

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, December 8, 1989.

The House met at 10 a.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Helmut Pankratz (La Verendrye): Mr. Speaker, I beg to present the petition of United Health Services Corporation praying for the passing of an Act to amend an Act to incorporate the United Health Services.

TABLING OF REPORTS

Hon. Charlotte Oleson (Minister of Family Services): I would like to table the Supplementary Information for Legislative Review for the Department of Family Services.

INTRODUCTION OF GUESTS

Mr. Speaker: Prior to Oral Questions, may I direct Honourable Members' attention to the gallery where we have with us this morning from the Mountbatten School, twenty-one Grades 5 and 6 students. They are under the direction of Denise Klassen. This school is located in the constituency of the Honourable Member for Niakwa (Mr. Herold Driedger).

Also this morning, from the Peace Valley School, we have forty-four students, and they are under the direction of Mrs. Angela Tascona. This school is located in the constituency of the Honourable Minister of Finance (Mr. Manness).

On behalf of all Honourable Members, I welcome you here this morning.

* (1005)

ORAL QUESTION PERIOD

Goods and Services Tax Finance Minister's Position

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, the issue facing Canada and Manitoba, which is of vital interest to every single consumer, is the GST. We have heard this Government repeatedly say that they think the whole tax should be scrapped, particularly the Premier (Mr. Filmon).

Can the Premier today tell us why his Finance Minister (Mr. Manness) is back into the negotiation table on the same old 9 percent goods and services tax if he still believes the entire tax should be scrapped?

Hon. Clayton Manness (Minister of Finance): All Members of the House should know that I was in Ottawa yesterday with all Ministers of Finance for the purpose of reviewing the economy in 1990 and 1991. The federal

Minister of Finance chose, as his prerogative being chairman of the meeting, through the noon luncheon, to bring up the issue of the goods and services tax.

At that time, all provinces reiterated their views that the GST is a bad tax. Not only that, it is unacceptable to all. Let me say the view categorically was that the tax should be withdrawn. Throughout, Mr. Wilson indicated that the tax would not be withdrawn. He would be proceeding with bringing forward legislation reacting to Mr. Blenkarn's report.

At that time all Canadians, including Ministers of Finance from across Canada, would know what would be contained within the new or indeed changed configuration of the goods and services tax. All provinces stated their objections and the fact that the GST is unacceptable.

Concessions

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, news stories indicate that the Finance Ministers across the country are willing to continue these negotiations. On what basis are these negotiations continuing, and what concessions has this Minister of Finance made to Michael Wilson?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, this Minister has made no concessions to Mr. Wilson. I find it passing strange that the Liberal Party, when they had one chance to come out of the stands and put their hot dog down, and come down out of the stands and vote on a tax issue, a tax issue affecting all Manitobans, choose to come out of the stands and vote against Manitobans and deny them \$80 million of cuts. One chance to put the hot dog down and come out of the stands. Yet the Members opposite dwell on the GST and refuse to explain their actions with respect to why they reduced and voted against tax reductions to Manitoba.

Let me say, Mr. Speaker, one province in particular, and I will not point them out other than to say that they are a Liberal Government, is very concerned as indeed we are with respect to the impact of the GST on municipalities, universities, schools, and hospitals, and how it is the new bureaucracy is going to cause additional cost to the Province of Manitoba, how all of that additional bureaucracy is going to find its way through impacting upon services and how it might be better to try and find a better system to remove those complexities. That is to what Michael Wilson seems to be making reference in the report as I read it today.

Mrs. Carstairs: Mr. Speaker, 1 percent does not make a budget. We voted against the other 99 percent.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order. Order, please.

Tax Credits

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, in this luncheon meeting in which the Minister of Finance raised the spectre of the GST, did our Minister of Finance (Mr. Manness) indicate clearly that no goods and services tax would be acceptable to Manitobans without full indexation of tax credits for low-income families?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I find this interesting. I happen to have before me some Liberal propaganda in Winnipeg Centre put out by the Leader of the Opposition, by some of her Members. The caption at the bottom says, call us with your questions and concerns, we are here to help. Yet when the Members opposite had an opportunity to help their constituents to help the Government in support of reducing personal taxation by \$61 million, she voted against it. So who are they here to help? Let the world know the Liberals could care less about the taxpayers of the Province of Manitoba.

Some Honourable Members: Oh, oh!

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

Mrs. Carstairs: Mr. Speaker, 3,700 residents of River Heights have told me what they think of the GST.

Labour Adjustment Strategy Government Initiatives

Mrs. Sharon Carstairs (Leader of the Opposition): There is another major issue facing Manitoba, one that is completely within the purview of this Government and one which they still refuse to do anything about.

* (1010)

Mr. Speaker, the labour stats are out once again, and once again Manitoba's employment is down, 6,000 more people unemployed November 1989 over November 1988. When is this Government, to the Minister of Industry and Trade (Mr. Ernst), going to announce a labour strategy for those unfortunate people who live under a Tory regime and are becoming unemployed?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Mr. Speaker, first let me say that when you look at the unemployment rates, and the unemployment rates that we have today are unacceptably high, they were unacceptably high last month, and they were unacceptably high the months before that. I think we all agree that any unemployment is an unacceptable level.

Mr. Speaker, look at what happened in 1986, 1987, 1985, when my honourable friends were in office. The unemployment rates were 7.6, 7.8, 7.4, compared to 7.9 today, but that is after they spent \$100 million of the taxpayers' money trying to create jobs, and that is the kind of performance we have.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order. Order, please.

Labour Skills Training Strategy

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, it is becoming increasingly obvious that more and more Manitobans are forced to accept part-time work because full-time work is simply not available to them. Ten thousand full-time jobs were lost.

Mr. Speaker, part-time work is traditionally low-skilled and minimum wage. Why does this Government keep burying its hands in the sand, refusing to enunciate clearly a labour training and labour employment strategy in the Province of Manitoba?

Hon. Leonard Derkach (Minister of Education and Training): Mr. Speaker, I would like to indicate to the Member opposite that indeed the performance of Manitoba has been improving ever since this Government has taken office in all respects.

As my colleague has just indicated, any unemployment in our province is really unacceptable, and we would like to see all Manitobans employed on a constant basis. However, that is just not the way it is. I would like to indicate, Mr. Speaker, that if we take a look at our unemployment statistics from January to November of this year we find that the unemployment rate is lower this year. If we take a look at our employment rate, we find that we have more people employed, some 4,000 more people employed.

Mr. Speaker, the Leader of the Opposition - (interjection)-

Mr. Speaker: Order.

Mr. Derkach: Mr. Speaker, when we take a look at the economic indicators in this province we find that the retail trade is up by 5.5 percent. We find that manufacturing shipments are up by 6 percent. We find that weekly average earnings are up by 5.5 percent. We find that investment and manufacturing intentions are up increasingly - (interjection)-

Mr. Speaker: Order, please.

Unemployment Rate Manitoba Statistics

Mrs. Sharon Carstairs (Leader of the Opposition): Mr. Speaker, when we use the stats, we are being particularly generous to this Government. We do not even talk about the 10,000 people who have just picked up stakes and moved right out of the province, which adds to the stats if one wants to look at the real unemployment rate in the Province of Manitoba.

Can this Government explain, and we will let any Minister try and explain it, why Canada's employment rate statistically has been getting better, but Manitoba's has been getting worse?

Hon. Leonard Derkach (Minister of Education and Training): Mr. Speaker, if we look at the long-term trends in this country and this province, we indeed find that the unemployment level has dropped.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please; order, please. The Honourable Minister of Education and Training.

Mr. Derkach: Mr. Speaker, the Liberals opposite have been painting a doom and gloom picture for this province since they came into office. The Leader of the Opposition is the most irresponsible person in this House because she—

Some Honourable Members: Oh, oh!

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

* (1015)

Mrs. Carstairs: I demand an apology from him.

Mr. Derkach: Mr. Speaker, I would like to explain my comment if I might.

Mr. Speaker: Order, please; order, please. On the point of order raised by the Honourable Leader of the Opposition, the Honourable Member does not have a point of order. I regret the remarks of the Honourable Minister; they do nothing for the decorum of this House.

Economic Growth Full-Time Employment Decline

Mr. Gary Doer (Leader of the Second Opposition): Mr. Speaker, my question is to the First Minister. We had a situation where the First Minister at the First Ministers' meeting said Manitobans are on the move. A couple of days later we saw they were moving right out of the province.

We have a situation now, Mr. Speaker, where the Premier (Mr. Filmon) himself admitted that we have a faltering world economy when he announced the world decentralization and a further situation when the Minister of Health (Mr. Orchard) lectured the doctors of this province about all the negative economic factors that are going to take place and are taking place in this province.

It is your own Ministers in your front benches that are now saying what we have been saying: Tory times are tough times, Mr. Speaker. The ghosts of Sterling Lyon are back in office in terms of economic performance.

My question is, what is the First Minister going to do about the fact that there are 10,000 fewer full-time jobs in Manitoba today than a month ago or in Manitoba today than a year ago in the same period of time in November under Tory economic management?

Hon. Gary Filmon (Premier): Mr. Speaker, of course we recognize how far out of touch the New Democratic Party is from the province and reality when the Member

for Concordia (Mr. Doer) finds it difficult to understand why there is a faltering rural economy. He has no knowledge of what is happening in agriculture. He has no knowledge of the effects of drought and of all of the problems with major markets and competitions from subsidized European prices.

All of those things that have caused chaos in the farm economy, he has no knowledge of, because of course he sits at his desk and he consorts with the labour leaders of this province and his Party and he has no knowledge of anything that is happening with the rural economy. I guess that is what we are faced with here. We have an Opposition that is discredited totally, because they do not understand anything outside the Perimeter Highway, and that I think is understandable.

Looking at the real issue, Mr. Speaker, the real issue is, what about the long-term growth of this province? Every single forecast that has been made for the long-term growth of our economy says that we are well above the national average. The seven forecast average says 3.7 percent. These are all the major economic forecasters.

The Conference Board of Canada that was often quoted by Members opposite—5.9 percent projected growth for this province, amongst the highest in the country. The things that we are projecting are good for this province and we will keep doing that—

Mr. Speaker: Order, please. I must remind the Honourable First Minister that answers to questions are to be as brief as possible.

Mr. Doer: What a brilliant non-answer, Mr. Speaker.

