went out to explain the process, to try and bring some understanding as to why there are problems encountered with this cleanup and what the cause of some of the odours, for example, were.

I will undertake to review what process has been put in place, and if there is additional information or if, in fact, it would be deemed to be useful to everyone to have further public information, I will attempt to do that.

City of Winnipeg Act Amendments

Ms. Jean Friesen (Wolseley): My question is to the Minister of Urban Affairs.

The minister recently received an urgent request from the City of Winnipeg for amendments to The City of Winnipeg Act to permit the phasing in of business tax assessments. Since this government has such a limited legislative agenda and since the phasing-in proposal has clear benefits for the city taxpayer and the small-business community, why has the minister chosen to delay the amendments and risk a loss in interest payments to the city?

Hon. Jim Ernst (Minister of Urban Affairs): Mr. Speaker, the changes to the business tax took place and I think were proclaimed on December 20, 1988. The City of Winnipeg has had since 1988 an opportunity to bring forward to the government requests for changes. In leading up to the passage of that act, the City of Winnipeg was consulted and asked the question: Do you have need of any legislation?

We have a letter from the chief commissioner saying no, we do not need any changes in legislation. Then they approach us within the last month and suggest all of a sudden that we have to have legislation and we have to have it immediately because it might cost us some money. I have

undertaken to include it in the first bill that will be introduced to this House on Friday. I will include it in that bill, and we will proceed as the Legislature wishes with regard to passage of that bill.

Core Area Initiative Land Market Value

Ms. Jean Friesen (Wolseley): Two weeks ago the Minister of Urban Affairs promised to provide a list of the specific lands whose cost overruns had led to a perceived crisis in the core area funding. Regrettably, Mr. Speaker, I have not yet received that, and I would like to ask the minister: Does he not know which lands are involved, or is he simply not prepared to tell the public?

Hon. Jim Ernst (Minister of Urban Affairs): I am quite prepared, as I indicated in response to the honourable member's question of a few weeks ago, to provide that information, and I am in the process of providing it.

Ms. Friesen: Mr. Speaker, I look forward to seeing that.

Social Services Funding

Ms. Jean Friesen (Wolseley): Since the minister then is aware of the lands and the costs, why can he not commit himself to immediately lifting the freeze on core area social agencies and allowing the little money that is left to inner-city residents to flow to them?

Hon. Jim Ernst (Minister of Urban Affairs): Mr. Speaker, the member for Wolseley's earlier question requested the address of the property that was under expropriation. It did not say anything about the values, did not say anything about what our potential liabilities would be, simply the addresses of the properties in question. I will provide that information.

Private Clinics Patient Safety

Mr. Guizar Cheema (The Maples): My question is for the Minister of Health (Mr. Orchard).

For the last three years, we in this House have watched with grave concern the growth of private, fee-for-service medical and surgical clinics in Manitoba. One of the operators at a Brandon eye clinic has been suspended by the college because of the concern about his practice.

Can the minister tell this House what control he has put in place to ensure that quality care is provided in all private surgical clinics?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, I just want to correct my honourable friend on an inaccurate statement in his preamble, wherein he indicated that he is concerned about the growth in private clinics. There have been no new private clinics since this government came into office. All existed under the previous administration, including this one.

I can indicate to my honourable friend that exactly the process that has been headlined in the front page of today's paper is part of the checks and balances that are there to assure patient safety throughout the entire health care system, hospitals, personal care homes, et cetera, and in this case the College of Physicians and Surgeons, in a disciplinary role, has provided an appropriate full review and the resulting decision by the college in terms of disciplinary action against one individual doctor in the province of Manitoba.

Investigation

Mr. Guizar Cheema (The Maples): Mr. Speaker, the government of Manitoba is responsible and the Health Services Commission pays for some of the funding. The minister is finally responsible to make those decisions. He has to make sure that quality care is provided.

Can he tell this House what investigation his department is going to conduct now to make sure that the other clinics are not doing the same things?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, the issue that my honourable friend is bringing up, compliments of the front page of today's newspaper, is one under which several physician complaints were lodged against the practice of an individual physician in the province of Manitoba.

It is the responsibility, as provided by legislation, that the College of Physicians and Surgeons, when it receives that kind of complaint about a standard of medical practice, that they must investigate, and where there is substantive evidence that further investigation ought to ensue, the kind of investigation that took place with the resulting disciplinary action is there for the protection of Manitobans in the health care system.

