



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

DEBATES
and
PROCEEDINGS

31-32 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
COWAN, Hon. Jay	Churchill	NDP
DESJARDINS, Hon. Laurent	St. Boniface	NDP
DODICK, Doreen	Riel	NDP
DOERN, Russell	Elmwood	NDP
DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
LECUYER, Gérard	Radisson	NDP
LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
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PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
SCOTT, Don	Inkster	NDP
SHERMAN, L.R. (Bud)	Fort Garry	PC
SMITH, Hon. Muriel	Osborne	NDP
STEEN, Warren	River Heights	PC
STORIE, Jerry T.	Flin Flon	NDP
URUSKI, Hon. Bill	Interlake	NDP
USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 19 April, 1983.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - CIVIL SERVICE

MR. CHAIRMAN, C. Santos: Committee, please come to order. We're still on Item 1.(a), for three days now. The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, before we rose at 4:30 the Minister had made a statement about the fact that we just had an election and she was part of the majority group. Does she consider that to be a factor in this area?

HON. M.B. DOLIN: I consider it to be a fact.

MR. G. MERCIER: I appreciate it's a fact, but she's not suggesting that because they won the election that people with an NDP background should be favoured.

MR. CHAIRMAN: The Honourable Minister.

HON. M.B. DOLIN: It seemed to me that what was being questioned by members opposite was that there happened to be politics in government, and I was clarifying the fact that in fact I thought that to be true, and not only true but a fact that we live with, and that's what it's all about. If a continued, I guess, surprise is expressed at the fact that some people hired by this government happen to share the same philosophy, then I would have to wonder what point the opposition is trying to make.

MR. G. MERCIER: We seem to be having a lot of difficulty, Mr. Chairman, getting the point through. I, for the record and to repeat what I've said in the past, have not disputed the right of a government to hire in the Deputy Minister positions people who are sympathetic to their objectives. I will obviously not agree with the objectives of the government and not agree with the people that are appointed, but that is their right to do so.

What I have objected to is the fact that in the Annual Report the government adopted a policy whereby screening committees consisting - and I'm leaving out the Civil Service Commissioner because we have no objection to that - of the Clerk of the Executive Council, who is an NDP partisan, and the Deputy Minister of the department concerned. Here, I don't put all Deputy Ministers in the Civil Service in that category because some have been career civil servants who have served through various governments. But some of the Deputy Ministers appointed by the government are obvious political partisans. I object to their being part of the screening committees which select applicants for priority senior competitions in addition to regular Civil Service appointments in the Civil Service.

To have such partisan politically motivated people making those decisions, I suggest, is against the

principle of appointment on the merit system. Have I made my point to the Minister?

HON. M.B. DOLIN: I think that what has happened is that we obviously have different points of view. The Deputy Minister in a department is the senior employing authority. How you can suggest that the Deputy Minister should somehow not exercise this responsibility is just beyond me. The Deputy Minister is the senior employing authority in a department.

What we have done by having open competitions, preselection, then the selection board, the interviews, is to open up the competition, not just to appoint someone, but to open up the competition to anyone who wishes to apply, anyone who wishes to prove to the employing authority that their merit and qualifications render them the most appropriate candidate for the job. This doesn't mean that because the opposition perceives that a particular Deputy Minister has a particular political bent, and that again is an assumption by the opposition because they seem to be trying to determine who has a particular political bent and who does not, and I would be curious to know what they use as their criteria. But they're saying that this person then cannot exercise the responsibilities and rights of the position for which they were hired. I find that unacceptable.

MR. G. MERCIER: Mr. Chairman, to put people like the Clerk of the Executive Council and partisan appointed Deputy Ministers in this position, I suggest, destroys the merit system and leads to suspicion of the people who are selected by committees with such a political flavour.

MR. CHAIRMAN: The Member for Wolseley.

MS. M. PHILLIPS: First of all, the member opposite in his second statement asked whether the Minister understood. I think the question is not that we don't understand what he is implying, I think we understand very well what he is implying, we don't agree with that assumption. When he says certain Deputies are partisan and he's been naming them for the last three days, he and his colleagues, he is saying they are partisan because they have some NDP history. But other Deputy Ministers, he is implying, are not partisan, either because he doesn't know their politics or because they were appointed by the former Tory Government. So they're not partisan; it's only our people that are partisan. You know, partisan to me implies that's a person that takes sides, on one side or the other. I think if you're a Tory, you're partisan. You're not just partisan if you're NDP, and the issue is not how partisan you are on either side, but you're right to be partisan.

Under The Civil Service Act, it says, "A civil servant has the right to participate in the democratic process of this country and of this province." So, to say NDP partisans can participate all they like, but they can't be in the senior level of government exercising the

functions of that job, which is when selection committees hire clerk typists and it goes to the Deputy Minister for final approval, or to the Minister, and the Minister happens to be of an NDP Government and she signs that authorization to hire that clerk typist, all of a sudden that clerk typist is partisan! Or that selection process to hire a Clerk Typist III was affected by the political process! I think that the Member for St. Norbert has a very narrow view of the whole process.

I remember when I was a staffing officer for the Civil Service Commission and I was taught very well by career civil servants what my role was. I think that I fulfilled that job based on merit; I had very fine performance appraisals. We had people applying for all kinds of positions where there was no way that anyone knew whether they were active politically or non-active politically. My role as a staffing officer was to chair that selection committee and wherever questions were asked that were prohibited questions under The Human Rights Act, such as marital status, political affiliation, etc., etc., race, religion, whatever, I called that committee to order. I had notified the candidate that they were not obliged to answer that question, that question was out of order, and that was my role as the chairperson of that selection board.

I remember very clearly in a selection committee where we had interviewed all the candidates and one person on the board said to the other - they were discussing the relative merits of two women who were very close - well, perhaps we should take the single one because the married one might not stay long enough. She might get pregnant and have a baby and leave you. At that point, I said that if I felt that comment was taken into account in the decision for that particular position, that it was my authority and my duty to call to cancel that particular competition and have it rebulletined and started over again, that the decisions would not be based on issues for which the human rights legislation says they will not be based on. The politics of an individual is the same kind of an issue. When there is a person from the Civil Service Commission on a board, that's their responsibility to make sure that selection is done in a fair and equitable way.

So to imply that those selection boards are not done in that way, I think, puts a slight on the entire staff of the Civil Service Commission, denies the right of functioning of senior managers in their job and their obligation to participate in filling vacant positions. I think that the Member for St. Norbert is literally out to lunch on this one. I think he should spend some time searching his soul about whether it's only us that are partisan or whether the whole process has been set up to assure that people are picked in a fair and equitable manner.

MR. G. MERCIER: Mr. Chairman, I believe that any person appointed by a selection committee on which the Clerk of the Executive Council serves and one of the politically appointed Deputy Ministers is under a cloud of suspicion, now this whole discussion arose because of the failure of the Minister to provide the information requested in the Order for Return by the Leader of the Opposition.

There is perhaps an out for her. It is possible, and I ask her to consider this seriously, to discuss that

matter under the Main Supply motion coming at the end of consideration of all of the Estimates. Would she undertake to have the information requested in the Order for Return by the time the Legislature considers the Main Supply motion?

HON. M.B. DOLIN: Well, the Member for St. Norbert has an interesting statement to make to open his remarks this time around. He says that any person appointed where the Clerk of the Executive Council has been a member of the selection board is under a cloud of suspicion. I have given him the information on all of those senior appointments where the Clerk of the Executive Council sits - the Assistant Deputy Minister positions or the Deputy Minister positions - I've given him all that information. So what in the world can he be asking for? The Clerk of the Executive Council does not sit on selection boards for Highway Department employees, for secretaries, for clerk typists, for storekeepers. That simply is not the way it is and I'm sure that the Member for St. Norbert is aware of that.

The process being used is an extension of regular Civil Service competitions. It's not necessary; it's not the way it was done in the past. It's not the way the previous government did it, to my knowledge. This in fact is an opening up of the process, an expansion of the process. We could easily appoint Assistant Deputy Ministers and Deputy Ministers with straight O/Cs, with no competition, with no selection board, with no interviewing of all eligible candidates, but we choose to open it up to assure ourselves that we have given a fair hearing to all those who feel that they want a try at the job and who feel that they are qualified for the job.