National Rate

Mr. Gary Doer (Leader of the Second Opposition): I met with the Agricultural Manufacturers Association of Manitoba last night. They were telling me that the Tory policies of high interest rates, some of the components of the Free Trade Agreement, are having devastating effects on our western economy. The Premier should start listening to people in Manitoba about what is really going on in this province instead of reading his public relations news releases in terms of the economy, because there are 10,000 fewer people working full time in this province.

* (1020)

My question to the Premier is, how does he square the fact, in our economic development, that Manitoba is going up and up and up above the national average, whereas before we used to be below the national average? How does he square that with the statement he just made about economic performance in Manitoba, while we are going in the opposite direction of the rest of the country?

Hon. Gary Filmon (Premier): Mr. Speaker, I remind the Member opposite that every manufacturing group supported the Free Trade Agreement throughout its development. I remind him as well that we have opposed

high interest rates. That is a national policy we believe is inappropriate.

I also mention to him that manufacturing shipments in this province have increased at a rate of 6.6 percent this year, which is the second highest increase of any province in the country. I remind him that manufacturing capital investment in this province is predicted to increase at 104.6 percent over 1988 levels, the best among all of the provinces in the country.

I remind him that average weekly earnings in this province are increasing at 5.5 percent this year over last, which is the best among all the provinces in the country, Mr. Speaker. I remind him that total capital investment in this province is predicted to increase at 14.4 percent this year, which is the fourth best amongst all the provinces in the country.

Mr. Speaker, he is looking for negatives and he is—

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

Unemployment Rate Strategy

Mr. Gary Doer (Leader of the Second Opposition): The Premier obviously does not believe that 10,000 people, 10,000 families now that have lost employment, 10,000 people in communities all across Manitoba is a problem that his Government should address. There is no problem out there; according to the Premier everything is rosy. There are 10,000 fewer people working than a month ago or a year ago today.

I would ask the Premier, given the fact that Winnipeg has gone from the second lowest unemployment rate traditionally in the '80s to the seventh highest unemployment rate and reaching now to the level of the Maritime Provinces, what economic strategy does the Premier have for our largest urban centre, the City of Winnipeg?

Hon. Gary Filmon (Premier): Mr. Speaker, I will say to you this, that taking a look at the entire year of 1989 versus the entire year to date of 1988, we find that the labour force has increased by 4,000 persons, or .9 percent; we find that employment has increased by 6,000 persons, or 1.1 percent; we find that unemployment has decreased by 1,000 persons, or 2.6 percent; we find that full-time employment has increased by 4,000 persons, or 0.9 percent. In every indication, this year to date over last year to date is a vast improvement.

Well, we believe that the investment we are making in the economy, by virtue of taking less in taxes, which the Liberals of course voted against that tax decrease for people, they voted against the removal and reduction of the payroll tax for many businesses, they voted against all those things—we believe these things are paying off and the evidence shows, Mr. Speaker.

Economic Growth Job Stimulation

Mr. Gary Doer (Leader of the Second Opposition): Mr. Speaker, the Premier still does not believe there is a problem. The Premier and his Treasury Benches, except for the Minister of Health (Mr. Orchard) who is telling the doctors how great there is of a problem, does not believe there is a problem.

There are 10,000 people—you can cut all these statistics all you want—10,000 less people working than a year ago or a month ago.

I would ask the Premier, will he now admit that there is a legitimate economic development problem in this province with the 10,000 more people unemployed? Will he now instruct his economic Ministers and his Cabinet to come up with a meaningful job strategy program for Manitoba using the private sector, the public sector and the Government sector to get our economy going in a meaningful way, rather than saying there is no problem at all?

Hon. Gary Filmon (Premier): Mr. Speaker, I could tell you this. We will not do what the New Democrats did to drive this province into a black hole, and that is to spend hundreds of millions of dollars a year on a so-called Jobs Fund that created short-term make-work jobs that did not result in one lasting job in this province. They had people cutting grass. They had people doing what he said they were doing when he was president of MGEA, which was spending the money in the Jobs Fund on people putting up green and white signs all over this province.

He may recall what he said about what those white-wine socialists were doing. He did not believe that they were doing the right thing. He believed they were wasting money driving up the debt, driving up the deficit and not creating one long-term job in this province. He said that truthfully and honestly when he was president of the Manitoba Government Employees' Association. Now that he is Leader of that Party he is taking a different tack, he is taking a different position. He is saying that is the way to go, to pour the money into debt creating for this province, short-term make-work jobs. That is all the NDP did, and that is why our province has difficulty.

* (1025)

Agri-Food Policy Conference GATT Negotiations

Mr. Laurie Evans (Fort Garry): Mr. Speaker, I think it is also clear that the agricultural economy is not rebounding as fast from the drought as we had hoped. The Minister of Agriculture (Mr. Findlay) will be attending the Outlook Conference in Ottawa next week discussing various policies, but I assume a good portion of the time will be spent discussing the policy paper Growing Together, which has been put out by the federal Government.

A question I would like to ask the Minister of Agriculture is, what stance will he be taking relative to

strengthening Article XII of GATT, seeing as how John Crosbie seems to have backed off a little bit on this and the other Members of the Cairns group are not providing any support for Canada when it comes to the import restrictions on processed agricultural commodities?

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, I think that Member needs to have some of his statements corrected. There is no question that the Cairns group has changed their mind. The Cairns group is now supporting Canada's bid to retain Chapter 11 under GATT and have the definition of Article XII clarified and strengthened.

The prime objective of Canada, in the process of the GATT negotiations, is to reduce the subsidies in Europe and the United States that are trade distorting, that are creating a lower value for the Canadian grains that we are exporting. The other objective is a very strong objective, when all provinces support the federal Government's objective of strengthening Article XII to support supply management where those products are consumed domestically in the country of Canada.

Safety Net Programs

Mr. Laurie Evans (Fort Garry): Well, I think the Minister knows fair well that the retention of Article XII under GATT runs diametrically opposed to the concept of free trade. He can try to find his friends where he will on this, but the Cairns group are not providing that support.

The other issue that will certainly be under discussion, Mr. Speaker, is the whole question of safety nets, and I understand there will be as many as four, possibly five, of these under discussion. Can the Minister indicate where Manitoba stands in terms of which of those they prefer, if any, and what sort of a time frame will the Minister be seeking as far as the implementation of one of these safety net programs is concerned?

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, I think the Member needs to be reminded that under the Free Trade Agreement, the Canada-U.S. trade agreement, that the Article XII was protected, very strongly protected. I will tell the Member, even though he may not want to hear this, I was at a meeting two nights ago with the dairy producers of Manitoba and they congratulated us on our position of supporting Article XII in GATT, and they support the position of Canada that is coming from the Manitoba position, strong support.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Findlay: At the conference in Ottawa on Monday and Tuesday a large number of issues of agricultural nature for future development of this industry were under discussion. Safety nets, which we have strongly supported in this House in terms of stabilization of the farm economy, reducing the financial risks farmers are encountering, is going to be a very important agenda item.

I will be chairing that session. The discussion that is going to occur at that session will determine what position we are going to take in the future of what particular income support program we should be supporting here in the Province of Manitoba.

Drought Assistance

Mr. Laurie Evans (Fort Garry): Mr. Speaker, I do not question the Minister's concern regarding Article XII, but to have John Crosbie on your side is probably not a great asset in this regard.

I would like to ask a further question to the Minister. Will he be pressing his federal counterparts for some sort of a drought assistance program to take place quickly to not only support those farmers who suffered drought in 1989, but to also assist in bringing up the net farm income which is deteriorating very rapidly here in Manitoba?

* (1030)

Hon. Glen Findlay (Minister of Agriculture): On several occasions in the past month I have indicated very clearly to the farm public of Manitoba that the impacts of the drought are very apparent. Through the data development of the Crop Insurance Corporation we will be putting together a package to the federal Government, well documented, requesting drought assistance for the affected area of southwestern and south central Manitoba, because we know that the drought impact is not only on the farm community, it is on all the agribusiness sector, our small towns and their ability to survive on into 1990.

There is no question that the level of moisture in rural Manitoba is now the worst it has been in the 1980s. There is a major impact out there. We, through crop insurance and other methods of support, will help that community through this period of time.

Economic Growth Full-Time Employment Decline

Mr. Reg Alcock (Osborne): I have a question to the Minister of Finance (Mr. Manness). We have heard the Minister speak many times in this House about his new vision for the Province of Manitoba. I would like to ask him a very simple question. How does he account for 10,000 fewer full-time jobs in this province? Is that in keeping with this vision he has?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I am kind of surprised at that question coming from the Finance Critic.

We have said over and over again, the Premier (Mr. Filmon) has again enunciated today, that we have a different approach and plan from the former Government. We were put into position to govern and try and to perform in a different fashion. That was, first, not to borrow hundreds of millions of dollars that are still on the debt ledger to create short-term jobs, and second, to try and provide more disposable income to Manitobans by way of tax relief, which the Liberals

decided not to support. That is the better way and that is the way this Government will continue to follow for years to come as long as the people of Manitoba want us to govern.

Unemployment Rate Manitoba Statistics

Mr. Reg Alcock (Osborne): Mr. Speaker, it is true that the Minister has talked about his different vision, but the result of that vision is 10,000 fewer full-time jobs. It is people moving out of the province. It is people who cannot buy affordable housing. It is people whose annual income is going down. Income levels in this country have been flat for the last 10 years.

I would like to ask the Minister of Finance (Mr. Manness) a very simple question. Unemployment in Canada is going down this month, in Manitoba it is going up. Why?

Hon. Clayton Manness (Minister of Finance): We have, first, the most affordable housing in the nation.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Order. I am sure Honourable Members will want to give the courtesy to the Honourable Minister of Finance (Mr. Manness) to respond to the question of the Honourable Member for Osborne (Mr. Alcock). The Honourable Minister.

Mr. Manness: Mr. Speaker, I would think that the student of economics—and I say that in a sincere fashion—the Member for Osborne would fully understand what this province has gone through over the last seven years. He would fully understand that there is a lag effect to some of the great positions and the bad positions we find ourselves with respect to the second highest taxation regime in the country, with respect to the second highest per capita debt load in the nation.

Those are meaningful terms. That just is not rhetoric. That has impact on the bottom line. It has impact also with respect to the level of taxation that we have applied against businesses and people in this province, and I guess what we found so disconcerting as a new Government, that we tried in a small way to provide some tax relief—(interjection)—

Mr. Speaker: Order, please; order, please. If the Honourable Member for Flin Flon (Mr. Storie) is attempting to gain the floor, he will have ample opportunity.