Mr. Speaker, government has not in the past undertaken the disciplinary action of physicians. That has been the responsibility of the college, the governing body of the physicians in the province.

Budget Health Care Funding

Mr. Guizar Cheema (The Maples): Mr. Speaker, patients are forced to go to these clinics because they cannot get surgery in the normal way, and that is the reason, because the government is not giving adequate funding.

Can the minister assure that in today's budget they will give adequate funding to the hospitals so that surgical delays can be reduced?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, today's budgetary decisions, my honourable friend will have full opportunity to comment on. I might remind him that already in this session, if my honourable friend's position today is that we ought to spend and spend and spend significantly more in health care, that does appear to be slightly at odds with statements he made earlier this session that health care spending is out of control. Hopefully, somewhere in between the Liberal Party will make their decisions.

* (1410)

Elk Ranching Government Position

Ms. Rosann Wowchuk (Swan River): My question is to the Minister of Natural Resources.

In 1986 a moratorium was put in effect through an agreement signed by the province and the operators of elk ranching in Manitoba. However, Tent Town Game Farm in the Swan River valley has a growing number of elk in captivity, and they are selling semen to New Zealand.

In light of the fact that testing shows that TB and other diseases are increasing in elk in captivity, can the minister tell this House what this government's position is on elk ranching at this time, and is the moratorium and agreement of 1987 being implemented as planned?

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, there has been no change in the policy of the government with respect to elk ranching since the attempt of introducing elk

ranching made by the former administration and withdrawn, I add, by the former administration.

There has been no further consideration of that by this government.

Ms. Wowchuk: Mr. Speaker, to the same minister: If that is the case, why is this minister not bringing the matter under control rather than encouraging the expansion through the Wildlife Heritage Game Farm, which will take captive elk right against the forest reserve and increase the risk of disease to the wild animals?

Mr. Enns: Mr. Speaker, nothing that my department is engaging in can stand accused of doing the things that she is alleging.

There are several different game farm operations that have been licensed and operating in the province for a number of years under the previous administration and continue to operate under this administration. There has been no change in the overall position with respect to how we handle elk in the province, Mr. Speaker.

Thompson General Hospital Mammography Screening Program

Mr. Steve Ashton (Thompson): Mr. Speaker, a number of weeks ago I raised a question with the Minister of Health with regard to the mammography unit in Thompson. Due to successful fund raising, that machine has not only been purchased, it is currently in Thompson.

I would like to ask the minister: Will the minister indicate when operational funding will be in place so that northern women will not have to wait weeks and months and travel to Winnipeg for this very important treatment that is important in the prevention of breast cancer?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, it is my understanding that those very discussions are ongoing between the commission and representatives of the Thompson General Hospital.

Mr. Ashton: Mr. Speaker, I look forward to that being in place fairly soon.

Gas Pricing Northern Manitoba

Mr. Steve Ashton (Thompson): I have a further question to the Minister of Consumer and Corporate Affairs.

Last week the minister said she hoped that gas prices would continue to take the normal market flow and decrease in northern Manitoba in line with other areas of the province. Mr. Speaker, it is nearly two weeks later, and prices in the North are still 60 cents-plus. They are as low as 45.8 in southern Manitoba.

I would like to ask the minister: Will she now recognize the fact that prices are not dropping in northern Manitoba and intervene with the oil companies to ensure that Northerners also get a break on gas prices?

Hon. Linda McIntosh (Minister of Co-operative, Consumer and Corporate Affairs): Mr. Speaker, when this matter was referred to earlier in the House, a list was supplied by the member for The Pas (Mr. Lathlin) of prices in the North on March 6. I would like to indicate what the prices were in those locations identified by the opposition at that time. I would like to indicate the current prices as my way of responding to the question from the member for Thompson.

Dauphin was identified at that time as 56.8 cents; it is now 51.2 cents. Swan River was identified as being 57.5 cents; it is now 52.3 cents. Snow Lake was identified as being 61 cents; it is now 58.9 cents. The town of The Pas was identified as being 62.3 cents; it is now 58.2 cents. The town of Flin Flon was identified as being 63.9 cents; it is now 57.8 cents. The last community identified was Thompson, at that time at 65.9 cents; it is now 60.5 cents.