So what the Member for St. Norbert and his colleagues have been insisting for all these long hours is that we have somehow closed the process when, in fact, we have opened it. We have opened a process that previously was one in which people were simply appointed and it was difficult to determine exactly what criteria was used. This is very open; we have the Civil Service present to do exactly what the Member for Wolseley was describing. That happens at the lower-level hirings; it happens now at the higher-level hirings.

To suggest that the process is now somehow suspicious is what I find ludicrous. It has been opened up. It has not been opened up to the point where we take no responsibility for appointing our senior managers. That also would be ludicrous and irresponsible on our part. But I believe that I have said this in about 27 different ways and I'm beginning to run out of ways to explain it.

MR. G. MERCIER: I wonder if the Minister would answer the question, Mr. Chairman. Will she undertake to provide the information requested in the Order for Return by the Leader of the Opposition by the time the House considers the Main Supply motion which I would predict, perhaps optimistically, may be two months away?

HON. M.B. DOLIN: Given the statistics and the time involved in gathering such information, which I detailed to you this afternoon, I can give no such assurance.

MR. G. MERCIER: Mr. Chairman, the Minister is responsible for the Civil Service Commission. We're talking about preparing and supplying this information on a date approximately two months away, and I think she has already had five months - well, since December 15th. It was accepted in the House in the middle of December. That's where the Orders are accepted, in the House, Mr. Chairman. It was accepted, I believe, on December 15th; it was accepted over four months ago. I'm suggesting over the next two months, if she could arrange to have this information prepared. I don't think that's too onerous, Mr. Chairman, after all, this is an important matter. The merit principle in the Civil Service, we can't deal properly with the Minister's Estimates, until we have all of that information. Is the Minister prepared to supply it by that date?

HON. M.B. DOLIN: I cannot put a deadline on the time when that information will be available. I have given you the information surrounding that response to that Order for Return. I've given you an estimate of the time involved, over 42 work weeks, solid work weeks, with nothing being done but that based on previous experience, so I cannot possibly assure you that that information will be ready at a particular time, seven or eight weeks down the road. Certainly, the Civil Service staff does not ignore these directions, but they also don't drop everything else they are doing and government grind to a halt, while we peruse 900-plus file folders, copying names out of them for you.

MR. G. MERCIER: Mr. Chairman, would the Minister undertake to supply the House with that information by the time it discusses the Main Supply, at least with respect to the more senior positions starting with the senior positions and working down in the classifications, so that by that date at least the House would have the information with respect to the more senior positions which the Civil Service Commission have been able to provide?

HON. M.B. DOLIN: Is the Member for St. Norbert altering the Order for Return?

MR. G. MERCIER: Mr. Chairman, I can't alter the Order for Return. The preparation of the information on a priority basis, starting with the senior positions and working down in the classifications, and that by the time we get to the Main Supply motion we get as much information as the Civil Service Commission has prepared on that date, a sort of an interim report, if in fact they're not able to complete the whole Return. When all of the information is done, then it can be filed.

HON. M.B. DOLIN: Well, it's not difficult to pull out the senior positions because there aren't really that many of them, are there? - if you're talking about the senior officers series. But I've never heard of a partial filing of an Order for Return. I will have to investigate that and see if in fact it can be done. I don't know, or have not ever heard of that being done, but I will undertake to investigate it.

MR. G. MERCIER: Mr. Chairman, surely it's not that difficult to do. There are 908 competitions. Surely, very

quickly, they can be classified according to the senior positions, working down, and that the Civil Service Commission can start on that basis and provide us with as much information as possible by the time we discuss the Main Supply motion.

MR. CHAIRMAN: The Minister of Transportation.

HON. S. USKIW: Mr. Chairman, I don't know what it is that's preoccupying . . .

MR. G. MERCIER: Don't let that stop you from speaking.

HON. S. USKIW: . . . the Member for St. Norbert. The House has accepted an Order for Return, as I understand it, and therefore having done that I think it has to be acceptable to everyone that it is accepted in good faith. The Member for St. Norbert is trying to suggest that there is something untoward about the time that it's taking to deliver on that Order.

My understanding of it is that Order was accepted in December? I may be corrected.

HON. M.B. DOLIN: . . . with instructions to staff in mid-January on the Return.

HON. S. USKIW: Yes, and therefore this is April. We've only been back in Session a short while and the member expresses a degree of impatience, the fact that the Order has not yet been returned. I think that if the Minister wanted to be quite callous, she could respond by saying that the Order will be tabled as quickly as Orders were tabled when the Conservatives were in government and that should settle the issue, but I believe the Minister sincerely has indicated that the effort is under way and that the Order will be tabled as soon as it can be put together.

What the member is asking for is no small measure; there are some 900-some-odd transactions. It takes a fair amount of time to put that together. There is no doubt about that and I'm certain that he's not suggesting that the Minister hire extra staff to accomplish that feat to satisfy his curiosity. So I don't know what the point is that the member is trying to belabour, Mr. Chairman.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, why did it take the Minister one month to ask the department to start work on it? The Order was accepted on December 15th.

MR. CHAIRMAN: The Honourable Minister.

HON. M.B. DOLIN: Perhaps I ought to present the Member for St. Norbert with a calendar, but I don't believe there were too many people around here the last two weeks of December. I happen to be one of those who was away.

MR. G. MERCIER: Mr. Chairman, I think that is very negligent on behalf of the Minister. An Order is accepted on December 15th, surely it doesn't take one month to ask the Civil Service Commission to start work on

it and start to prepare the information. Really, isn't that unreasonable, one month? That, Mr. Chairman, is not only negligence, I think, but it's an affront to the Legislature. When an Order for Return is accepted, there's no way on earth it should take one month for the Minister to ask the department to start preparing the information.

HON. M.B. DOLIN: The memo to staff that I read into the record some days ago, I believe, was dated January 10th. The member ought to also recall that the Order for Return requested information which had to be checked because that particular information is not allowed, it is confidential information. There was some checking that had to be done before instructions could be given to staff. It had to be determined how much of the Order for Return was properly asked for and could properly be returned to the House. I refer to the request to include names of other persons who might have been recommended or might have been interviewed for the positions. That is confidential information and we're very careful to check that out and make sure that that was an area that we could not, in all justice, reveal.

MR. CHAIRMAN: The Minister of Economic Development.

HON. M. SMITH: Mr. Chairman, I am really amused at this impatience for a Return when you match it up against very real suspicion expressed on the whole process of selection. It does make you wonder, with this division of the world of civil servants into hacks on the one side who are active, and somehow NDP, and on the other side, some kind of neutral, meritorious, rather invisible type of civil servant that is supposed to be the 98 percent majority. Mr. Chairman, it seems to me that this is such a lopsided, strange view of the civil servant. I'm surprised the Minister hasn't put her foot down about supplying the information at this Session at all, but knowing the Minister's co-operative approach and her will to prioritize this activity at the level it deserves, I'm sure the member opposite is going to get his material and he's probably going to be surprised at really how straightforward and thorough the material will be.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, I'm surprised to hear the Minister of Economic Development and Tourism say that she would like to see the Minister put her foot down and not provide the information for an Order for Return that's been accepted in the House.

A MEMBER: She didn't say that Gerry, come on.

MR. G. MERCIER: Well, I'm surprised — (Interjection) — I'm not twisting words, I'm not twisting words, Mr. Chairman, I'm quoting the Minister of Economic Development and Tourism, and I'm surprised at that attitude, and I hope the Minister responsible for the Civil Service Commission will not follow her advice.

I've attempted, Mr. Chairman, to offer a reasonable out to the Minister. Would she undertake to provide,

by the time we discuss the Main Supply motion, at least the information that the Civil Service Commission has gathered to date. And I ask her if they could work on the basis of obtaining information, starting with the more senior positions and working down in classifications. Then, when all of the information is done, then the Order for Return can be filed in the House. But at least, then, the House would have some basis on which to complete the examination of the Estimates of the Minister's responsibility.

MR. CHAIRMAN: (a)(1) - the Honourable Minister.

HON. M.B. DOLIN: I believe that the Member for St. Norbert is looking expectantly at me, wishing that I would again answer the question that he has asked so many times. I have indicated, in case he didn't hear me, that the matter of returning a partial answer to the House is something that I have never heard of, but I will take it under advisement and see whether it can be done or should, in fact, be done. That's the only assurance that I can give to the member.