Federal Equalization Payments Manitoba Totals

Mr. Speaker: The Honourable Member for Osborne.—(interjection)— Order.

Mr. Reg Alcock (Osborne): Thank you, Mr. Speaker, and I thank the Honourable Member for Flin Flon for yielding the floor.

The Finance Minister was in Ottawa to meet with other Finance Ministers and the federal Finance Minister on the economy. The Prime Minister has already served notice that transfer payments are going to be further cut this year.

I wonder if the Finance Minister (Mr. Manness) would share with us what the estimates are for transfer payments, given that he has already shared that information with the doctors.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, first, the question is a fair one and is certainly one that I put also to Michael Wilson yesterday, as did other Ministers of Finance. We are very concerned about the total of federal transfers to this province, because obviously it has some major impact on the bottom line as we are working towards the development of the 1990-91 budget.

I can indicate to the Member that obviously we believe there is going to be a severe flattening of those revenues. In spite of the request from people like myself, Mr. Wilson was not forthcoming with respect to quantifying what we can expect in '90-91.

Let me indicate though, Mr. Speaker, when the Member talks about the economy today I would think he would want to know what is going to happen in 1990, because that is what we were trying to discuss somewhat yesterday. Without disclosing any of the discussion behind closed doors I can fully indicate that all Ministers of Finance from across Canada were keenly concerned about the high rate of interest in this nation and the impact it is having on job creation investment.

Goods and Services Tax Joint Collection System

Mr. Leonard Evans (Brandon East): Last week or the week before I was asking the Minister of Finance (Mr. Manness) whether there was any move afoot among his staff to co-operate with the federal Government to set up a joint collection system for the GST and the Manitoba retail sales tax. The answer I got, I thought, was there was absolutely no communication, no thought of this.

Now it has been reported that indeed the provinces are willing and ready to go for a joint collection system with the federal Government. Obviously, this Minister is now agreeable. If so, why has this Government capitulated in its professed opposition to the goods and services tax? Why is Manitoba co-operating with Mr. Wilson to penalize Manitobans with this insidious tax?

Hon. Clayton Manness (Minister of Finance): Well, you know, Mr. Speaker, I find this question curious at best. The Member goes all around the mulberry bush on this one before he comes to the question.

When he asked me that question two or three weeks ago certainly there were no discussions going on in place. Today there are no discussions in place, but let me indicate I have had a lot of representations made to me from small business organizations, from small

businesses, indeed from health organizations requesting some semblance of reason that might come in to any unilateral move of the federal Government to impose a goods and services tax.

To that end one province and indeed others wondered whether or not there may be some issues, and again I am not at liberty to say which, although certainly within the area of municipalities, universities, schools and hospitals, whether or not some attempt could be made to try and reduce the redundancy of bureaucracy and try and bring some common reason to the collection of this tax that nobody wants.

Impact Employment Rate

Mr. Leonard Evans (Brandon East): Mr. Speaker, it has been already mentioned in this House this morning that the unemployment rate is up at an unacceptable level. In fact it is 8 percent on a seasonally-adjusted basis, indeed, in spite of the fact that the labour force has shrunk by 4,000 people. The labour force has shrunk. If the labour force had not shrunk the unemployment rate would be much higher.

There is no question that the GST will add to more unemployment in this province, but how can this Minister aid and abet the imposition of this terrible tax, given the fact that it will lead to even more unemployment in this province?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I do not know if the Member, indeed many of the Members across the way, are just purely naive or if they cannot hear or if they choose not to hear.

This Government and this Minister of Finance are not in favour of the goods and services tax. Saying that, what the Member seems to be advocating in support of wanting better unemployment statistics is that the federal Government should employ more tax inspectors. There should be a redundancy of tax collectors, there should be more tax collectors, so if that is his way of fighting unemployment, I say I reject it.

All-Party Task Force

Mr. Leonard Evans (Brandon East): Mr. Speaker, the unemployment of young men under 25 has gone up from 13.1 percent to 16 percent this year, young men in this province, 16 percent of them are unemployed. It is a very, very serious situation and this Minister and this Government are going on their merryway to impose a GST on this province adding to more unemployment.

My question to the Minister is this: will this Government, will this Minister be prepared to set up an all-Party task force to go around this province, get the views of Manitobans as we did with the Meech Lake Accord, and get the views of the people of this province, and then with that information go ahead and fight even more vigorously than he has in the past?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, this Government is very close to Manitobans.

It knows what Manitobans want. It knows that 80 percent of Manitobans are against this tax. I do not need to take a task force, indeed Members of this House do not have to set up a task force to go around the province to find out that Manitobans are against it. It seems that the only person indirectly that is in favour of this is the NDP, because they are wanting to improve unemployment statistics by having more tax collectors. That is all I can take from the question from the Member for Brandon East (Leonard Evans).

Human Rights Commission Justice Minister Involvement

Mr. Paul Edwards (St. James): My question is for the Minister of Justice (Mr. McCrae). On June 29 of this year an extremely unfortunate incident -(interjection)- occurred—

Mr. Speaker: Order.

Mr. Edwards: —in Brandon between a local dentist and a Mr. Richard Yeo, a student from Singapore then studying at the University of Brandon. Mr. Yeo was verbally abused, being repeatedly called dirt and physically assaulted in the course of attempting to get dental treatment.

He immediately telephoned the Brandon police who declined to attend the scene and interview witnesses, or indeed even interview Mr. Yeo himself. Mr. Yeo turned to his local MLA, the Minister of Justice (Mr. McCrae), and met with him the next day at his office in Brandon. The Minister told him he should not file a human rights complaint until after the police had investigated and only if he was dissatisfied with the police investigation, which did not get started until four weeks later.

* (1040)

Mr. Speaker, for the Minister responsible for the Human Rights Commission, will he explain on what grounds he advised this man to delay filing a human rights complaint?

Hon. James McCrae (Minister of Justice and Attorney General): Mr. Speaker, I remember well the incident involving the gentleman referred to by the Honourable Member. I remember visiting with a very, very upset, a very unhappy person who felt that he had been badly treated and felt because he was new to our country, and a student from outside our country, he felt very uncomfortable with the whole situation.

I recall assisting him in finding his way to the police station to make his complaint, and beyond that my discussions with that gentleman were in an attempt to help him make contact with whichever agencies might be helpful to him in his situation, for example, the Law Enforcement Review Agency, if he ultimately had some kind of complaint to make about the Brandon City Police or the Human Rights Commission. I do not recall giving advice to the effect that he should not do this or should do that.

I told Mr. Yeo repeatedly that my role would be that of an MLA in that situation, and that if my office could

be of any assistance in finding addresses, telephone numbers, that would be the kind of service that I would provide.

Mr. Edwards: More than an MLA, this is the Minister for Justice who should know the rules which apply to the Human Rights Commission. Mr. Speaker, in fact some four weeks after the incident, the Brandon Police interviewed the dentist and Mr. Yeo. The dentist admitted abusing Mr. Yeo, yet no charges were laid. Instead, the police left it to the dental association to handle it.

For the Minister of Justice again: has the Minister any idea why the Brandon police did not lay a charge of assault against this dentist, and if not will he immediately make it his business to find out?

Mr. McCrae: The Honourable Member reminds me of the dental association. That was another suggestion, another part of the discussion that took place between myself and Mr. Yeo that if my office could be of any assistance in helping him to approach the dental association, we would provide that service too. I am having a little trouble hearing what some of the Honourable Members were saying from their seats, Mr. Speaker —(interjection)— but—

Mr. Speaker: Order, please.

Mr. McCrae: —if someone is suggesting that something has been done, or not done that should have or should not have, let them say so by all means. I think my role in the whole matter, I repeatedly reminded Mr. Yeo, was that of an MLA and not as the Minister of Justice.

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

ORDERS OF THE DAY

Hon. James McCrae (Government House Leader): Mr. Speaker, would you be so kind as to call the Bills in the following order: Nos. 86, 34, 27 and 53. We would hope that those Bills could be considered at Committee of the Whole and hopefully proceed to third reading. In any event, we have asked that Royal Assent be scheduled for 12:20 p.m.

Following committee of procedure on those Bills and before Royal Assent, we would propose to call Bills Nos. 79, 67, 76, 31, 6, 7, 12, and the remainder as listed in today's Order Paper.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Orders of the Day, Committee of the Whole. The Honourable Minister of Finance.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to continue to consider and report on the following Bills for third reading: first, Bill No. 86, The

Statute Law Amendment (Taxation) Act, 1989; after that, Bill No. 34, The Loan Act, 1989; and thirdly and finally, Bill No. 27, The Fiscal Stabilization Fund Act. We are not doing 53.

MOTION presented and carried and the House resolved itself into a Committee of the Whole to consider Bills Nos. 86, 34 and 27, with the Honourable Member for Burrows (Mr. Chornopyski) in the Chair.

* (1050)

COMMITTEE OF THE WHOLE BILL NO. 86—THE STATUTE LAW AMENDMENT (TAXATION) ACT, 1989

Mr. Chairman (William Chornopyski): The Committee of the Whole will come to order to consider Bill No. 86, The Statute Law Amendment (Taxation) Act, 1989. Does the Honourable Minister have an opening statement?

Hon. Clayton Manness (Minister of Finance): Mr. Chairman, I do not, other than to say that again, in case some Members of the House have forgotten, this gives effect to all of the taxation measures introduced in the budget, and indeed some of the policy statements introduced by Government before the budgetary statement, particularly dealing with some aspects of the land transfer tax. Staff from Legislative Counsel are here and also officials of the departments, if greater explanation is required on any of these measures.

Mr. Chairman: Does the critic from the official Opposition have an opening statement?

Mr. Steve Ashton (Second Opposition House Leader): On a point of order, Mr. Chairman, I just want to indicate that our intention in the New Democratic Party Caucus would be to deal with the three Finance Bills before the committee today, and hopefully get them into third reading. I just want to indicate that because I know there had been some discussion yesterday in the Legislature following Question Period in terms of intentions, and our intentions certainly would be to try an accommodate the needs of the Department of Finance in this Bill and the following two finance Bills.

Mr. Chairman: The Honourable Member does not have a point of order, but I will thank you for your comments.

Mr. Chairman: Does the critic for the official Opposition, the Honourable Member for Transcona, have a statement?