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

Point of Order

Mr. Steve Ashton (Thompson): Mr. Speaker, I would appreciate the minister tabling that, because the fact is, two weeks ago it was 60.5 in Thompson. It is still 60.5. I drove that road two days ago—

Mr. Speaker: Order, please. The honourable member did not have a point of order. It is a dispute over the facts.

Nonpolitical Statements

Hon. Gerald Ducharme (Minister of Government Services): Mr. Speaker, may I have leave to make a nonpolitical statement?

Mr. Speaker: Does the honourable Minister of Government Services have leave to make a nonpolitical statement? Leave? Agreed.

Mr. Ducharme: Last night I was approached by a group of students from Victor Mager School who made their way down to the legislative grounds. They would like me to express a message to the members of the Legislative Assembly. I will read it today—or that was yesterday.

A group of students of Victor Mager School took part in a 12-hour fast in support of the plight of the Kurdish refugees. During the school day, classes continued as usual; at noon, after classes, the students gathered to learn more about the condition of the refugees and developed a plan to attempt to make a difference. The plan included the writing of letters to local politicians hoping that the students' concern would be transferred into action.

Enclosed are some of the letters that were written requesting the support for the Kurdish refugees. The students range in grades from seven to nine. Several of the students themselves have only arrived in Canada in recent months without the use of the English language, from a variety of countries around the world. They hope that their thoughts and concerns will be treated seriously. They hope that the Legislative Assembly will act on behalf of these refugees.

Mr. Speaker, I file the letter and the letters from the students with the Assembly.

Mr. Gerry McAlpine (Sturgeon Creek): Mr. Speaker, do I have leave to make a nonpolitical statement?

Mr. Speaker: Does the honourable member for Sturgeon Creek have leave to make a nonpolitical statement. Leave? Agreed.

Mr. McAlpine: Mr. Speaker, for the past five years, the St. James Collegiate, through the co-ordination of Mr. Wayne Warren, Co-ordinator of Informatics Centre, has co-ordinated a poetry contest using various communications systems.

Over the past five years, there have been increases to this competition that in 1991 have exceeded 600 participants. The majority of the participants are from outside my constituency and beyond the boundaries of St. James-Assiniboia School Division.

I am delighted to inform this House that our own page Arlan Gates has tied for first place in the Grade

12 category with a francais poem and will receive a certificate and medallion and a cash prize.

This is a superb effort for someone whose original language is not French. I ask all members to join me in congratulating Arlan on this achievement.

I am also pleased to recognize to the House today Connie Labossiere, who is a deaf student and living in the Sturgeon Creek constituency. Connie placed first in the Grade 10 category of this competition. What an accomplishment for a determined young lady.

I would ask all members to join with me in congratulating both Arlan and Connie along with the organizers and judges who played such a positive role in making this worthwhile event for our young people such a success. Thank you.

Introduction of Guests

Mr. Speaker: I would like to draw the attention of honourable members to the loge to my right where we have with us this afternoon Mr. Arnie Brown, the former MLA for Rhineland, Mr. J. Frank Johnston, the former member for Sturgeon Creek, and also with us this afternoon, on the loge to my left, Mr. Bill Blaikie, the MP for Winnipeg-Transcona. On behalf of all honourable members, I welcome you gentlemen here this afternoon.

Hon. James McCrae (Acting Government House Leader): Mr. Speaker, the Minister of Finance (Mr. Manness) is expected to make his budget presentation at 2:30. I think there might be a disposition to recess the House until the buzzers sound at about 2:25 to call the members back into the Chamber.

Mr. Speaker: Is it the will of the House to recess until such time as we hear a one-minute buzzer? That is agreed? Agreed. There will be a one-minute buzzer warning.

* * *

The House took recess at 2:19 p.m.

* (1420)

After Recess

The House resumed at 2:30 p.m.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I move, seconded by the Minister of

Justice (Mr. McCrae), that this House approve in general the budgetary policy of the government.

Motion presented.

BUDGET ADDRESS

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I am pleased to present our government's fourth budget to the Legislative Assembly and the people of Manitoba.

I would like to thank all the organizations and individuals who took the time to write briefs and letters, and to meet with me and with my colleagues. We received many valuable suggestions, and I believe the 1991 budget reflects the thoughtful advice of concerned Manitobans throughout our province.