It would also seem to me, Mr. Chairperson, that there must be some limit on the number of times you can ask the same question and be given the same answer. I don't know if that's true in Estimates, but I certainly would like a clarification.

MR. CHAIRMAN: 1.(a)(1) - the Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, without that undertaking, and I believe we should be entitled to the full return of information in the time that's been given to the Minister; I've tried to be reasonable and suggested an out for her, to at least give us the information that the Civil Service Commission has collected at the time we discuss the Main Motion of Supply and, even there, we can't get a commitment from the Minister. There's no reason on earth why she can't informally supply that information to the Leader of the Opposition and myself so that we're able to have some examination of this information before we complete consideration of the Minister's Estimates. What is the Minister's objection to that?

HON. M.B. DOLIN: I think that the Member for St. Norbert forgets that they do not set time limits when they issue Orders for Return. In fact, they can't even determine whether that Order for Return is going to be accepted by the government; we make those decisions, that's the role and the responsibility of government. We determined that we would accept that particular Order for Return, at least partially, and that was indicated to the originator. When we bring in that information is determined by us, and it's determined by us, in consultation with staff, staff time, and I don't know how many times I have to go over how much staff time is required for this kind of exercise. But it would seem to me that the Member for St. Norbert must eventually realize that that Order for Return will be brought into the House responsibly when it is completed.

The other issue that he asked me about, I have indicated twice already I will pursue, I will investigate, and I will give him that assurance, but none other.

MR. G. MERCIER: Mr. Chairman, the Minister has to realize that once we complete these Estimates we may not get an opportunity until next year's Estimates, and so I would like some sort of a commitment. What is her objection to providing the information that has been gathered up, until that point in time, to us on an informal basis in filing the final Order for Return when that is completed? What could be her possible objection to that?

HON. M.B. DOLIN: There are certain rules and regulations by which we operate. I happen to believe that rules and regulations are necessary to operate in an organized way; all governments have them. I am really curious as to why it is so important that the opposition is suggesting that we bend, and perhaps break, these rules to get at something that they are curious about in order to cast suspicion on the people hired. I am really wondering why it is so very important, this particular issue, that we are being urged to break rules in order to get the information to them; for what purpose?

MR. G. MERCIER: Mr. Chairman, I'm not suggesting that any rules be broken. I'm simply asking that some interim information that's gathered up till that point of time be supplied to us informally, that's not breaking any rules whatsoever. The reason we're so concerned about it is there is a cloud of suspicion, because the government has adopted a method of selection committees that does cast suspicion on those that are appointed, because they've placed on those committees some very partisan political people.

There are no rules to be broken and there's no reason why the Minister can't give us a commitment to supply us with the information that she's gathered up to consideration of the Main Supply motion which is some two months away and will mean that she will have had over six months to gather some information.

MR. CHAIRMAN: The Member for Springfield.

MR. A. ANSTETT: A couple of questions for the Minister, Mr. Chairman. Can the Minister advise if the selection process that's being used for senior staff, by the present government, bears any similarity, or is identical, to a practice used by any previous government in this province?

HON. M.B. DOLIN: The process has been standardized, but it's the same process that's always been used. Standardized in the sense that we always know who the members of the selection committee are going to be, because they are those directly responsible for the person being hired, such as, the Deputy Minister, or an Assistant Deputy Minister, in the appropriate department.

MR. A. ANSTETT: Mr. Chairman, is it not correct though that, at one point in the history of the province, that senior civil servants, particularly Deputy Ministers and Assistant Deputy Ministers in many cases, were recruited informally, without a selection procedure, and were appointed by the Minister or, in the case of Deputy Ministers, by the Premier, by Order-in-Council without

any due process under the general rules and guidelines of The Civil Service Act? Even though I realize The Civil Service Act does not apply to these appointments, even now, now you're applying those similar processes; is it not correct that at one time none of these processed applied to these senior appointments?

HON. M.B. DOLIN: Yes, that is true. At the very senior level it was seldom done this way, in fact, I don't have any personal knowledge of it being done this way in the past, although there may have been occasion where it was done with a selection committee. What advantage I see in this is that there is the Right of Appeal when you have a selection committee, and that didn't exist before, and these decisions were made either by a Minister or by the Premier with a simple Order-in-Council being passed by Cabinet.

MR. A. ANSTETT: Mr. Chairman, can the Minister then confirm that the process of using selection boards, as part of the recruiting procedures for senior personnel, was first introduced, although not on a universal basis, but first introduced by the previous administration, the Conservative administration, that was responsible for the hiring of these people from 1977 to 1981?

HON. M.B. DOLIN: There seems to have been a lack of consistency in the use of selection boards. It was occasionally used by the previous government, or by previous governments, but not with any consistency or within any particular departments.

MR. A. ANSTETT: Can the Minister confirm, Mr. Chairman, that the previous administration used the process much more than it had been used by any other administration prior to that, the Campbell, Roblin, Weir, Schreyer administrations? In other words, I'm asking did the previous Conservative administration, of which the Member for St. Norbert was a member, use that process much more than it had been previously used?

HON. M.B. DOLIN: The use of this type of selection process, selection on the basis of merit by a selection board, has gradually increased, if you will, up the ranks of the senior officers over the years. It has now finally broken through that last barrier, the last sort of individually appointed group of people, the Assistant Deputy Ministers and the Deputy Ministers, and opened up that particular hiring process to a wide range of applicants to rather, I suppose, open discussion of merit and qualifications, and I think, most importantly, the right of appeal by those who might not be successful.

MR. A. ANSTETT: I take it then the Minister is confirming that the use of selection boards by the Lyon administration was greater than the use made by the Schreyer, Weir, Roblin, or Campbell administrations?

HON. M.B. DOLIN: Yes, this has been an expanding process. It's been slow but, over the years, it had gradually grown to include the senior officer series which, of course, are the senior managers in the government and the Civil Service. These excluded senior officers and now, as I indicated, it includes all hirings, because it includes those at the very top.

MR. A. ANSTETT: Mr. Chairman, I do appreciate what the Minister is saying with regard to the present administration and the fact that this is now a comprehensive recruitment program that applies to all positions, with the exception, of course, of those positions that are in the power of the Assembly, but my interest, at this point, is in those positions which were filled during the Lyon administration, the last Conservative administration in the province - or I should say the previous, it might not necessarily have been the last - and I'm wondering, Mr. Chairman, if that administration used senior civil servants as part of the boards, and if their recruitment process, which we've agreed was an improvement over that used by previous governments, involved a standard group of people who often served on boards to recruit people at these senior levels.

HON. M.B. DOLIN: Staff assures me that the hirings within the senior officer series were done by selection boards by the previous Conservative government. There was an increase in activity in that particular style of hiring over the previous NDP Government, so you are correct, yes, in saying that that was certainly the way. The selection boards were set up in the same way that they are set up now; the person who would be responsible for the person being hired, obviously the Cabinet involvement, Executive Counsel involvement, was not there because it was not yet at the ADM or the DM level, those were still appointed people. So each time you move a step, I suppose, and I really am reluctant to keep using the words "up the ladder" because that's not what I mean, but within the senior management . . .

MR. G. MERCIER: More senior?

HON. M.B. DOLIN: . . . yes, of the government. As you move along that particular path, you have to have a selection board that is senior to the people being hired. That's what makes sense; that's what it's all about. So if you move up to the Assistant Deputy Minister's position, you have to have the Deputy Minister there. If you go to the Deputy Minister's position, obviously, you have Executive Council involved, and in fact Executive Council would be involved at the Assistant Deputy Minister level. So there is certainly nothing unusual or untoward about that particular structure for a selection committee. It follows the pattern of every hiring in the Civil Service from one end of the hierarchy to the other.

MR. CHAIRMAN: The Member for Springfield.

MR. A. ANSTETT: Mr. Chairman, to pursue this just a little further, can the Minister advise whether or not any Assistant Deputy Ministers, Associate Deputy Ministers or Deputy Ministers were hired using the selection board process during the previous Conservative administration?

MR. CHAIRMAN: The Honourable Minister.

HON. M.B. DOLIN: Our staff is not aware of the way in which Deputy Ministers were hired. It might have

been through consulting firms or through knowledge of the person, but there was not a selection board used. There were some instances, one in particular that they remember, which was in the Department of Agriculture, were for the hiring of an Assistant Deputy Minister, a selection board was used.