Mr. Richard Kozak (Transcona): Mr. Chairman, my Party also has no objection to proceeding on the financial Bills today. I wonder if the Minister of Finance (Mr. Manness) could indicate to us at what point the taxation changes, foreseen by Bill No. 86, The Statute

Law Amendment (Taxation) Act, 1989, will commence to affect the disposable income of Manitobans.

Mr. Manness: That is a very objective question from the Member and I thank him very much for that question. Mr. Chairman, disposable income will increase for Manitobans immediately on their first pay cheque in 1990. Furthermore, as soon as they complete their 1989 tax filing, they will also be able to apply, in a retroactive fashion, for the benefits brought forward by way of this budget covering 1989 fiscal year. So in a sense, the benefits will begin to flow immediately, but also there will be a major rebate coming to most Manitobans once they file their 1989 tax form.

Mr. Kozak: I believe the Minister of Finance and his colleagues will find that all of my brief questions today will be very objective. The Minister of Finance periodically suggests that my Party is interested in voting against this particular Bill. Mr. Chairman, nothing could be further from the truth. We were very pleased to deal with this Bill without debate on our part at the second reading stage; we will also not disrupt it in committee. We are extremely anxious that the tax changes foreseen by this Bill take effect. In fact, and I believe that our Minister of Finance (Mr. Manness) would be the first to acknowledge it, the principal criticism levelled by my Party was that these tax changes did not take effect earlier.

Today, earlier in this debate during Question Period, the Honourable Leader of the Opposition (Mrs. Carstairs) put on the table certain economic statistics which, objectively viewed, suggest that the performance economically of the Province of Manitoba is not as strong as anyone in this House would like it to be.

My question to the Finance Minister is this: would it not have been possible if the budget formulation process had proceeded more expeditiously to deliver these tax reductions to Manitoba at an earlier date so that today we would not be seeing economic statistics for our province which must be viewed in a negative fashion?

Mr. Manness: Mr. Chairman, the Member is saying: why did you not do your budgeting, your 1989 budgeting, sooner? Why did you not know what it was you were going to present to Manitobans in a quicker fashion? Why did you not call the House quicker? Why did you not bring the budget down so that the benefits of that budget, even though the NDP would have voted against it then too, I am almost positive, could have flown so that the taxpayers in this province would have had the benefit of greater disposable income by way of lower tax deductions on their wage starting in July? I am saying because time did not allow for it. Believe me, we looked into it. We tried to make deadlines that would have allowed for some of these benefits to flow in the second half of 1989. That was impossible.

Mr. Kozak: Mr. Chairman, as I committed to the Minister, my Party is extremely interested in swift, unfettered passage of this Bill, and my questioning today will not be lengthy. We have recently seen press speculation, Mr. Chairman, or alternatively statements

by Members of this Government to the press, which seem to indicate that we can look forward to a continuation of this Government's commitment to no tax increases into the next fiscal year. Is the Minister at present comfortable with suggesting that we can expect no increases in the next fiscal year as has been reported by the press?

Mr. Manness: We have not done our budgeting for 1990. We are just beginning to do it now. There is some revenue information, I talked about it today in Question Period, dealing with federal transfers that is less than encouraging. So, Mr. Chairman, we do not for one moment believe that 1990 is going to be an easy year for which to budget.

Nevertheless, we are firmly of the philosophical view that to increase taxation is just about the worst solution, a remedy to an economy that is obviously, through high taxation rates, through high interest rates, undergoing some difficult times. I am not only talking about Manitoba's economy, I am talking about many of the economies in Canada.

Indeed Ontario is experiencing some significant slowdown at this point. To that end, Mr. Chairman, I cannot foresee where this Government would be prepared to increase taxes if they wanted to. Indeed, they do not want to, because that provides no stimulation to the economy at all.

Mr. Kozak: Mr. Chairman, I imagine then that I am correct in interpreting the Minister's comment as suggesting that while he does not favour tax increases into the next fiscal year, it is premature of us to hold any Government to that statement at this early point in time.

Mr. Manness: Mr. Chairman, again until we have done the estimates of expenditure, until we know exactly what the call will be for revenue, we will have to maintain our options. Let me tell you that is why we sought the support of all the Members of this House to set up The Fiscal Stabilization Act because of the additional revenues that were coming in one year that maybe in some respects should have been flowing in 1990, were not, could not, and we saw as good management to set aside so that taxes did not have to be increased in 1990. As I stand here I can indicate to the Member opposite every effort possible will be made not to increase taxes. As I sit here today, as I stand here today, they will not be increased.

Mr. Kozak: Mr. Chairman, I certainly am quite prepared to take the Minister's words at face value. He has placed similar comments on the record a number of times over the last year and a half, as have I and certain of my colleagues.

I might inform him that the source of this particular line of questioning since he referred to a Liberal pamphlet earlier today was a pamphlet circulated in her riding by the Honourable Member for Kirkfield Park, the Minister of Labour (Mrs. Hammond) in this Government, which indicated that this Government's commitment to no tax increases extends into this approaching fiscal year.

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I note that the Bill under consideration today does not make an upward adjustment to the motive fuel tax, a tax that I have referenced a number of times in this House as being of particular interest to me. I wonder if the—

* (1100)

Mr. Chairman: The Honourable Member for Brandon East, on a point of order.

Mr. Leonard Evans (Brandon East): Just on a point of order, I wonder if the committee could agree to how we are going to proceed. Are we sort of jumping all over the place or are we going to start with the first clause and work through? Are we doing it page by page, section by section or what? I have no strong views on it, but I would like to know for my own thoughts on this matter just how are we going to proceed? Normally, we are doing a section or two at a time, a section at a time.

Mr. Chairman: May I suggest that perhaps if it is the will of the committee that we proceed with passing this Bill clause by clause or in a block of clauses, for example, one to 10. There are 84 clauses in total, so there are a great number of clauses to deal with. Whatever is the wish of the committee? I suggest that perhaps we deal in blocks of 10 clauses at a time, one to 10. Shall one to 10 pass?

Mr. Kozak: Mr. Chairman, my colleagues and I suggest that we deal with this Bill part by part, proceeding from Part 1 through Part 9. My Party is committed to rapid passage of this Bill. Our criticisms of the specific provisions of the Bill are very limited in nature. We do not want to delay expeditious passage by proceeding in any fashion other than by part by part.

Mr. Chairman: I would advise the Honourable Member that the Rules of the House do not allow that we deal with this part by part but rather clause by clause.

We can call for example, one to 10, a block of one to 10, or one to seven—I beg your pardon. That is within the Rules. Is that agreeable?

An Honourable Member: Agreed.

Mr. Leonard Evans: Now that we are dealing with Part 1, which is Clauses 1 to 7, as you indicate. I have a specific question on Section 1 as it is referred to here, gasohol. The definition of gasohol is amended by striking out "Canada" and substituting "Manitoba." I gather the idea of this is to promote and encourage the production of this product in Manitoba. I am not clear, will there be any negative effects whatsoever? I am not sure whether this product is actually manufactured out of Manitoba anyway. What is the implication of that? Is it simply to promote the manufacture or production of gasohol in Manitoba, and

thereby somewhat discriminating against any such product that might in some future time be made out of Manitoba and brought into the province?

Mr. Manness: The reason for this change is that Manitoba has quite a lead through various Governments in promoting this industry, in promoting the manufacturing of a renewable source of fuel, and that being gasohol. Governments in Manitoba have made a commitment, as the Member knows fully well to that activity.

What we see happening somewhat is that some other provinces were beginning to offer significant incentives far beyond what was in place before, in some respects beyond the 3.5 cents that we are proposing per litre at this point. We just wanted to make sure given the fact that we have invested, again Governments of Manitoba, over the years in forgone revenue that we made sure gasohol that was being made available to Manitobans receiving some tax incentive indeed was produced in Manitoba.

Mr. Leonard Evans: I would not argue with the Minister on the point. I do not object to the intent. I would only observe though that we hear so much talk from his Government about removing restrictions on interprovincial trade that it seems to fly in the face of the statements made by the Minister of Industry, Trade and Tourism (Mr. Ernst) that he is working with other Ministers of Industry to encourage the free flow of goods and services across the country. We should recognize this is in opposition to that intention that has been expressed by the Minister of Industry.

Mr. Manness: Absolutely not. What is different here is that there is a major tax incentive provided to an industry that is located in Manitoba. What we are saying is in exchange for that type of incentive we want to ensure that Manitoba taxpayers, who have underwritten that incentive, at least are assured that the result of that will be a product that they use will be produced in Manitoba. Indeed if we can find out for sure that there is gasohol, combined as a result of ethyl alcohol produced elsewhere, we want to make sure that is not made available for tax support, for incentive.

We are not doing anything in opposition to the free trade of goods, certainly nothing at all. As a matter of fact we are saying that if you are going to any firm, if you are going to receive some incentive, then it is incumbent that at least you manufacture that product in the province.

Mr. Kozak: I would not like to extend discussion on this particular Bill, however, with regard to the measure just discussed by the Minister of Finance (Mr. Manness) and the Honourable Member for Brandon East (Mr. Leonard Evans), I would like to place on the record that my Party is extremely supportive of this particular tax measure.

The Honourable Member for Wolseley (Mr. Taylor), my Party's Environment Critic, has stated for the record on innumerable occasions that measures producing energy from renewable resources are measures this

Party can support without exception, provided other factors are all satisfactory. This measure encouraging the production of ethanol, which is a renewable resource, is a measure that we would like to heartily endorse.

Mr. Leonard Evans: Still on Part 1, I have a question with regard to Subsection 2(23) being repealed and substitution—this is on page 2, halfway down on the left side. There is some reference here—and then the tax on certain gasoline and aircraft gasoline, this particular group of sections as I understand it, the Minister has said previously that we will obtain certain additional revenues and these monies will be used and added to the Highways budget for road construction this year.

I do not agree with this type of financing. I do not think it is a satisfactory way—I do not think the Provincial Auditor would agree that you make reference to some kind of additional tax and that particular amount will definitely be dedicated to this Highways budget. In the first place you do not know what the Highways budget was originally. The fact is that Cabinet has all kinds of flexibilities so I really do not take much credence in this particular statement. However, having made that point, what about next year? This is this year. Does the Minister intend to follow this kind of reasoning in the next year, or subsequent years?