Vision for Renewal

The goal of our administration is long-term economic renewal, the creation of a climate that encourages entrepreneurship, economic growth and job creation. Economic renewal will allow our children to feel confident that they will apply their abilities and education to world-class endeavours right here in Manitoba.

Our commitment to this vision begins with a plan for fiscal responsibility.

Ultimately, provinces succeed in stimulating particular industries and creating jobs because their home environment is the most forward-looking, dynamic and challenging. This requires a stable and competitive tax environment in which disposable income drives growth through consumption, and capital investment drives growth through production.

There are many opportunities before us.

In the global marketplace, with its vibrant competition, Manitoba has the opportunity of providing leadership in bringing about a fresh approach to economic renewal. We recognize the new world reality as a simplified hierarchy consisting of a global economy and many regional economies. We must aggressively pursue new relationships with other governments and industry in mid-North America and throughout the world.

It is important that vital infrastructure, such as transportation and communication networks, well-equipped hospitals, schools and universities,

meet the needs of emerging businesses, and support the quality of life we aim to achieve. However, we also recognize that government can become a burden on job creation through the imposition of an uncompetitive cost and tax structure.

Our fiscal plan is the blueprint for establishing a more competitive economic climate that will encourage investment and job creation.

The Fiscal Strategy

Mr. Speaker, 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.

Manitobans have all the government they can afford. It is time for us to live within our means.

The unprecedented challenge facing the province required an unprecedented search for solutions, an entirely different approach to evaluating public spending. We took the historic step of opening up the budgeting process when we outlined the three main thrusts of our approach to all members of the Legislature in January, and of course those three thrusts include internal reform, a revised Estimates process and moderation in public sector negotiations.

Internal reform is a long-term strategy which focuses on the key results which government should achieve. Are there better or more efficient ways of achieving these results? Are there programs or services which are no longer essential? Are there alternative or innovative means of delivery which can provide better and more efficient services to Manitobans?

The internal reform process has already resulted in a major reduction in government communication resources, finance and administration and executive level support. Spending in this area of government will be reduced by \$4.4 million.

Organizational changes within the Department of Health will result in a significant reduction in administrative and middle-management positions. Reducing these costs means more of the Health

budget can be spent on protecting and improving health care for Manitobans.

Innovations in service delivery can ensure that a larger proportion of tax dollars go to actual services instead of administrative overhead.

A revised Estimates process is the second major component in our efforts to implement the fiscal plan. The new Estimates process allows the government to make decisions about taxes and the deficit first, and then make spending decisions within the limits of what the province can afford.

The first cost to government is paying the interest on our debt. Even in the depth of a recession, Manitoba taxpayers cannot escape this cost.

The revised Estimates process also ensures that the remaining funds are directed towards priority programming through the use of a sectoral approach. The process focuses decision making not on individual departments, but on four broad sectors: human services, sustainable development, community development, and management and reform.

The sectoral committees categorized programming within each sector on the basis of priority and commitment, and developed 1991-92 plans for the sector based on targeted expenditure levels.

The third major element of our fiscal plan is public sector wage negotiations. Wage settlements have a very large impact on costs of government. In most areas of government services, salaries make up about 80 percent of the costs, either paid directly to provincial civil servants or indirectly through provincial payments to employees in hospitals, schools, colleges, universities, municipalities and other institutions.

We are committed to working with public sector workers to preserve jobs and services by keeping services affordable to taxpayers. To do so, overall costs must be kept in line with our revenue. For that reason, we announced an overall target of 3 percent for public sector wages last December.

As always, there are clear choices in upcoming negotiations. The limited dollars available can be stretched further with moderation in demands and settlements, or unions can demand that larger wage settlements be provided, resulting in fewer public sector jobs. In an effort to avoid settlement-driven layoffs, we have offered the Manitoba Government

Employees' Association zero percent this year and 2 percent next year, as part of a two-year settlement.

The Fiscal Challenge

Of the four budgets I have been privileged to present, this one has been the hardest to prepare.

Our province faces an unprecedented combination of severely constrained federal transfers, recession-induced revenue stagnation, and rising interest costs on past borrowings. This combination of circumstances make each decision immensely more difficult. The immediate challenge is to keep our province on course to a prosperous future in extremely difficult and trying circumstances.