MR. A. ANSTETT: So the previous government did, at least at the Assistant Deputy Minister, set a precedent of involving at least then, I would take it, the Deputy Minister of a department in the direct recruitment of one of the very senior officers of that department. Would the Minister confirm that?

HON. M.B. DOLIN: Yes, the Deputy was involved, the Civil Service Commissioner, and I suppose perhaps someone else at that level, but it was the same structure, the same pattern.

MR. A. ANSTETT: Mr. Chairman, the next question, the only person who was not involved then by the previous administration, unless the Minister can correct me, so I'll ask the question: was the Clerk of the Executive Council in the previous administration ever involved in a selection process in the recruitment of senior officials, officers of the various departments of government, in the previous Conservative administration?

HON. M.B. DOLIN: The Clerk of the Executive Council was not involved in the Assistant Deputy Ministers' hirings.

MR. A. ANSTETT: Mr. Chairman, I'm tempted, but I won't ask if similar boards were employed by the previous administration in the dismissal of senior staff. My next question then relates to - well, I guess the obvious one then - if the previous administration employed basically the same procedure, and the Minister has said that all that has happened here is that it has been broadened to obviously include more departments, it may not have been fully expanded to include all departments because maybe there were no openings in certain departments during that four-year period, then really the matter at issue here is the involvement of one individual. Because in every other department, if we are talking about the senior staff of the department, the Deputy Minister, other Assistant Deputy Ministers, the Civil Service Commission, or perhaps his designate - I'm not sure exactly how that's worked in every case since 1977 through to the present - but can the Minister confirm that essentially the only substantive change in personnel who appear on selection boards, because of the upgrading of status of the individuals involved because of their more senior rank, has been the addition to some of those selection boards of the Clerk of the Executive Council, the senior Deputy Minister of the province? Is that correct? Is that really the only addition in the process from 1977 to the present?

HON. M.B. DOLIN: Yes. That is the only difference.

MR. A. ANSTETT: Well, then, Mr. Chairman, I submit that what we have here conclusively is a personal

unwarranted witch hunt directed at Michael Decter, the present Clerk of the Executive Council, this most senior civil servant of this province, and I think it's reprehensible. I think the Member for St. Norbert and his colleagues should consider what they are doing very carefully, because what they are doing is challenging the very integrity of the system and the process by which the people of Manitoba receive the services of government.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, will the Minister, if she is so satisfied with the process, undertake to supply the information which the Civil Service has gathered by the time of debating the Main Supply motion on an information basis to myself and to the Leader of the Opposition?

MR. CHAIRMAN: The Minister of Economic Development.

HON. M. SMITH: I should let it go.

MR. CHAIRMAN: The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, there is no reason on earth why the Minister can't give us a commitment to provide that information. She takes the position that there is no problem with the work of the selection committees, even though very partisan political people have been appointed by the government and by the Cabinet to this committee. If that's the case, we'd like to be satisfied, too. That's our whole objective. What is wrong with the Minister supplying the amount of information that she has gathered through the Civil Service Commission on an informal basis at the time of debating the Main Supply motion? There is no breach of any rules. I've said she can file a complete Order for Return when that is completed, but surely we're entitled to receive the information that has been gathered up to that point in time. If not, one must be left with the suspicion that the Minister is trying to hide something. — (Interjection) — Exactly. — (Interjection) —

MR. CHAIRMAN: If the member wants to speak, he can have the floor.

MR. G. MERCIER: If you want to speak, be recognized by the Chair. The member obviously comes from a long line of NDP speakers, Mr. Chairman.

MR. CHAIRMAN: I remember yesterday, I was not even calling on the Leader of the Opposition and he was already speaking, so I just let it go once in a while, but someday I'm going to call people to order.

The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, I'm asking why can't the Minister give me a commitment to provide that information on an informal basis?

HON. M.B. DOLIN: Mr. Chairperson, I have answered this question repeatedly. At the risk of being told that

I act like a teacher again, I keep trying to put it in simpler and simpler terms and in different ways. I think that's a waste of time for all of us here. The member has his answer.

MR. A. ANSTETT: See Order-in-Council . . .

MR. CHAIRMAN: Order please.
The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, this is a government that supposedly espouses the principle of freedom of information of being an open government, etc., etc., etc. If the Minister of Natural Resources finds it tiring to hear me say that, but that's what they have said, that's what the NDP in government have said. I have asked for a very simple commitment. We started off by asking for the full and complete Order for Return. We've been asking the Minister for that for days; she refuses. I have asked her now for some of the information which the Civil Service Commission has gathered up to a point in time approximately two months from now when the Minister accepted the Order for Return on December 15th. That is six months. Now surely that is not an unreasonable request of the Minister.

MR. CHAIRMAN: For the guidance of all the members of the committee, there is a rule under the existing rules, Rule 39. It says the Speaker or the Chairman of any committee, after having called the attention of the House or of the committee to the conduct of a member who persists in repetition, may direct him to discontinue his speech. If the member still continues to speak, if in the House, the Speaker shall name him; and if in a committee, the Chairman shall report the matter to the House. There is such a thing as persistence in repetition may not facilitate the work of the committee and thus the existence for this rule.

The Minister of Natural Resources.

HON. A. MACKLING: Mr. Chairman, I know that you must be impatient by the repetitive questioning of the Honourable Member for St. Norbert, but I don't think that we as members of this committee are impatient about that, because he is making an issue, he is filibustering in this committee, indicating a degree of childishness in insisting upon, insisting that, listen, if you don't give the information when we want it as we want it, then we are not going to consider the Estimates of this department. Mr. Speaker, I think that what the people of Manitoba can see is that here is a group of people who are poor losers, who will refuse to accept the fact that they no longer control a decision as to when information is going to be provided.

Now, the Minister has clearly indicated a willingness to give that information, as has been quite rightly pointed out. Our government, through the House Leader, has accepted every Order for Return. Now, Mr. Chairman, that's not always been the case on the part of governments. It not always was the case on the part of the previous government; nor was it the case of the previous government that they filed Orders for Return or answered Orders for Return in reasonable time. The Honourable Leader of the Opposition was here the other

evening when I accused his administration of not filing returns even till this day before they left office and he admitted that.

Now, here is a member who sits in this committee saying, unless we get the information, we are not going to deal further with another Estimate; because that's what he's saying by continuing to put the same questions to the Minister. He is filibustering on this one issue. Well, Mr. Chairman, he can carry on in this vein if he likes, but the people of Manitoba will know that the Conservative members in this Legislature are trying to frustrate the routine work of the Legislature to be able to deal with all of the Estimates of all departments of government. They have no right to demand that this Minister spend overtime, or thousands and thousands of dollars in overtime, to expedite information because they want it when they want it.

The Minister has indicated a willingness to respond in full to all of the information. She has clearly indicated that providing this information is at cost to the taxpayers and should be done in a reasonable way. We shouldn't have to put taxpayers on double time or civil servants on double time or time and a half in order to meet the requirements of the Member for St. Norbert or the members of the Conservative Party in this committee. That is absolutely ludicrous. So, Mr. Chairman, let the honourable member continue to filibuster on this issue and they will suffer the political consequences.

MR. CHAIRMAN: The Chair is not impatient. It is the rule that I am stating.

The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, I don't think the Minister of Natural Resources has been listening for the past while. Certainly, the discussion last night related to the filing of the Order for Return before we complete the Estimates. The Minister has today gone through the difficulties that it would cause the Civil Service Commission. Reluctantly I am prepared to accept that. All I have said is upon debate on the Main Supply motion, some two months from now, would the Minister give us on an informal basis the information which has been gathered to that date? I haven't asked that anybody work double overtime or overtime. I am not demanding anything special be done. I am asking, now, could we just have at that point in time, the information that has been gathered to date on an informal basis, and the formal Order for Return can be filed when all of the information is completed. That's not an unreasonable request.

HON. M.B. DOLIN: I am again amazed at the pleading and wheedling tone in the member's voice. This is the most formal operation that I have ever been involved in. This is the Government of Manitoba, and it has rules by which it operates. Those rules indicate that the government may or may not accept an Order for Return filed by the opposition. When they have accepted it, if they do accept it, they may then return that information to the House within a reasonable time which is determined by them, not by the opposition. Now, to say that I should give the members of the Conservative Party an informal promise in this House that I will return that Order on a certain date or even a part of that

Order on a certain date, I think, belies what is happening here. This is, as I have said, the Legislature of Manitoba. It is the highest office in this province. How can it possibly be just a little informal promise?