Mr. Manness: The Member is right. That is why we do not set up a dedicated fund. That is why we do not set up a trust fund because the Provincial Auditor has frowned upon that activity in the past. We are doing everything we can as a new Government to consolidate Government books. That is why we chose not to do as New Brunswick did and bring in a dedicated fund.

Nevertheless, there is absolutely nothing wrong with Government deciding within its wisdom to allocate through Government policy, or at least promise to itself, that there are additional funds to come. As a result of an increase in tax on fuel, those funds will be directed, the increase will be directed, toward highway construction. That is what we have done and that is what we hope to maintain in the next budget. Certainly there is nothing statutorily in place that provides for that and we will not bring in any statute that causes that, but it is a matter of policy or a promise to ourselves. We intend to the extent possible to direct any additional revenues that come forward by way of this additional tax to be directed toward the construction budget of the Department of Highways.

Mr. Kozak: With reference to the increase in the gasoline tax from 8 cents a litre to 9 cents a litre, I note that the province's coffers can expect an increase in revenues for a full fiscal year in the order of \$13 million.

Would the Minister of Finance concede that this significant tax increase, and this increase in provincial revenues, does somewhat dilute a general commitment of his Government toward tax reduction; a commitment that in fact we have seen running through this year's budget and through the taxation Act, 1989?

Mr. Manness: I am troubled somewhat by the statement. Certainly the measure represents some increase in revenue, but nevertheless I think these comments are taken in balance. One realizes that we have reduced personal tax so significantly, payroll tax so significantly, that in balance when you compare that to the smaller increase in gasoline taxation and in liquor—or pardon me, in tobacco, because we have not increased liquor taxes. I think on balance most people would say that we have reduced taxes in this province.

Mr. Chairman: Shall items 1 to 7 inclusive pass—the Honourable Member for The Pas.

* (1120)

Mr. Harry Harapiak (The Pas): I have wanted to raise one little item on dealing with aviation fuel exemption. I notice in previous years it had not been exempt. I am wondering if there is any consideration being taken in conjunction with this with the Minister of Transport as to the safety of the operator, because I have heard of several accidents that have happened in the last year, and I think with the exemption going in there is more than likely going to be more people going into this way of spraying, and I am wondering if there are any concerns for safety.

Another concern is from the perspective of the environmentalists. There are some concerns of spray drift. Is some control going to be put in place to see that there is no drift of spraying from the aircraft onto crops that could be damaged by that type of spraying?

Also, we see all the people raising concerns in spraying for mosquitoes in the City of Winnipeg, and I guess there are some people who are opposed to it. Is there going to be any opportunity for people to speak out against spraying? Is there anything going to be taken into consideration for neighbours?

Mr. Manness: Mr. Chairman, the Member probably brings forward a good point, and I will not quarrel with him. This is not really the place to get into the environment.

There are guidelines in place today. Certainly I am sure the Minister of Environment (Mr. Cummings) and his staff will continue to monitor those. No doubt there will probably continue to be increasing restrictions placed upon aerial applications, certainly in the manner in which we try and rid ourselves of pests, particularly insect pests. I would have to think it is an ongoing review with respect to those guidelines.

What we are trying to do here is, with respect to other types of pests—these being weeds in the sense that they are on farms—that the tax costs associated with aircraft gasoline be exempt as if it were a pulled land-field sprayer, pulled by way of tractor. I say to him that the two issues are not related.

Furthermore, I would also indicate to him I think there is going to be a closer scrutiny amongst the aerial applicators themselves as to drift and how it is that chemicals are being sprayed. I think they fully are

beginning to realize if there is not then there is the heavy hand of Government that is going to begin to become involved in their activities.

Mr. Harapiak: Will this tax exemption be extended to operators who are spraying in the area of forestry, for instance, dealing with spruce budworm? Would that also receive the same exemption that is used for farm spraying?

Mr. Manness: No, again the provisions provided here purely are directed towards farms as if it was a field sprayer, because that is the competition in place.

Mr. Ed Mandrake (Assiniboia): I have a question for the Minister of Finance (Mr. Manness). When he was addressing the Bill with regard to the fuel tax—and I do not want to misquote him—but he said that under No. 8, the Honourable Member will see an approximate \$8 million worth of capital funding. Yet in actual fact, Mr. Chairman, under No. 8, there is only one million-some-odd, \$100,000, which is equal to 1.6 percent from the previous budget. I ask him, where is he getting these figures from?

Mr. Manness: I have before me Resolution No. 79. If the Member wants to look at purely the construction side of it he will see where there is \$102 million spent this year as compared to \$94.3 million last year. That represents a \$7 million increase, roughly. Aid to Cities, Towns and Villages is a difference of 1.5 versus 1.3, which is another \$200,000.00. Work in Local Government Districts and Unorganized Territory increases from 4.3 to 4.6. In the Rural Municipal Bridge Assistance Program he can see an additional half a million dollars there, because there was none expended the year before. That in itself, Mr. Chairman, comes to \$8 million, under 8.(a), (b), (c), (d).

There is a fall-off obviously with respect to the Canada-Manitoba Churchill Agreement where boxcars were being built, and if the Member wants to claim that somehow is road construction I would say it is not. Therefore, my view is that what the Minister has been saying and what I have been saying is correct, that as far as our new commitment to construction and highways and bridges is up \$8 million in this year's budget.

Mr. Mandrake: Mr. Chairman, I will not get into the argument with the Honourable Minister. The only thing is, I would like to ask just one last question. In Estimates when I asked the Minister of Highways (Mr. Albert Driedger) as to the funding that he is going to be receiving through the gas tax he said it is going to go to Treasury Board, yet you, Mr. Minister, said it is going to go to Highways. Now which one is it going to be, one or the other? Is it going to go to Highways?

Mr. Manness: Every expenditure of Government comes to Treasury Board. Those are the controls that are in place, so we are not saying differently.—(interjection)—The money does not come to Treasury Board, but all the decisions with respect to the funding of every dollar in Government comes to Treasury.

Mr. Chairman: Clauses 8 to 10 inclusive—the Honourable Member for Brandon East.

Mr. Leonard Evans: Mr. Chairman, this part, Clauses 8 to 10, deals with the Health and Post Secondary Education Tax Levy. What it does, in effect, is raise the exemption levels thereby reducing the revenues received by the Treasury from this source.

I cannot help but remark, however, that this is a long way from abolishing this particular tax, which this Minister promised during the last election along with his colleagues on the Government side. They were against the health and education levy. They referred to it as the payroll tax, and that it was a bad tax, and they made all these arguments and so on. They were going to get rid of it. Yet, according to the budget speech that he gave earlier in this Session, this tax will still bring in an estimated \$180,500,000, which is still a significant amount of revenue.

Mr. Chairman, I think there is perhaps some backing off by this Government in terms of its commitment to get rid of this particular tax. I can see why, because I am sure, on close examination, the Minister sees there are revenues here that are obtained from federal agencies, federal departments and from large Canadian corporations, multinational corporations, who operate in this province, who do provide a very valuable needed revenue to run the province to pay for all the health, education, highway, or whatever expenditures the provincial Government engages in.

I could not help but note that what we have here, with these particular exemptions being raised, is that the total take will be reduced by \$19.3 million, that is an estimate at \$19.3 million less. At that rate it is going to take a great deal of time for this tax to be abolished.

My question then is: why did the Minister not raise the exemptions even further? Even more, why did he not provide in this Part 2 a complete exemption, a complete elimination of this particular tax?

Mr. Manness: Mr. Chairman, because quite frankly at this point in time, we cannot afford it. We have said that. We have said that over and over again. That is why we never said from Day One that we would abolish this tax in year one, or have it abolished in year two. We said that we would move in some systematic way to reduce it, \$180 million is a considerable amount.

Let me also indicate though, as the Member knows upwards of \$50 million to \$60 million is a transfer from one provincial pocket to the other. Although \$180 million is a big number I can indicate to him when you net out the provincial responsibility of that it is certainly much less, still a large number.

* (1130)

Let me also indicate to the Member that this dreaded insidious thing called the payroll tax, as we try and work a way, and we have. Now 97 percent of all Manitoba businesses no longer pay this tax, but still the 3 percent of the businesses that do are, because of the fact that their payroll levels are increasing either through increased wages and/or additional

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employment, that there is still a significant amount of revenue that continues to come out of those remaining 3 percent. Yet, over the next number of years we will continue to honour our pledge and that is to reduce the impact of this tax on businesses in Manitoba.

Mr. Leonard Evans: Yes, just one more point then. I do not want to belabour this.

I might add that no Government likes to impose a new tax. I certainly did not feel comfortable when we introduced it, but nevertheless, given the fact that there were expenditures to be made and deficits were rising and so on, one looked around for new sources of revenue. This was one that was comparable to that already being levied in the Province of Quebec, and you could see a parallel with what was happening in Ontario where people pay OHIP premiums. They are deducted by the Government through payroll deductions.

Mr. Chairman, I do not know where the Government is going on this. I fully understood that it would be totally and completely eliminated. I have estimated at the rate they are going it is going to take at least 10 years to eliminate this tax, if that still is the desire of this Government. It will take a full decade to eliminate the tax at the rate they are going this year.

Well, of course it is 180, they are reducing it by about 19 something. That gives you between nine and 10 years and then when you consider the fact that, as the Minister himself said, with inflation and rising wages and so on, you have a built-in growth factor which you have to take into consideration in your calculations. So it is going to take this Government at least 10 years.

Is the Minister prepared to stand up this morning and say, with regard to this specific section, that in the near future this payroll tax, this health and education levy, will be totally eliminated from the books as a source of revenue?

Mr. Manness: Mr. Chairman, we are mindful of the commitment that we have made. We will continue to work at dismantling this insidious tax.

You know the Members today, and of course we did not have the time in Question Period to make the point, but today the Members were trying of course to, through their theatrics, make the point that we indeed were responsible for an economy that was less than robust.

(Mr. Harold Gilleshammer, Deputy Chairman, in the Chair)

Mr. Manness: Is it not odd that the other province that the Member alludes to first bringing in a payroll tax joins us as having a second—the two highest levels of taxation in the nation, Quebec and Manitobans. In spite of it all, we still also have the two highest per capita debts in the nation.