Substantial progress has been made in establishing control over provincial spending in the last three years. Overall spending growth has been cut roughly in half, from 10 percent annual average under the former administration.

* (1440)

We also established a savings account for Manitobans, the Fiscal Stabilization Fund. As intended, the Fiscal Stabilization Fund has given the province some badly needed flexibility to cushion revenue shortfalls during the period of exceptionally low revenue growth which began last year.

The deficit, however, remains a very serious concern.

We must pay for past choices which ignored reality, which deferred again and again the necessary decisions, and refused to tailor spending to fit the province's income. The accumulating debt load and rising interest costs threaten to cripple our province's capacity to meet the real needs of Manitobans, and to contain taxes to competitive levels.

Despite the progress we have managed to achieve over the last three years, our taxes are still high. We have cut personal income taxes and held the line on corporate, capital and income taxes. Yet overall business taxation is still very close to, if not the highest in Canada. Our corporate income tax is highest. Our corporate capital tax is second highest. Manitoba is one of only two provinces to tax manufacturing equipment and production machinery, and we are one of only four provinces to apply a payroll tax on jobs.

We must recognize that businesses are mobile. They make choices. They can locate in Manitoba or elsewhere. If they locate in Manitoba, we will have more jobs and more income. If businesses choose to locate elsewhere, our sons and daughters will not have the opportunity to remain in Manitoba to pursue their chosen careers.

Manitobans are willing to make sacrifices to protect those who are vulnerable. Manitobans are willing to pay fair taxes to support vital programs, but Manitobans should not be asked to sacrifice their children's future. Manitobans should not be asked to tolerate tax regimes which undermine investment and job opportunities, and threaten the very basis for renewed prosperity.

In January, I briefed all members of the Legislature on the difficult financial situation facing the government. The enormity of the challenge before us is evident in the near-term outlook for revenue. With virtually flat revenue, if spending increased by 5 percent in 1991-92, the deficit would approach \$600 million—the largest recorded deficit in the province's history.

Three major factors contribute to the difficult fiscal challenge: the increasing cost of servicing our debt; the dampening effect of the recession; and reductions in federal transfers.

Debt and Interest Costs

As I have said many times, deficits lead to increasing debt. Increasing debt leads to rising interest costs. Rising interest costs ultimately lead to reduced services.

Manitoba is bearing dramatically increased costs as a result of past spending beyond our means. In 1980-81, interest on the province's general purpose debt totalled \$79 million, equal to about 19 cents of every dollar collected in personal provincial income tax. Today, interest costs are \$550 million, equal to 45 cents out of every dollar Manitobans pay in personal provincial income tax. The interest on this debt is a continuing and unavoidable burden on taxpayers.

Since 1980, Manitoba taxpayers have seen more than \$3.5 billion of their hard-earned tax dollars spent on interest payments on general purpose debt. Yet these payments have not reduced the debt one dollar. Instead, our net general purpose

debt today is \$5.2 billion, some \$4.1 billion higher than a decade ago.

The Impact of Recession

Mr. Speaker, Canada is in a serious recession. Output of goods and services declined in the last three quarters of 1990. The decline is expected to continue through the first half of 1991. National unemployment is close to 1.5 million, and the national unemployment rate is above 10 percent. Federal high interest rate policies are a major cause of these current economic difficulties.

Manitoba is also experiencing recession. Revenue from our own provincial sources is declining.

Still, there are encouraging signs. Manitoba's unemployment rate is third lowest among the provinces and below the national rate. Manufacturing investment for 1991 is forecast at the second highest level in the province's history, auguring well for our future competitiveness. Manitoba's traditional areas of strength in agriculture, resources, hydro, manufacturing and financial services remain fundamentally strong. Our long-term future looks promising.

Federal Actions

Federal transfers and spending policies have added to pressure on provincial finances. We reject the dishonesty inherent in the federal approach to health and higher education financing—repeated, unilateral reductions to transfers, with federal cash payments virtually eliminated by the end of the decade, accompanied by loud proclamations of a federal commitment to post-secondary education and to national standards for medicare. The true test of a federal commitment to national standards is willingness to pay a fair share of the cost.

Manitoba is also facing considerable offloading of program responsibilities from the federal government in agriculture, in RCMP cost-sharing, social assistance for aboriginal people and other areas.