MR. G. MERCIER: Mr. Chairman, what rule does a Minister think she is breaking if she provides us with an interim report on the information that has been gathered to date in about two months' time when we debate the Main Supply motion? There is no rule that's been broken. It would be an interim report on the information gathered to date. If the Minister objects to that, we have to be suspect. There is no reason on earth why that information can't be provided. That would be a good indication, I think, of some co-operation on the part of the Minister. I am prepared to accept whatever it is they have gathered up to that point in time, and I really just don't understand why the Minister can't supply that amount of information.

HON. M.B. DOLIN: Well, the member might be very surprised if we've been gathering the information from the lower echelons of the hierarchy up, because that's what we would have now and that's what we would file. I would find it quite amazing if they could be as suspicious about that group as they seem to be about others. I have given my answer; I have indicated that I will investigate to see if there is any precedent for filing a partial return. I have never heard of it myself, but I have not been here quite as long as some other members.

I have indicated I will investigate that. That is the only answer that I can give and it's the only answer that I will give. I don't promise what I am not sure I can deliver.

MR. G. MERCIER: Why is the Minister not sure that she can't give us the information that's gathered up to that point in time? Why not? There is no reason on earth why she can't give us that information.

MR. CHAIRMAN: The Member for Springfield.

MR. A. ANSTETT: Mr. Chairman, the Member for St. Norbert makes a reasonable proposition, a little unorthodox in that he's asking for the partial filing of an Order for Return for the providing of information that's been ordered on an informal basis before the main body of the Order is completely ready, but a reasonable proposition. The Minister has made an imminently reasonable commitment to investigate whether or not that is a proper thing to do. I expect she'll consult with the House Leader, the Clerks at the Table, and those others who would have some expertise in determining whether or not procedurally that creates a problem, and if after that consultation it's her determination that it does not, then that information which is already compiled, she has said she will provide; but she's not prepared to make that commitment until she's had that opportunity to do that research.

The Member for St. Norbert's request is nonetheless reasonable. He's received an answer to that request; he knows that the Minister has repeatedly said that she cannot go any further than that at this time. So, Mr. Chairman, I think it's about time we either got off

that topic and onto something more realistic or we put the question in the committee.

MR. CHAIRMAN: 1.(a) - the Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, the Member for Springfield has spoken to the issue and I can't ask him a question. But what possible objection could there be to the filing of this information in the manner I've suggested? I'd ask the Member for Springfield.

HON. M.B. DOLIN: He doesn't know yet either.

MR. G. MERCIER: He said ask the question.

HON. M.B. DOLIN: I'm the Minister . . .

MR. CHAIRMAN: I think it's not within the jurisdiction of the Member for Springfield to commit the Minister to anything.

HON. M. SMITH: On a point of order, Mr. Chairman, I find the questions from the member opposite quite repetitious and I wonder if the Chair can rule on the repeating of identical questions.

MR. CHAIRMAN: The Chair refused to rule because . . .

HON. M.B. DOLIN: You read the rule.

MR. CHAIRMAN: I read the rule but it's only resorted to in extreme provocative cases.

HON. M.B. DOLIN: It's getting extreme.

MR. CHAIRMAN: The Member for Springfield.

MR. A. ANSTETT: Mr. Chairman, without replying to the question of the Member for St. Norbert, I would like to comment on the procedural question which is raised by this issue. I don't have Beauchesne or Erskine May with me at the present time; in fact, I don't carry them all the time, but certainly an Order of the House, when it is an Order of the House, is required under our rules and under parliamentary precedent to be filed during the life of the Legislature. That's the major requirement that faces a government when it accepts an Order for Return. Similarly, Orders for Returns are generally viewed as complete documents historically in this Legislature and elsewhere, at least in this country.

The provision of less than complete information would then have to be on an informal basis because I don't think a partial filing of the return would meet any of the requirements procedurally. I certainly don't see any impediment to providing that partial information off the top, but I certainly would want to do some more research and I would want to consult with people who are more expert on this particular question before setting a very difficult precedent. I'm not sure that it creates a difficult problem in this case but if that precedent were established then in every case where an Order is granted by the government to the Assembly, the demand could then be made for the filing immediately of whatever information was available and

the completion of the Order at a later date, which would lead to a lot of confusion in terms of keeping track of what was being filed in the House and keeping track of Orders and keeping track of the date and the information. It would also lead to the disorderly dissemination of information by government to the public because really when members file Orders, those Orders become public property, not just the property of members opposite.

I think there are some considerations that have to be examined before the Minister agrees to that. I would caution her to examine those considerations and whatever else is raised by people far more expert in these matters than I.

MR. CHAIRMAN: The Minister of Natural Resources.

MR. A. MACKLING: Mr. Chairman, I'm sure that the Minister can discuss the issue with Legislative Counsel and others and take advice on it, but the Minister some days ago in answer to either the Leader of the Opposition or the Member for St. Norbert said, but is there a specific competition that you're concerned about or are there several of them. What are they? After all, Mr. Chairman, these Orders for Return are designed by the applicants to get information. Do they want all of that information? The Member for St. Norbert now is saying, well, if we had some of it, maybe the top ones. Well, which ones are they? Then, perhaps, it would be possible for the Minister to give those oral answers even in question period.

The honourable member is entitled in question period to ask an oral question; the Minister may give an answer. The Minister may have to take it as notice and then provide the answer. How many competitions are they interested in, what level, what numbers? The Minister's asked those questions. The Member for St. Norbert and the Leader of the Opposition wouldn't give any specifics; they just want everything. Now the member is saying, well, can I just have some or can I have the information to that point. If they're really interested in specific competitions, let them say so and put those specifics to the Minister, and I'm sure she'll try and expedite the filing or the giving of that information that they consider to be priority.

MR. CHAIRMAN: If the Chair may be permitted a remark, half a loaf is better than none.

The Member for St. Norbert.

MR. G. MERCIER: Another excellent observation, Mr. Chairman. Mr. Chairman, I'm not - members opposite will be happy - going to extend the discussion any further. I think I've made a reasonable request. I don't think the Minister should rely on any technicalities. I think we've been reasonable in simply requesting the amount of information that's gathered up to that point in time; and failure to do so, Mr. Chairman, will speak more about the process than anything that has gone on today.

MR. CHAIRMAN: 1.(a) - the Member for St. Norbert.

MR. G. MERCIER: I'd like to raise another matter, Mr. Chairman. This, I think, is a proper appropriation. There

was, last October, a news article which indicated that the MGEA had passed a proposal to offer to help management find solutions to deal with the current economic situation, and they apparently adopted a position paper which proposed that union officials participate in the government's budget making process and that this proposed joint process would begin in the '83-84 fiscal year in preparation for the '84-85 budget. Was that proposal communicated to the government and has it been accepted?

HON. M.B. DOLIN: To my knowledge, that proposal has not been accepted at this time.

MR. G. MERCIER: Why?

HON. M.B. DOLIN: The MGEA is not the Civil Service.

MR. G. MERCIER: Where would the Minister suggest this be discussed? In the Department of Finance?

HON. M.B. DOLIN: I would suggest that such a suggestion from the MGEA would have gone to the Department of Finance, to the Minister of Finance, with regard to the Budget.

MR. G. MERCIER: Mr. Chairman, I think when I introduced the topic I indicated I wasn't sure. I thought it might have been appropriate because we're discussing the Civil Service Commission, but if the Minister wants to refer it to the Finance Estimates, then I will discuss it then.

MR. CHAIRMAN: 1.(a)—pass; 1.(b)—pass.

Resolution No. 27: Resolve that there be granted to Her Majesty, a sum not exceeding \$3,267,800 for the Civil Service for the fiscal year ending the 31st day of March, 1984—pass.

We are now in 2.(a).

The Member for St. Norbert.

MR. G. MERCIER: One point, Mr. Chairman. There was, I believe, in The Superannuation Act, whereby a person who obtains a refund of pension contributions, receives interest at 3 percent.

HON. M.B. DOLIN: Yes, that's correct.

MR. G. MERCIER: Is the Minister, in the light of interest rates, considering an increase in that percentage rate?

HON. M.B. DOLIN: The recommendation by which the government determines what interest rate will apply comes from the employees. The employees manage their contributions to the fund and that's the money that's in there and that's what they recommend to us.