So Members opposite can go on and on and say, well, you know, you are not doing anything to stimulate the economy. There seems to be a moderation of job growth and all that, but let us recognize that we have some fundamental problems. I have always said it. I

have never backed away from it. I have never said that they can be solved, but there are solutions to them that are going to allow us to undo in two or three years what was created over 15 or 20. Nevertheless, Mr. Deputy Chairman, we will continue to try and work away at this payroll tax to give businesses some incentive, relative to those other provinces that seem to be bringing in this tax, to locate in this province and create jobs.

Mr. Kozak: Mr. Deputy Chairman, although I appreciate the great interest shown by my friend, the Member for Brandon East (Leonard Evans) in the elimination of the payroll tax, I do note that this insidious tax on jobs was introduced by the former Government of which the Member for Brandon East was a part. His interest in its abolition now is certainly commendable and is certainly shared by my Party.

Instead of assuming a critical tact at this point, I would simply like to state for the record that my Party does endorse an approach whereby this tax is eliminated with a start made to the benefit of companies that are small employers. We do endorse an approach whereby we progress gradually to eliminate the tax on larger and larger employers.

The fact of the matter is, Mr. Deputy Chairman, that small business in Manitoba has been our main engine of economic growth in recent years. Small business has been the main creator of jobs and my Party is very comfortable with an approach whereby the tax is eliminated first on small business and then gradually eliminated on larger and larger businesses.

Mr. Deputy Chairman: Shall Clauses 11 to 48 be passed? The Honourable Member for Osborne (Mr. Alcock).

Mr. Reg Alcock (Osborne): Just a couple of quick questions. The Minister of Finance (Mr. Manness), before he went away to Ottawa, speculated on some potential changes in the relationship between the provincial relationship with the federal tax. Can he advise us as to what the status of those discussions are right now?

Mr. Manness: Mr. Deputy Chairman, tax on taxable income has been an issue with some provinces who have been wanting to join Alberta, Manitoba and Saskatchewan who have some variance of either a tax on taxable income or tax on net income like we do in the Province of Manitoba. All Members of this House should be aware that when the former Government brought in their great 2 percent tax on the income, that was done with the sanction of Ottawa, but only on an experimental basis.

Other provinces have seen it working in the prairie provinces and have asked to be part of it. Ottawa has said, no, that they do not know to what degree they are going to even allow provinces like Manitoba or Saskatchewan to continue it, if they so wished. This puts great uncertainty into the planning, as you can understand, the revenue planning, when we are preparing a budget.

We, as one province, have requested that Ottawa work with all the provinces to try and remove that

uncertainty, working to greater clarity so that provinces may have an opportunity to move up on the tax form. Not in any way to deny personal credits, not in any way to take additional revenues, because I can indicate obviously when you are talking about tax reform, Oppositions love to build a spectre that you are out to take more money.

All I am trying to do, as being part of this, is to safeguard Manitoba's revenue base as it exists today, because with one stroke of a pen the Department of Finance in Ottawa could do away with the 2 percent tax on net income which would not be, in the first instance a bad thing, but other than that you would have to replace it with some other revenue stream for some period of time. It is to remove that uncertainty that we have joined other provinces in calling for some greater certainty with respect to tax on taxable income.

Mr. Alcock: For the sake of expediency, Mr. Deputy Chairman, maybe I could ask two questions in the same general area. Just following up on the Minister's comments about the 2 percent net tax, if he could incorporate in his comments an estimate of the current revenue expected from that tax.

But the question is more on the question of tax collection agreements in general. There has been some discussion or some speculation that the western provinces may move to separate tax collection agreements much along the lines of Quebec, rather than continue to have tax collection through the federal Government now. Was there discussion of that? Is that a direction the Minister is heading in?

* (1140)

Mr. Manness: Mr. Deputy Chairman, that was not discussed although from time to time various Ministers in their own personal meetings sometimes throw out the issue to each other as a point of discussion. I can say in all honesty, there is no formal discussion right now with respect to any province or any groups of provinces entering into or developing their own set of income tax collections.

Mr. Deputy Chairman: Shall the item pass—pass.

Shall Clauses 49 to 53 be passed—the Honourable Member for Osborne.

Mr. Alcock: Mr. Deputy Chairman, I am reminded, the Minister, unless I have missed it, did not answer the question on the estimated revenue. Before you do that, could you also in the area of the mining tax, there has been a suggestion that in the coming year the revenues from mining will be in decline and some suggestion that they will not be of the same magnitude that they have been. Can the Minister advise us as to what his estimates are right now?

Mr. Manness: Firstly, with respect to the 2 percent tax on net income, it is very hard to work towards a specific quantification of that number. We like to believe it is in the area of around \$200 million, a significant revenue source. The great difficulty that we had when we wanted

to take the \$60 million that we thought we had available to direct towards the tax relief for Manitobans and we wanted to apply that against the 2 percent tax on net income, we quickly found that if we were to bring the rate down to 1.5 percent or 1.25, an amount that would provide tax relief to \$60 million, we found that the beneficiaries of that were almost entirely those earning \$60,000 and over. I have given the Member that quantification.

With respect to the mining tax in 1990, we have no hard numbers yet, but I can assure the Member we are forecasting that the mining revenue in 1990 will be considerably down.

Mr. Alcock: There has been discussion in this House about the meeting between the Minister and the MMA. Were specific amounts mentioned in that meeting or was there a specific reference to the proportion of the decline in mining tax revenues?

Mr. Manness: I cannot recall entirely whether a specific number was associated with the mining tax. Certainly the mining tax was discussed, and an indication was made that revenues would certainly be falling within that area.

I cannot recall whether or not hard numbers were presented. I think we talked when we met with the MMA certainly more on a global revenue sense.

Mr. Kozak: Mr. Deputy Chairman, just one follow-up to our consideration of The Mining Tax Act, over the last period of months there has been considerable distress in our northern community of Lynn Lake regarding the closure of gold mining operations in the community. The Government has taken the position that the community could once again have a thriving future should the price of gold rise above \$400 or \$425 an ounce. I point out to the Minister of Finance that the price of gold today is in excess of \$410 an ounce. I wonder if within the framework of this debate, although it is not strictly germane to this debate, whether he feels that we are closer to a resolution of the situation of distress in which the community of Lynn Lake finds itself.

Mr. Manness: In all honesty I believe we are not. The Member talks about the price of gold increasing. It was increasing nicely up until about a week ago at which time it began to decrease again. I would have to think that any company coming along and investing risk capital into a mining venture such as gold today would want to see some stability associated with those price increases.

Certainly that has not existed to this point in time, and my latest knowledge of what is happening in Lynn Lake is that the company is under The Bankruptcy Act trying to reach some agreement with creditors, and certainly the Province of Manitoba is a major creditor.

Mr. Kozak: Over the last couple of months I have deliberately refrained from talking about the financial position of the operator of the Lynn Lake Mine; however, at this point I think that restraint must end. I wonder

if this Government will consider using its good offices to facilitate a transfer of the property and the operation at Lynn Lake into stronger financial hands.

Mr. Manness: I am getting out of my depth here a little bit. I do not know who ultimately will end up with the resource once the bankruptcy procedures reach some conclusion. I can indicate that, to the degree that the Province of Manitoba ends up with the mineral resource and if there is a promoter and indeed a producer that comes along and wants to again, given it has removed itself of debt or does not have its own inherent debt, and wants to begin to attempt to profit at the production of gold, certainly the Province of Manitoba will be there in support.

Mr. Leonard Evans: I just have one point on The Mining Tax Act. I do lament the fact that this Government could have obtained far more revenue from the mining industry of this province this year than it is doing. I appreciate what the Minister is saying, that next year may not be such a good year for that industry. I appreciate that.

The fact is, in the last year or two the mining industry has been very flush. I think particularly of International Nickel floating in cash, and I think that it is a sad fact that we have not obtained the fair share of revenue that we need from that particular industry.

If Manitoba was in a very buoyant fiscal position, I might say otherwise; but that is not the case. The Minister knows full well that it is a difficult task to find the dollars to pay for the ever increasing demands for health care, education, social services, highways or whatever. Therefore we should take every opportunity to obtain revenues from all sources that are deemed reasonable. Now that is the argument I suppose, what is reasonable, and it is a judgmental call. I just want to make this only point, we will not refer to any figures, but we could have had more revenue from this industry in the past year than we have had, and to that extent we are losers in this province.

Mr. Manness: Mr. Deputy Chairman, I hope the Member remembers his words well and takes them into account when I table for the Legislature, probably within the next two weeks, the Second Quarterly Report, the Province of Manitoba.

I am certainly well aware of the policy the former Government was considering. I can also indicate to the Member we still have the second highest rate of mineral taxation in the country. I am well aware of the allocation problem that has existed between Manitoba and Ontario with respect to Inco, and I can indicate that we have worked some considerable distance to try and find a resolution to that problem. That is why we have written into this Act or into this Bill the fact that, if there is not a resolution there will be an additional 1.5 percent payable on the mining tax by Inco.

Mr. Deputy Chairman: Shall Clauses 54 to 62 be passed—the Honourable Member for Transcona.

Mr. Kozak: Mr. Deputy Chairman, I have just one brief point. I would like to express my satisfaction regarding

The Motive Fuel Tax Act that we in fact do not in the current fiscal year see an increase of this rather noxious tax. I would like to take the opportunity also to thank the Second Opposition Party for dropping earlier calls for a significant increase in the motive fuel tax.

I made it clear to the Second Opposition Party that I viewed their position as a direct assault on the constituency of Transcona, a constituency which supported them for 30 years, and I am pleased to see that assault is now at an end.

* (1150)

Mr. Leonard Evans: Mr. Deputy Chairman, we are on Part 5, The Motive Fuel Tax Act. I just want to ask the Minister one question. Would this be the Act under which the Government would choose or could choose to increase the locomotive fuel tax? This is the - (interjection)- okay.

I just want to put on the record again that this province should increase the locomotive fuel tax to at least be up to that of the level of Saskatchewan. We were planning to do that; the previous Minister for Finance in the NDP Government, as I understand it, I do not have the detail, was planning to do that. It would have netted, I do not know, quite a few millions of dollars—six, seven, eight millions of dollars, again, badly needed. I do not see any reason why we would not do that. It would be a logical thing to do, getting it from national railway companies as indeed the Province of Saskatchewan has done. It was not very radical. All we were doing was saying, let us get on the same level as Saskatchewan and bring in the needed revenue to the province.