Of all federal transfers, equalization is of paramount concern to Manitoba. It is a program so critical to the country that it is now enshrined in the Constitution.

Yet the federal government is currently paying \$1.3 billion less to provinces, \$121 million less to

Manitoba, than the amounts required to achieve equalization under the federal government's own calculations.

We will continue to fight for fair treatment from the federal government with every means at our disposal. As part of this effort, we are presently examining the possibility of a legal challenge to the present program, with the ceiling on equalization payments as being in direct conflict with the constitutional commitment to the program.

Taken together, federal actions, the recession and interest costs have created a difficult fiscal challenge.

Unless we succeed in keeping our finances under control, Manitoba will find itself handcuffed by ever-deteriorating finances regardless of the political stripe of future administrations. If Manitoba's finances get out of control, Manitoba's creditors, and not the people of Manitoba, will set the province's agenda.

1991-92 Budget Initiatives

As I outlined earlier in this address, this government is taking a new approach to budgeting. Instead of following the old budget process with its incremental spending decisions, we began this budget cycle by asking "How much government can Manitobans afford?"

Keeping Taxes Down

Our government recognizes the importance of competitive taxes to achieving Manitoba's full economic potential.

The tax reductions in Manitoba over the last three years were in sharp contrast to tax increases in other provinces. Personal income taxes were reduced to bring the tax burden facing Manitoba families closer in line with other provinces. The provincial education tax on farm land has been eliminated. As a further measure of tax relief to Manitobans, the provincial sales tax is no longer applied on top of the federal sales tax. Manitoba does not tax the GST.

These measures, among others, are helping to move Manitoba's taxes closer to the mainstream among provinces.

I am pleased that today's budget will protect the gains we have made in tax competitiveness.

Mr. Speaker, there will be no increase in personal income tax; there will be no increase in the retail sales tax; there will be no increase in corporation income tax; there will be no increase in corporation capital tax; and there will be no increase in the payroll tax.

The exceptionally difficult fiscal situation required some additional revenue. The tobacco tax will be increased by 1 cent per cigarette. The gasoline tax will increase by 1.5 cents per litre, and the tax on diesel fuel will increase 1 cent per litre. The environmental protection tax levied on nonreturnable beer cans will increase from 5 cents to 10 cents.

These measures will increase revenue by \$32.5 million this year.

Beginning July 1, 1991, corporations subject to the corporation capital tax will be required to make quarterly instalments.

Targeting Economic Incentives

Mr. Speaker, each of the last three Manitoba budgets introduced significant reductions in the payroll tax.

To ensure more equitable access to this relief, the exemption will be prorated among associated corporations.

The new small business tax reduction introduced in the 1988 budget provides significant income tax relief for new small corporations. The program was intended to benefit genuinely new small businesses, to encourage firms which have successfully put a good idea into place.

After reviewing the experience in the first year of the program, I have become concerned that many of the businesses which benefit have simply purchased established firms. The program will, therefore, be reformed to significantly restrict access by firms which purchase existing businesses. The reformed program will be extended to December 31, 1992.

* (1450)

In the 1990 budget, I announced a payroll tax credit for employee training. Employers committed to improving their workers' skills are able to reduce their payroll tax rate to 1.95 percent, the same as in Ontario, and well below the Quebec rate. The program will help businesses put training programs

in place and will provide opportunities for employees to increase their skills, their value to employers and their future incomes. Businesses which have introduced qualifying programs will begin making applications for this credit in early 1992.

Mr. Speaker, the future of northern Manitoba mining depends on finding and developing new mineral deposits. Over the last several years, many Manitobans have taken advantage of incentives in the federal Income Tax Act and purchased interests in junior exploration companies. The funds raised in our province—about \$80 million in the last four years alone—helped discover major ore deposits in other provinces.

We want to ensure that the funds raised in our province are invested here. I am, therefore, announcing a new incentive to redirect Manitobans' investment into Manitoba and encourage exploration for mineral deposits, oil and gas in our province.

This program will lead to increased exploration activity and employment, and will lay the groundwork for new mineral and oil and gas development in the province.

Mr. Speaker, our government is also working actively with the Manitoba Federation of Labour on the start up of a government-labour sponsored employee ownership fund.

This will help Manitoba workers take advantage of the opportunities that arise to take an ownership position in their companies, thereby creating and saving jobs.