MR. G. MERCIER: Mr. Chairman, but that comes from the employees who remain in the Civil Service, and with all due respect to them, I'm not sure that they don't have a conflicting interest apart from those who, for whatever reason, withdraw from the Civil Service. Three percent interest rate doesn't seem to be very fair to me. Can the Minister indicate whether that is

consistent with the interest rate given under other comparable plans?

HON. M.B. DOLIN: It is quite comparable to other plans. There are plans that give less and there are plans that don't give any. The attitude of the employees is that this is a pension fund, not a savings account. It's not a place where you put money and then take it out at some later date. It's money that should stay there and be matched by employer contributions upon retirement. The entire issue is subject to legislation. That legislation, as I understand it, expires this year so we will be dealing with it in a legislative fashion this year.

MR. G. MERCIER: At this Session?

HON. M.B. DOLIN: Yes.

MR. CHAIRMAN: 2.(a)—pass; 2.(b)—pass; 2.(c)—pass; 2.(d)—pass; 2.(e)—pass.

The Member for St. Norbert.

MR. G. MERCIER: Just a question, Mr. Chairman. That relates to the Federal Government doubling the premiums for the Unemployment Insurance Fund.

HON. M.B. DOLIN: Yes, and I thank the member for highlighting that. It's quite an increase.

MR. CHAIRMAN: 2.(f) - the Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, just a question. I'm not going to prolong the Estimates, but there is a significant increase over last year. Could the Minister explain the reasons for that?

HON. M.B. DOLIN: The reason for the increase is that the Estimate is based on the benefit increases that were negotiated as the part of the '82-84 Government Employees Master Agreement. They include improved coverage for basic and restoration services, the removal of a \$25 deductible, implementation of current Manitoba Dental Association Fee Guides in 1982, 1983 and 1984, and an increase in annual maximum coverage per eligible participant.

MR. G. MERCIER: What was that second last aspect - the removal of the Dental Fee Guides?

HON. M.B. DOLIN: No, implementation of the current Manitoba Dental Association Fee Guides.

MR. CHAIRMAN: 2.(f)—pass.

Resolution No. 28: Resolve that there be granted to Her Majesty, a sum not exceeding \$26,430,400 for the Civil Service for the fiscal year ending the 31st day of March, 1984—pass.

No. 3. The Member for St. Norbert.

MR. G. MERCIER: Mr. Chairman, did the levy only come into effect . . . this doesn't come into effect for this year. Was not an amount paid last year?

HON. M.B. DOLIN: As this levy came into effect during the last year, it was within the departments and it was

taken out of each department's monies, but this time, because we have the full year, we can approach it in this fashion and it has all been placed within this particular appropriation.

MR. G. MERCIER: Does the Minister have the figure that was paid out last year?

HON. M.B. DOLIN: No, I don't have that figure for you. It wasn't under our Estimates last year, so we have no way of relating that. It was within each department, or each department was assessed an amount.

MR. G. MERCIER: Yes, but you must have had the figures in order to calculate the amount for this year.

HON. M.B. DOLIN: I am quite sure the Minister of Finance would be aware of how much was collected.

MR. CHAIRMAN: No. 3—pass.

Resolution No. 29: Resolve that there be granted to Her Majesty, a sum not exceeding \$6,870,200 for the Civil Service for the fiscal year ending the 31st day of March, 1984—pass.

MR. CHAIRMAN: What is the pleasure of the committee?

Committee rise.

SUPPLY - FINANCE

MR. CHAIRMAN, P. EYLER: The committee will come to order. We are considering the Estimates of the Department of Finance, Item 4.(a)(1).

The Member for La Verendrye.

MR. R. BANMAN: Mr. Chairman, before we adjourned for Private Members' Hour I was asking the Minister several questions with regard to the gasoline tax and the implications of the high cost of fuel on the citizens of Manitoba. I wonder if the Minister has had any correspondence with the Federal Government, or with his federal counterpart, with regard to any concerns that he might have with regard to the increase of fuel prices. If he will recall, when the current government was in opposition, one of their main thrusts was the chastisement of the then government about the high cost of energy in the Province of Manitoba and the high cost of fuel. Now that we have determined that something in the neighbourhood of 18 percent to 20 percent is indeed provincial taxation, in other words, 40 percent to 45 percent of every gallon of gasoline purchased in this province goes to the coffers of the Manitoba Government, I wonder if the Minister could indicate to the Legislature whether or not he agrees with the federal policy and the taxation policy of the Federal Government with regard to fuel?

HON. V. SCHROEDER: Mr. Chairman, the percentage that we are now taking on a gallon of gas, or litre of gas, is just slightly less than it was under the previous government. So, we'll see what happens during the year. If the price of gasoline goes down, then we will have to review the price.

In terms of correspondence with Ottawa, I would remind the member that we do have a Minister of Energy

who is the more appropriate Minister to ask about that area.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Thank you, Mr. Chairman. When the Minister refers to taking, I believe, a slightly lesser percentage per gallon of gasoline in taxation, could the Minister indicate whether he expects fewer gallons, or more gallons, to be sold in the Province of Manitoba from which he will collect taxation revenue in the next fiscal year?

HON. V. SCHROEDER: Mr. Chairman, we had been discussing this this afternoon. Last year we predicted that consumption would be down by 5 percent, it was actually down by 4.8. For next year we are predicting a decrease in consumption of a further, approximately, 5 percent.

MR. D. ORCHARD: Well, that's a very interesting thing for the Minister to base his projections on. He says that the government is taking a lower percentage per gallon this year than when we were government; he's predicting that there's going to be 5 percent fewer gallons consumed in Manitoba next year, yet the Minister is projecting a 10.24 percent increase in the collection of gasoline tax revenue. Now, he may be able to fool some of the people some of the time by saying that he's taking a lesser percentage than what was taken during our years, but I think the people of Manitoba will soon come to appreciate, when they see that this year he's projecting a collection of \$94.7 million from gasoline taxation compared to \$85.9 million last year, that they will soon come to realize that the Minister is taking a vastly larger chunk per gallon than has ever been taken before in the Province of Manitoba. The Minister's embarrassment is going to stem from the fact that he pulled the cute political manoeuvre last year of freezing the gasoline taxation and telling Manitobans that, hey, we're really doing you a favour, us NDPers, we're great people. We froze the gasoline tax at a given cents per litre, and then he turned around this year and charged all Manitobans a greater amount per litre and a greater amount per gallon.

The Minister's argument may wash with some of the people for about five minutes but when they pull up to the pump they're going to know that this Minister, this government, have vastly increased the take from a gallon of gasoline. If that's not the case, Mr. Chairman, maybe the Minister would like to tell us whether he considers the \$94.7 million projection of estimated revenue from gasoline taxation to be overstated.

HON. V. SCHROEDER: If the member would stop and think a little bit he would, I think, be a little embarrassed about what he just finished saying. Let's remember that last year the Budget was brought down, I believe, it was May 24th, gasoline tax increase took effect sometime after that. After that point in time there was an increase at the wellhead, first of all on July 1, 1982, then on January 1, 1983, at which time we did not increase our take. We are, right now, without any further increases at below the 20 percent that the government, he was a part of, passed. They passed a piece of

legislation that said that, without coming to the House, they could raise the price of gasoline any old time. We said that we would make our decisions publicly in the political arena in the way they should be made and we did not go and check the increased prices - which were there after the July increase had passed through and the January price has passed through. It is true, as the Member for La Verendrye says, that in the month of February 1983 there was a gas war, but the fact of the matter is that over the year we were at under 20 percent, and so it is nonsense to say that we were charging more than what they would have charged; they would have charged a lot more than us because they were committed to the ad valorem tax that could take the tax take-up at any old time.

Last year's tax increase was a tax increase which took effect for, how many months of the year? Something like - was it eight months of collections or nine months of collections? Somewhere in there anyway, so it's an entirely different number. This year, because the Budget was earlier and the tax takes effect on April 1st, 1983, we get a longer period of tax take. It only makes sense that even with a lesser amount, when you have a longer period of time, and you annualize the other increase, and you have to do that - I am not sure that the member knows how to do that, but you have to do that - then you get a different number.

MR. D. ORCHARD: Mr. Chairman, the Minister of Finance amuses me with this bafflegab. He talks about a nine month, or an eight month, or whatever it is, he's not too sure. He's talking about that maybe we take less for a little while, then more for another little while and it all comes out at 85.9 million last year.