(Mr. Chairman in the Chair)

Mr. Manness: The state of being radical or not, of course, is always in the eyes of the beholder. The Member says Saskatchewan, yes, I think their levy was around 15 cents a litre or something around that, and we were second highest at 13.5. Of course, that looks like we should move to 15, but I remind him Ontario is five and a half or six.

You have to look at Manitoba in perspective. You have to recognize that there still is, even though it is reduced significantly over the year, much to our economic loss, there still is presence, head office presence, a railway presence in the City of Winnipeg, unlike the case in Saskatchewan. You want to know whether you want to put that at threat, No. 1. Number 2, the Minister of Rural Development (Mr. Penner) has tabled before us Bill 79, where we are talking about assessment reform, and I can indicate that the railways are going to take a significant hit on that.

You are going to say—how many times do you want to go after the railways, recognizing that they employ people in the Province of Manitoba and in the City of Winnipeg? In there some balance has to come to that. We chose not to move. I am glad we have not.

Mr. Kozak: Just briefly, Mr. Chairman, I would like to withdraw my earlier thanks to my friend, the Member

for Brandon East (Mr. Evans). Instead, I would like the House to be aware that I will extend to my friend the courtesy of informing my constituents of the helpful stance that his Party is taking at a time when railway employment in my constituency declines month after month, year after year.

Mr. Chairman: Clauses 63 to 66 inclusive—pass; Clauses 67 to 74 inclusive—pass.

Shall Clauses 75 to 89 inclusive be passed? The Honourable Member for Brandon East.

Mr. Leonard Evans: We are now on The Environmental Protection Tax Act, as I understand it. I just have a question. I am not clear. I applaud the Government's move in this area of providing taxes to ensure that there is less waste, that items are recycled, including beer and liquor containers. I wonder if the Minister could—I think I understand it, but am not quite clear, the exception 46(2), which says, "Subsection (1) does not apply to a person who acquires liquor in its original closed bottle, original closed can or other original closed container for resale in that container whether that container is open or closed at the time of resale." What is the implication of that particular exception? Why are we making that exception? This is not a trick question or anything, I am simply asking.

Mr. Manness: Mr. Chairman, I am almost inclined to ask Ms. Struttok to come up and explain this. It is for greater clarity with respect to undertaxed law. There has to be a very clear definition as to who is the consumer of the product and, therefore, who is paying the tax.

What this calls for is that we have to make sure that we differentiate between those that consume directly and those who purchase for resale. I gather that those who purchase for resale are excluded under this Act, but indeed will have some other Act applied to them in some other fashion. It is to make a very clear distinction as to who is to be impacted by the tax. It is between the end consumer and those who purchase for resale.

Mr. Chairman: Clauses 75 to 89 inclusive—pass; Preamble—pass; Title—pass. Is it the will of the committee that I report the Bill? Agreed and so ordered.

BILL NO. 34—THE LOAN ACT

Mr. Chairman: The Committee of the Whole will now consider Bill No. 34, The Loan Act. Does the Honourable Minister of Finance (Mr. Manness) have an opening statement?

Hon. Clayton Manness (Minister of Finance): Mr. Chairman, I do not. Several Ministers are here. Those that are not, we certainly will bring down if there are going to be questions directed to them, and I think specifically the Minister of Agriculture (Mr. Findlay). I will answer questions of Hydro. Virtually all the Ministers are here, and those that are not, I would ask that Members let me know, and I will have them in the place.

Mr. Mark Minenko (Seven Oaks): I would like to direct some questions to the Minister of Industry and Trade (Mr. Ernst) on some matters that I tried raising the last few days when this matter was last considered. In the answers to some of my questions the Minister of Finance advised that the Business Start Program's financial authority did not come from this legislation. I would ask the Minister of Industry and Trade to confirm if that is correct. Is that a correct interpretation of the Minister of Finance's comments?

Mr. Manness: Mr. Chairman, I obviously did not make myself clear the other day. There is no funding required under the small business loan program or however it is termed. What is required though, and what is sought by this Act, is the support required to provide the guarantees. That is the difference.

Whereas there is no money flowing today, what we are providing for is authority in support of the guarantees if they are called upon. Of course today, as it is a new program, there has been no money flow, there have been no guarantees offered, and there will be no requirement on the cash flow basis unless some of these fledgling businesses fail, at which time our guarantee then will have to be brought forward and honoured. Today we do not seek money, we seek the authority to put into place the guarantee. Mr. Chairman, I hope that is clear now in the mind of the Member.

* (1200)

Mr. Minenko: I would then like to ask the Minister responsible for Industry and Trade, why was the Business Start Program, which was announced in the throne speech on May 18 of this year, not introduced in this House for consideration pursuant this legislation or other legislation until October 13?

Hon. Jim Ernst (Minister of Industry, Trade and Tourism): Yes, in the throne speech of May, the announcement was made. Once the announcement is made there are a number of logistical problems that have to be dealt with, logistical problems in terms of meeting with financial institutions that will be carrying out in fact the bulk of the program.

We have a training component attached to this which also had to be put into place and flushed out but until we had the vehicle—the vehicle being the private sector of financial institutions that are spread right across the width and length of Manitoba that will be delivering this program—until we had that concurrence we could not really go very much further. Once we had that concurrence the fact that the program definitions and all had been put into place, training programs indicated to those financial institutions, then we could proceed with the requirement to proceed with authority.

Mr. Minenko: Can the Minister then advise us as to when these meetings with various institutions began, what institutions did he have meetings with, and when were those meetings held?

Mr. Ernst: Mr. Chairman, I do not have the exact dates of the meetings, but they occurred late summer, early

fall. We did meet with all of the chartered banks and with the Credit Union Central of Manitoba and with the Trust Companies Association of Manitoba. To date, all of the chartered banks have opted into the program. The Credit Union Central on behalf of all of their members have opted into the program, and discussions are still ongoing with the Trust Companies Association.

Mr. Minenko: I am a little concerned that if this was indeed an important program, and I presume it was an important program for the Government to institute, why did the Minister not begin his discussions shortly or soon after this program was announced on May 18, or in the alternative, why was it not then begun shortly after the budget was indeed passed in this Legislature?

I am citing that—I guess the bottom line is this, why were these discussions not held in early or mid-June instead of waiting for another two months or so till the end of summer and early fall? I presume by that answer the Minister is saying those meetings were held at the end of August and into September. Why were those meetings not held in June, in early June, to make sure that this program was put in place as soon as possible?

Mr. Manness: I will let the Minister of Industry and Trade (Mr. Ernst) speak as to why or why not certain negotiations may or may not have taken place in a manner that would have been acceptable to the Member opposite.

Let me say, from the Government's standpoint, we are so out of schedule in bringing forward these loan acts because of the very nature of this House, the very nature of a minority Government, that traditionally these activities come in, or Loan Act comes in, within two months after the budget and is discussed and passed before summer break. Given that there was obviously going to be a summer break then there was no use, in my view, in preparing the whole program until the Opposition and the Government were prepared to pass loan authority.

Mr. Reg Alcock (Osborne): I would just like to respond to that, because there has been discussion about this several times in the Chamber. The Opposition was never asked to pass The Loan Act before the end of the summer. Discussion did not take place until December.

An Honourable Member: Traditionally The Loan Act is never passed until the last day in May.

Mr. Alcock: Well, I am sorry, but if the concern is the way the House is operating, I think we could have had the courtesy of the request to suggest that somehow it is a function of the way the House is performing because I think it is incorrect and irresponsible.

Mr. Minenko: My previous question still stands. To respond to the Minister of Finance's comment that it is -(interjection)- Well, it seems certain Government Ministers are a little sensitive about some of the information put on by our Opposition House Leader.

I am concerned with the comments of the Minister of Finance when he says it is of interest to me to ensure

that this program was in place. It is not of interest to me as much as it is of interest to the many entrepreneurs who have been waiting to start up businesses and get things going while this Government has spent five months before they introduced this legislation, and then over the intervening seven weeks did not even have this Bill on top of their agenda for debate in this Legislature. The Minister of Finance knows that so well.

In fact, I appreciate it. I had mentioned earlier that the Government House Leader—in fact the day after my speeches in this particular fashion and the speech by the Opposition House Leader, as a result of those two speeches, the Government House Leader the next day placed it first on the agenda.

My previous question to the Minister of Industry and Trade (Mr. Ernst) stands as, why were these discussions with the financial institutions not held in early or mid-June?

Mr. Ernst: As I indicated to my honourable friend earlier, there is a system that has to be put into place. There were training programs that had to be put into place. There had to be a whole series of administrative procedures put into place, all of this information before you can talk to the banks. Once we were ready to talk to the banks, we attempted to schedule a meeting. The meeting was not scheduled as quickly as we had anticipated, but nonetheless, to get all of the charter banks, their senior vice-presidents together in one room to discuss this particular issue it took a little bit of time. Notwithstanding, it would not have been held in June in any event, because we were not ready in June with all of the final details of the program put together.

Mr. Minenko: I am certainly not satisfied with that response, and I can assure the Government that people who have been calling me, and undoubtedly calling his office before calling me, are unsatisfied with that response. I am sure that before the Minister announced or asked the Premier to include the provision for this program in the throne speech he must have had some idea as to how that program was to function.

I would have thought as the kind of managers the Government likes to portray themselves as being, that they would have had this program in place and had many of the details that the Minister suggests already in the workings before the throne speech. I am sure the Minister would have wanted to put this program in place as soon as possible. Although I can appreciate there are many administrative steps that go into putting a new program in place I think there is still some grave concern not only from this side of the House, but across Manitoba.

I think the Minister can appreciate the number of job closings and business closings that have been happening, especially in rural Manitoba, outside the City of Winnipeg. This type of program is what many people have been waiting for. The Minister is talking about a training component to this program. I am just wondering if he could explain what exactly the training component to this program looks like.

Mr. Ernst: Mr. Chairman, this is likely not the place to go into that. We will be going into Estimates within

the next week or so and I would be happy to discuss at length the training component of the program, but by and large let me give maybe a capsule if I can of that training program.

Basically, when an applicant seeks out support under this program we will meet with them on a one-day basis to determine the basic structure of what they want to do and how they propose to do it. Then their application goes before the financial institution for them to meet the criteria there. Once approved, we then go through a three-day business training program giving them some of the basic rudimentary types of things that they need to concern themselves about, including development of a business plan. Once they have all that information in place they are at least—in terms of small business, and we are now talking really small business—somewhat prepared to go off into the marketplace and conduct their entrepreneurial initiative.