Tax Credits

We are acting to assure more timely delivery of all provincial benefits to social allowance recipients. Effective next January, social allowance rates will be increased to include provincial tax credits. By converting the annual tax credit into a regular monthly payment, people will benefit on a more timely basis, and income tax refund discounters will no longer have access to these entitlements of social allowance recipients.

Goods and Services Tax

I would also like to comment on the issue of harmonizing Manitoba's retail sales tax with the federal goods and services tax.

The Manitoba government will not harmonize the Manitoba retail sales tax with the goods and services tax in this budget.

Nevertheless, the goods and services tax has been introduced. Quebec, Saskatchewan and Prince Edward Island have already decided to harmonize their provincial sales taxes with the GST. Businesses in provinces which harmonize their provincial sales taxes with the GST may have a significant edge over their competitors in Manitoba. For example, a manufacturer in Quebec will be freed from all Quebec tax on its operating and equipment purchases, while a similar business in Manitoba continues to bear sales tax on all these costs.

Given the potential negative impact of this competitive disadvantage on job creation, the issue warrants further investigation. Accordingly, in the coming months my officials will carefully study the full implications of harmonizing sales taxes.

1991-92 Revenue Summary

Earlier, I indicated that the near-term outlook is for limited revenue growth. Revenue prior to tax changes and before any special measures is expected to grow by one half of 1 percent. With the tax increases announced today, overall revenue growth for 1991-92 is \$58 million or 1.2 percent.

To sustain services during the recession, we have authorized a special \$20 million transfer from Lottery revenues, and a \$125 million transfer from the Fiscal Stabilization Fund.

These transfers bring total revenue to \$4.9 billion or 2.5 percent above last year's estimate.

1991-92 Spending Priorities

The first draw on revenue is the continuing drain of past decisions to spend in excess of income. At the start of this year, before any decisions on budget allocations for programs and services, we had to find \$550 million just to pay the interest on past borrowings.

Only after we pay the interest on the debt are we able to fund the real spending priorities of this government: Health, Education and Family Services.

Overall spending is up \$160 million or 3.2 percent, with particular priority given to Health, Family Services, and Education and Training.

Careful attention has been paid to protecting essential programs.

An additional \$90 million is devoted to Health programs, a remarkable accomplishment in the face of the \$32 million decline in federal cash transfers for health and higher education. A further \$37 million is provided for Family Services. Education and Training accounts for \$23 million of the total increase.

As I said earlier, public debt costs budgeted within the Department of Finance increased. The only other departments recording budgetary increases were Environment, Government Services and Justice.

Reductions in other areas were required to permit the increases for the high-priority area of human services.

Work Force Adjustment Strategy

Mr. Speaker, as a result of the reductions in overhead and administration and trimming of lower-priority programming, the budget plans for a significant reduction in staffing authorization of some 958 staff years, or about 5 percent of the total provincial Civil Service. Through a combination of early retirements, normal attrition, and work force adjustment incentives, we are hoping to reduce the number of permanent layoffs to between 375 and 450 employees.

We value the important contribution made by the thousands of Manitobans who deliver our programs and services. We have sought to minimize the impact on these individuals by asking for moderation in salary requests and in making our decisions on program expenditure.

While it has not been possible to avoid layoffs and the human costs associated with these difficult decisions, we will take steps to mitigate the impacts on our employees and their families. Employees affected by program reductions will be provided with enhanced severance assistance and support. Voluntary severance incentives will be offered to employees not directly affected in order to maximize re-employment opportunities within the Civil Service.

Fiscal Plan Summary

The government's fiscal plan continues our commitment to fiscal responsibility despite the

difficult circumstances of the Canadian recession. The lack of fiscal responsibility at both federal and provincial levels during, and especially after the last recession, resulted in an unprecedented legacy of debt and deficits and interest burdens which still plague governments in Canada. We cannot afford to repeat those mistakes.

* (1500)

Spending growth of 3.2 percent reflects the difficult choices made to control overall spending, while protecting vital health, education and family services.

With overall revenue growth of 2.5 percent, including the special measures announced earlier, the deficit will be \$324 million.

Adhering to a course of fiscal responsibility will mean that the deficit will be much lower than it was for five years under the previous administration. This is essential if we are to put a stop to growing debt and rising interest costs, and protect our capacity to provide priority public services on a basis affordable to Manitoba taxpayers now and in the future.