Then he comes in, Mr. Chairman, with a Budget on February 24th, which raised the Provincial Government take on gasoline taxation in the Province of Manitoba so that he now deems it possible to garner another 10.24 percent revenue from the drivers in Manitoba who are going to, in his own words, use 5 percent less fuel this year than last year, and he's trying to tell us that the people of Manitoba got a bargain from the New Democratic Government. Well, that's incredible. This Minister, this government, this New Democratic Government that cares for the people of Manitoba are taking more per gallon of gasoline in taxation for the provincial coffers than has been ever taken by any government in the history of Manitoba. This Minister stands here with his genuine bafflegab and tries to tell us that you take eight months here and nine months there and you average and analyse it, you do this and you do that, and it actually works out to be a good deal for the Manitoba consumer. When the truth, the facts, the real situation, which this Minister has difficulty communicating to the people of Manitoba, is that this Finance Minister, this Premier and this government are taking more per gallon of gasoline than has ever been taken by any government in the history of this province in taxation to the users of our roads and streets in Manitoba.

As my colleague behind me says, that just doesn't hit Daddy Warbucks, that the NDP from time to time show their extreme hatred for. This hurts the working man that goes back and forth to work every day and drives his car to make a living. That's who they're hitting

with this tax and they're trying to tell the people of Manitoba, hey, we're good guys. You know, when you analyse it over eight or nine months, I mean, when you average and you obfuscate the figures and when you fudge the figures, we're not doing bad.

But the truth is that this Minister of Finance brought in the highest level of taxation that we've ever seen in the history of this province. He can't hide that fact and when we deal with other areas of taxation in the Province of Manitoba we will find out that this MLA for Rossmere, the present Minister of Finance, is the taxation king of the Province of Manitoba. There is not one tax that this Minister has lowered in the Province of Manitoba. Every tax that he's ever touched he's raised. You take gasoline tax, you take diesel fuel tax, you take sales tax, you bring in the new payroll tax, he's raised them all. This Minister hasn't offered tax relief to one single Manitoban and he likes to sit there and try to be the friend of the people, the people that elected him, the people that pay taxes in this province. He can't do it, Mr. Chairman, unless he tries to fudge the figures like he did with his Jobs Fund and a few other times that he's gone public on some of his statements.

You know, this Minister cannot justify his position, but he'll try hard and he'll try in vain. But it won't sell anymore because Manitobans, daily, when they pull up to the gasoline pumps know that this government is taking a larger share than any other government ever has and Manitobans aren't very quick to forget the kind of political maneuvering, the kind of political posturing, the kind of political crassness that this Minister of Finance gave to them last year in the Budget where he tried to portray himself as the No. 1 hero of the taxpayer of Manitoba by not bringing in a sales tax increase and by freezing the current level of taxation per gallon, or per litre, whichever you wish on motive fuels in the province of Manitoba. He tried to tell us that that was a good thing for the people of Manitoba and now this same Minister comes in with his second Budget, jamming up a 5 cent a gallon increase in gasoline tax, 6 cents a gallon in diesel fuel, and you know, the people of Manitoba are fast to recognize how shallow this government's pronouncements are. They are recognizing that this government will do anything to enhance their media image, their public perception. They will do anything to hide the truth, to distort the facts, to fudge the figures.

They're not above the typical expression of politics as we have become used to on the federal scene with the Federal Liberal Party and this government is trying to, in a very short period of time, duplicate the kind of political dishonesty that we see on the federal scene. The thing is that Manitobans now, as they never have been before, are terribly disenchanted with the Federal Government in the way they try to hide the facts, disguise the truth and tell anything that they think will sell to the people of Manitoba, and within a year and a half.

Wasn't it this Minister of Finance that was called Allan MacSchroeder? Wasn't that his name, after the first Budget, where he tried to distort the facts in the first Budget? And now after his second Budget, they call him Victor MacEachen. Yes, I have the personal preference of calling him Victor McFudge because he did a terribly vain attempt at fudging the figures to the

people of Manitoba in telling them that they've got a sugar-covered tablet and pill to take that will cure them of all their ills. When the people of Manitoba swallowed the pill, they realized that their taxation was up in numerous ways.

They were paying more for a government to do less. They were paying more for a government to pay civil servants more. They were paying more for a government to reduce expenditures in needed areas and the people of Manitoba recognized that kind of dishonesty that this Minister of Finance and his First Minister are trying to perpetrate on the people of Manitoba, and having recognized that, the Minister of Finance from now on will have a great deal of difficulty disguising what he's really trying to do.

The people of Manitoba will read between the lines, as the media will, and the true message of the intent of this Minister of Finance will become daily knowledge to the people of Manitoba within hours of this Minister making any new pronouncements in which he tries to hide the real truth, change the figures, fudge the facts. That's an incredible legacy for a Minister of Finance to enjoy after only 17 months in office, to have that kind of an expectation that he cannot deliver straight goods to the people of Manitoba. But that's not our problem, Mr. Chairman, that's the Minister's problem, that's the New Democratic Party's problem. They're going to have to live with that, they're the people that are going to have to face the voters next time in telling them all of the things that they said they would do and now are not doing. It's them that has to face the music, not us. We didn't make the wild-eyed bushy-tailed promises that their leader did during the election campaign, and it's not us that are now breaking our promises, on a daily basis, to the people of Manitoba, and breaking the faith of the people of Manitoba. It's this Minister of Finance and his taxation measures, and it's his First Minister that's allowed him to do it.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, I feel badly that the Minister wouldn't take the opportunity to respond to the comments from the Member for Pembina. I think he represents well the feeling of most of the people on this side and, of course, all Manitobans. Mr. Chairman, I would ask the Minister whether the Federal Budget that was released tonight will have any impact whatsoever on any . . . Is the Minister listening? Thank you. I would ask the Minister whether the Federal Budget that was brought down tonight, whether it will have any impact whatsoever on the collection of any of the taxes that come under this appropriation?

Maybe at the time the Minister may like to give us a casual impression as to the Budget debate, particularly when there seemed to be a high emphasis on tax credits, particularly the investment tax credit, which I know the NDP hates in all its forms, the tax credit system.

HON. V. SCHROEDER: Mr. Chairman, the member is fortunate to have had the opportunity to watch the Budget speech. I just caught the first few minutes of it and had to go back to a meeting. My officials indicate that, initially, they know of no tax collection decrease

as a result of the Budget and, of course, if there is more employment created as a result of it then that could, indeed, mean more taxes because that would mean more income taxes, hopefully, more corporate taxes, more sales, etc., all the way down the line it would help the economy.

The only other knowledge - I just saw the first little while until the point where Mr. Lalonde was explaining that he had, as a result of the photographer's intervention - increased job creation by 200 million and I certainly would have hoped that maybe there would have been a few more photographers and maybe that could have been boosted a bit more. The reporters were giving me some quick rundown just at 8:00 o'clock but I don't have enough to give an answer.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, I would like to ask the Minister specifically regarding the health and post-secondary education tax levy, which is of course the employee tax, I would like to ask him whether any consideration was ever given or whether any consideration could be given to a quarterly billing system. I make this request, first of all, as an individual who pays the tax on a monthly basis - as a farmer - and who pays some, I think, \$10 or \$11 a month and finds this particular tax, not onerous in the total amount, but certainly very time-consuming and a very large bother and indeed a nuisance, one which if we have to have at all and we were hoping, of course, that when the Minister brought down the Budget here some few weeks previous that indeed that would be removed. He chose not to do that, but I'm wondering if indeed there could be some system of quarterly billing, if indeed we have to have this insidious tax.

I think of the Blue Cross premiums, those of us that pay them, whereby the premiums come in on a quarterly basis and that's something that we can meet on a quarterly basis, but for small firms and small businesses who are extremely busy at certain times of the year, this type of bookkeeping of course doesn't lend itself to always being successfully completed in the times granted by the legislation.

I'm wondering, if indeed, the Minister could give us some indication as to whether any thought whatsoever has been given to considering some different type of billing format as it relates to this particular tax?

HON. V. SCHROEDER: I'm told by officials that once there is a history of pattern established in the collection of tax that there may well be ways of changing it so that it could be on a quarterly basis and I think that makes a fair amount of sense, certainly especially for the smaller employer who may only have a few employees and doesn't have a bookkeeper and has to do this in the evening. It is an extra bother and I certainly would like to see the collection simplified in any way possible.