Mr. Minenko: I would like to ask one question before we do go into Estimates because one of the issues that has been raised by people who have called me is that the concerns they had was that they have been advised or understood the program was geared to companies that were no more than 90 days old, companies that were not in existence longer than 90 days. They understood that to be one of the criteria of this program.

I would like to ask the Minister of Industry and Trade if that is indeed one of the criteria because some of the comments that I have said that I heard the announcement of the program. The program was originally targeted for mid-November and I started setting up my corporation, or my company, in July or August. Can the Minister advise whether that is one of the criteria; and (2) whether, if it is one of the criteria, whether they are prepared to show some flexibility, or to increase the number of days or months that a company can be in operation so that some of the people who anticipated the early introduction of this program would not be prejudiced?

Mr. Ernst: Mr. Chairman, let me just go over the key elements of the program for a minute for my honourable friend. They are directed at small business, not more than 20 employees. All sectors are eligible, except insurance, real estate, financial and primary production, that is, mining basically or forestry. Maximum loan guarantees are up to \$10,000 conditional upon matching unencumbered equity. That is, we will provide the loan guarantee for half if they provide half in terms of equity, either cash or equipment or whatever they have.

* (1210)

Approximately 60 percent of the loans will be targeted toward women and rural entrepreneurs. While it is not hard and fast, that is the target group, 60 percent of the fund will be aimed in that direction. As I mentioned to my honourable friend earlier, the conditions or the training aspects of the thing are mandatory. They must go through the training aspects of it. In terms of a company that is more than 90 days old, or less than 90 days old—the first I have heard of it is when the Member brought it up.

Mr. Leonard Evans (Brandon East): Mr. Chairman, I have not said anything yet about this particular Bill and indeed one could be here for weeks discussing millions of dollars worth of expenditure. I am reminded of the fact when the Honourable Minister was in Opposition always criticizing us for lack of Ministers being present, and also for a lack of time and so on. Yet we do not have too many here today, but I can tell you we could be here for weeks discussing all of these items because we are into energy policy, housing policy, telephone policy and so on.

I am only going to raise two areas because of the spirit of co-operation to get it passed. One is with regard to a previous discussion on incentives for business development, and the other was with regard to MDS.

With regard to business development, I mentioned this yesterday when the Minister was not with us—maybe I am not supposed to say that. Let me put it this way: we asked the question of the Minister of Finance (Mr. Manness) yesterday and I want to make the point again today, and that is the whole question of building into your incentive program some provision to encourage and enhance economic development outside of the City of Winnipeg.

We all talk in this Chamber about enhancing rural economic development and I suggest that here is a good way to build into your criteria, into your program, not criteria for adding to the losses, any potential losses, but criteria that will take into account the need to support businesses that have some possibility of viability, that there should be certain incentives in the guidelines given to the board or to the officials that we want to encourage jobs in Brandon, or Portage, or Dauphin, or Flin Flon, or Thompson, Selkirk, Steinbach, wherever, and that here is a golden opportunity in my judgment, Mr. Chairman, for this Minister, for this Government, to build in some kind of a program of regional incentives, that is regional within the Province of Manitoba.

I make that as a plea to the Minister. I do not know whether he has considered that or not, but that is something that I would ask him to consider. I do not know whether he wants to respond to that now or not. That was the only point I was going to make on this area.

Mr. Manness: I agree.

Mr. Leonard Evans: The Minister says he agrees. Well, I hope he will build into the criteria—you have? Okay, well that is very good news, Mr. Chairman. We will look forward to that and see what the impact is.

The other question is with regard to Manitoba Data Services. As I understand the Bill, certain previous authority is to be abated. I am not clear, therefore, under Schedule B, the expenditure not yet expended or abated. I would gather that the MDS \$10,925,000 figure is not abated, that that money is left in there. My understanding, it is left in there in order to enable that Crown corporation to construct a new building that apparently is badly needed because of the space problems they are now encountering or expect to encounter in the future.

I would like the Minister to confirm that that money is being left in for the possible construction of a building by MDS and therefore I would also go on to ask him whether he has now backed off on the previously stated intention of looking for a buyer in the private sector for MDS, particularly in view of the growing concern expressed by Manitobans, those in the computer sales business, those who are concerned about confidentiality of records. The Minister knows that while I am talking there is growing concern in the community about the privatization of this very efficient profitable Crown corporation.

Will the Minister advise, is that money indeed there for a possible construction of a building, a new building for MDS and, therefore, does that imply also that the Government has backed off on its intention to privatize this very efficient—and everyone has said in the committee and in the House we have all applauded the management and staff, the board of MDS, a very efficient organization, has served the taxpayers well, served the Government well. Would the Minister indicate at this time whether there is now a backing off of this intention to sell?

Mr. Manness: Mr. Chairman, as I have said before, the intention to sell is one that is not out of a fixation just to sell. We are wanting to see whether or not Manitoba Data Services has within its inherent, not only well-being, but is within its strength as an organization, whether it can be used as a catalyst to greater economic development within the province.

We are presently, at this time, discussing various proposals that are before us. The Government is still pursuing that course and should it decide that sufficient economic development may result as an outcome of a potential sale, then Manitobans will hear of a sale. Right today, we have not reached the point where we have decided whether or not MDS should be sold, but yet discussions are continuing.

Mr. Chairman, the Member asks, is the money staying in? Yes, we are leaving a loan authority with Manitoba Data Services, given that it may not be sold.

Mr. Chairman: Clauses 1 to 14 were each read and passed. Schedule A—pass; Schedule B—pass; Preamble—pass; Title—pass.

Is it the will of the committee that I report the Bill? (Agreed)

Committee rise and call in the Speaker.

IN SESSION COMMITTEE REPORT

Mr. William Chornopyski (Chairman of Committees): Mr. Speaker, the Committee of the Whole has considered Bill 34, The Loan Act, 1989, and Bill 86, The Statute Law Amendment (Taxation) Act, 1989, and reports the same without amendment.

I move, seconded by the Honourable Member for Transcona (Mr. Kozak), that the report of the committee be received.

MOTION presented and carried.

Hon. James McCrae (Government House Leader): Mr. Speaker, I move, seconded by the Honourable Minister of the Environment (Mr. Cummings), that Bill 34, The Loan Act, 1989 (Loi d'emprunt de 1989); and Bill 86, The Statute Law Amendment (Taxation) Act, 1989 (Loi de 1989 modifiant diverses dispositions législatives en matière de fiscalité), reported from the Committee of the Whole be concurred in.

MOTION presented and carried.

THIRD READINGS

BILL NO. 34—THE LOAN ACT, 1989

Bill No. 34, The Loan Act, 1989; Loi d'emprunt de 1989, by leave, was read a third time and passed.

BILL NO. 86—THE STATUTE LAW AMENDMENT (TAXATION) ACT, 1989

Hon. James McCrae (Government House Leader) presented, by leave, Bill No. 86, The Statute Law Amendment (Taxation) Act, 1989 (Loi de 1989 modifiant diverses dispositions législatives en matière de fiscalité), for third reading.

MOTION presented.

Mr. Reg Alcock (Opposition House Leader): Yeas and Nays, please.

Mr. Speaker: Yeas and Nays, call in the Members.

The question before the House is third reading of Bill No. 86, The Statute Law Amendment (Taxation) Act, 1989; Loi de 1989 modifiant diverses dispositions législatives en matière de fiscalité.

All those in favour of the motion, please say aye; all those opposed, please say nay. In my opinion, the ayes have it.

Mr. Reg Alcock (Opposition House Leader): Yeas and Nays, please.

Mr. Speaker: Call in the Members.

* (1220)

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

YEAS

Filmon, McCrae, Manness, Cummings, Mitchelson, Driedger (Emerson), Orchard, Ducharme, Ernst, Oleson, Derkach, Penner, Connery, Pankratz, Burrell, Hammond, Gilleshammer, Praznik, Helwer, Carstairs, Cheema, Carr, Alcock, Edwards, Kozak, Yeo, Evans (Brandon East), Minenko, Chornopyski, Lamoureux, Rose, Patterson, Mandrake, Taylor, Driedger (Niakwa), Evans (Fort Garry),

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Hemphill, Ashton, Wasylycia-Leis, Cowan, Harper, Storie, Uruski, Harapiak.

Mr. Clerk (William Remnant): Yeas, 44; Nays, 0.

Mr. Speaker: I declare the motion carried. The Honourable Government House Leader.

POINT OF ORDER

Hon. James McCrae (Government House Leader): Mr. Speaker, on a point of order, since His Honour the Lieutenant-Governor, or his agent is nearby, I wonder if we could agree not to have seen the clock at 12:30 in order that we might accommodate Royal Assent.

An Honourable Member: Agreed.

Mr. Speaker: Is there leave that we do not look at the clock? Agreed? (Agreed) I am advised that His Honour the Lieutenant-Governor is about to arrive to grant Royal Assent to Bill No. 86 and Bill No. 34.

ROYAL ASSENT

Sergeant-at-Arms (Mr. Roy MacGillivray): His Honour the Lieutenant-Governor.

His Honour George Johnson, Lieutenant-Governor of the Province of Manitoba, having entered the House and being seated on the Throne:

Mr. Speaker: May it please Your Honour:

The Legislative Assembly, at its present Session, passed a Bill, which in the name of the Assembly, I present to Your Honour and to which Bill I respectfully request Your Honour's Assent:

Bill No. 86, The Statute Law Amendment (Taxation) Act, 1989; Loi de 1989 modifiant diverses dispositions législatives en matière de fiscalité.

Mr. Clerk (William Remnant): In Her Majesty's name, His Honour the Lieutenant-Governor doth assent to this Bill.

Mr. Speaker: May it please Your Honour:

We, Her Majesty's most dutiful and faithful subjects, the Legislative Assembly of Manitoba in Session assembled, approach Your Honour with sentiments of unfeigned devotion and loyalty to Her Majesty's person and Government, and beg for Your Honour the acceptance of this Bill:

Bill No. 34, The Loan Act, 1989; Loi d'emprunt de 1989.

Mr. Clerk: His Honour the Lieutenant-Governor doth thank Her Majesty's dutiful and loyal subjects, accepts their benevolence and assents to this Bill in Her Majesty's name.

His Honour was then pleased to retire.

Mr. Speaker: The hour being 12:30 p.m., this House is now adjourned and stands adjourned until 1:30 p.m., Monday.