Multyear Budgeting

Mr. Speaker, the reforms introduced in this budget build a framework to keep provincial finances under control. The framework permits priority programs to be maintained, while holding overall spending growth to about half expected inflation this year.

Inflation is expected to ease throughout 1991 and be significantly lower in 1992. Interest rates are expected to maintain their downward trend, paving the way for a rebound in the Canadian and Manitoba economies later this year and continuing through 1992 and beyond.

With economic recovery, revenue should increase by 3 percent to 4-1/2 percent next year, and in the 2-1/2 percent to 4 percent range in subsequent years.

Assuming spending growth continues at this year's rate, the deficit would fall in the range of \$270 million to \$345 million in 1992-93, and in the range of \$240 million to \$390 million in 1993-94.

Our government's goal will be to move steadily toward balancing the budget over the following years. This will mean keeping spending growth

somewhat below inflation next year and very close to inflation in subsequent years.

Staying on course will demand many difficult decisions in years to come. If spending growth is even one percentage point higher, the deficit will rise inexorably adding further to debt burdens and interest costs.

The framework relies primarily on provincial actions and decisions. However, federal offloading and constraints would add significantly to the difficulty of meeting these targets.

The underlying economic scenario is somewhat more cautious than the federal government's. Manitobans can expect a stable tax and cost environment; an environment that will look increasingly attractive as other jurisdictions come to grips with their own fiscal situations.

Holding the course will give Manitoba the fiscal flexibility needed to take new initiatives in economic development and to preserve and enhance essential public services.

Conclusion

Mr. Speaker, in conclusion, this budget continues the government's progress in implementing its fiscal plan to provide our province with the needed foundation for economic growth and prosperity.

This government believes in our province and its people. We are confident in the ability of Manitobans to compete with the best in the world and to do so right here in Manitoba.

All too often, government has served as a barrier to economic growth instead of as a partner. Our government is determined to change that.

Over the past three years, we have made steady progress in our efforts to improve the climate for economic development. We are committed to protecting those gains despite the serious fiscal challenge that lies before us.

We have developed new approaches to budgeting that recognize the limits to how much government Manitobans can afford.

This budget avoids major tax increases.

This budget keeps our deficit to a manageable level.

Most importantly, this budget ensures that our limited tax dollars are spent on the highest priorities.

Thank you, Mr. Speaker.

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, I move, seconded by the member for St. Johns (Ms. Wasylycia-Leis), that the debate now be adjourned.

Motion agreed to.

Messages

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I have two messages from the honourable Administrator of the Province of Manitoba.

Mr. Speaker: From the Administrator: The Honourable the Administrator of the government of the Province of Manitoba transmits to the Legislative Assembly of Manitoba, Estimates of sums required for the services of the province for capital expenditures and recommends these Estimates to the Legislative Assembly.

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

Signed in Winnipeg the 16th of April, 1991.

Also from the Administrator: The Honourable the Administrator of the government of the Province of Manitoba transmits to the Legislative Assembly of Manitoba, Estimates of sums required for the services of the province for the fiscal year ending the 31st of March, 1992, and recommends these Estimates to the Legislative Assembly.

L'Administrateur du Gouvernement de la Province du Manitoba, transmet à l'Assemblée législative du Manitoba, le budget sommes requises pour couvrir les dépenses relatives à l'administration de la Province pour l'année financière se terminant le 31 mars 1992 et recommande ce budget à l'Assemblée législative.

Signed in Winnipeg the 16th of April, 1991.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I move, seconded by the Minister of Environment (Mr. Cummings), that the said messages together with the Estimates accompanying the same be referred to the Committee of Supply.

Motion agreed to.

Mr. Manness: 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 1:30 p.m. tomorrow (Wednesday).

Legislative Assembly of Manitoba

Tuesday, April 16, 1991

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Adolescent Drug Treatment Centre Dewar; Orchard	893	Nonpolitical Statements	
Assiniboine River Diversion C. Evans; Enns	893	Victor Mager School, Support of Kurds Ducharme	899
Winnipeg International Airport Edwards; Ernst	894	St. James Collegiate, Poetry Contest McAlpine	899
Crescent Creamery Property Edwards; Ernst	895	Budget Address	
		Manness	900