In fact, I had been asking whether it could be connected up with other payments that employers make to the province, but it doesn't seem quite as simple as that initial logic appears in that there are different groups of employers, one of which doesn't pay sales tax, another of which doesn't pay Workers

Compensation, another of which doesn't pay some other component of money that comes into the province. But it certainly would be nice to be able to consolidate the thing and have a provincial payment that is made once, on one sheet without having to fill out a whole pile of papers. I would like to see maybe between Sessions what we can do in terms of looking at it anyway.

MR. C. MANNESS: Mr. Chairman, I would like to ask the Minister why it costs so much to collect the mining and use tax? I looked over at the revenue side and by my estimation, and maybe I'm wrong, it appears that there is some \$15 million collected in that particular area - and I'll make specific reference to it by way of, first of all, the mineral acreage tax, the mining claim lease tax, the mining royalty tax and the mining tax. There seems to be some \$15 million collected in that particular area and I'm wondering why there seems to be such a large appropriation, some \$2 million required to collect what I, by my analysis, sum up to be some \$15 million. Why is there such an expenditure required to collect those revenues?

HON. V. SCHROEDER: That's a very good question, probably maybe the designations aren't very good for the purposes of the Legislature, but in fact that branch also is in charge of collecting the gasoline tax. Well, I'll read off the ones that it's in charge of: gasoline tax, mineral acreage tax, mining claim lease tax, mining royalty tax, mining tax, motive fuel tax, oil and natural gas tax, pari-mutuel tax and tobacco tax. So there is quite a bit more to it than meets the eye. One of the reasons for the fairly significant expenditures, there are other expenditures, I believe this is where you have the accountants looking at some of the returns of some of the mining companies.

MR. C. MORRIS: Mr. Chairman, one of the taxes covered under this area is the tobacco tax and again I suppose my question is a little unfair, but I understand one of the provisions, one of the taxes levied tonight by the Federal Government is indeed again an increase in tobacco tax over the period '84-88 and I'm wondering, indeed, what impact would a major increase in federal taxation have on the collections under The Tobacco Tax Act provincially?

HON. V. SCHROEDER: Well, Mr. Chairman, unless people stop smoking, or slow down on smoking, it wouldn't have any negative or positive impact. I understand that some people are resolving to quit and indeed I believe I saw some figures the other day that indicated - well, there are some people who are boosting our revenues again by starting, but — (Interjection) — Mr. Chairman, I think that we lose money on the tobacco tax. If we looked at all the medical conditions that are caused by the smoking of tobacco and the costs that we have in our health-care system. We're hoping to get \$52 million in taxes. What do we pay for emphysema victims; what do we pay for people who have heart problems as a result of tobacco; all of those other things; I'm not sure that it's a paying proposition in terms of the costs of it.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I have two or three questions for the Minister. Is there any earmarking of funds in the department now, Revenue?

HON. V. SCHROEDER: No, Mr. Chairman.

MR. B. RANSOM: Does that mean then that it's really not an accurate description to term a levy a Health and Education Levy because the money simply all goes into the General Revenue, it doesn't indicate where the money goes. To say that taxes are being placed on people to go toward the Jobs Fund, that you can't trace that money through then, that money is simply another tax going to General Revenue, and out of General Revenue there are reasons for spending that money.

HON. V. SCHROEDER: Mr. Chairman, I don't think it really matters what you call a tax. In that particular case there was a tax implemented because of our loss of revenues with respect to Health and Education - specifically, Post-Secondary Education - because that was the area where we were cut back.

I remind the member that when the Roblin government introduced the sales tax, in 1967, they referred to it as the Education Tax. Certainly they were spending a lot of money on education and they might have had some justification for that. They were consolidating school districts; they were building new schools and putting a lot of money into it.

MR. B. RANSOM: If some of the funds are going to cover things like going into the Jobs Fund then where is the money coming from that's going to cover the increased debt-servicing costs?

A MEMBER: That's interesting.

HON. V. SCHROEDER: Mr. Chairman, let's get one thing straight. The money from the Health and Education Levy goes into General Revenue, and that's what the Act that we passed through the Legislature said. The \$72 million in increased taxes, which we indicated we were levying in order to add to the Jobs Fund, are going into General Revenue, there's no suggestion that we're not.

Similarly, the money that we are paying for interest costs, carrying costs, and to pay out the one-time Capital cost on some of the foreign debts that are coming due this year, come from General Revenue.

MR. B. RANSOM: So it's just as accurate to say then, Mr. Chairman, that the \$146 million of new taxes that are being collected from Manitobans this year are going toward servicing the debt, as it is to say they're going towards Jobs Fund, or going towards Health care, it's just another expense.

HON. V. SCHROEDER: Mr. Chairman, I believe the member can describe the taxes in any way he wishes to describe them. I would remind him, however, that certainly by far the bulk of the debts and the repayments that are coming due this year, in fact, a very small portion of them are as a result of the Pawley administration, the present NDP Government; by far the largest majority of them are as a result of the efforts

of previous administrations, so this administration takes on the duty, statutory duty, to take over and pay for the debts and repayments and schedules, etc. of previous administrations, as well as, that small portion of the debt that is as a result of this administration.

The members opposite have to remember that if you were sitting over here, and just assume you had had no deficit at all last year, which would have been impossible, you would still be sitting over on this side right now looking at least within \$30 million of where we are right now, in terms of debt servicing. So don't pretend that somehow, because you're on that side, this number is somehow just completely different than it would have been if you were on this side. Indeed, if you had been on this side last year, I venture to say that if you weren't prepared to increase taxes, and if you were wanting to spend all the money you indicated that you were going to spend, you would have had a deficit as large as ours; and if you were on this side today you would be finding that you would have to find the same amount of money for debt charges as we are.

MR. B. RANSOM: There's a lot of if's involved there, Mr. Chairman. I'm not talking about the numbers, I'm talking about the Minister's presentation of them. Why is he going to the public and telling them that he's going to raise these new taxes and put \$72 million into the Jobs Fund when there aren't \$72 million of extra spending going into the Jobs Fund; there's maybe \$18 million going in. It makes just as much sense to say that money is going to service the debt as it does to create jobs. So why doesn't the Minister just say that, because his expenditure are going up, he's got to have some more taxes and they're going to go into the General Revenue pot and when he pays the bills they're going to come out of General Revenue, instead of trying to tell the people that something's going on that really isn't going on. It just isn't becoming of the Minister of Finance to undertake that type of thing.

Mr. Chairman, the Minister of Finance was contemplating introducing a 1 percent tax on gross revenue but, apparently due to some action of the Federal Government, he wasn't able to proceed with that. Could the Minister give us some explanation of how his system of tax on gross income would work, including if he would, a definition of gross income?

HON. V. SCHROEDER: Yes, Mr. Chairman. First of all, I remind members opposite that Capital projects, in total, by this government have increased by more than 30 percent each year that we've been in office, and there are many hundreds of millions of dollars involved in that. It is programming that we are approving, we are deciding whether it will be spent or not, and to suggest that there isn't any money in the Jobs Fund is pure hogwash, absolute pure nonsense. Again we are up more than 30 percent per year in Capital expenses for this government as a whole, including its Crown agencies, and you can take one component and say, in this area you're not up, in this area you're even down next year from last year but, in total, we are talking about more than 30 percent per year. So let's not talk about nonsense about not having money there for Jobs Fund.

You wanted to know about the 1 percent tax on total income. That tax would have been a tax on the net income of individuals, as recorded by them on their income tax return on Page 1; that is, it is not a tax on incorporated business, it is a tax on any other form of income when you get your money onto your tax return; and that means, for instance, contrary to some of the rumours that have been passing around some parts of Manitoba, that for a farmer he or she is entitled to take all of their deductions that they normally take from their income including property taxes paid, including depreciation, including all of those things, they get to the bottom line, net income and they put it on their tax return, that's the number we're talking about. We're talking about the same thing for the working person who can, before he gets to the bottom of that page, deduct some money for employment expenses and that sort of thing. We're not talking about depriving people of those kinds of deductions.

What we are saying is that when you get to Page 2, we don't want to see a situation where we have very many people simply bearing an unfair share of the burden of taxation. I've got an ad here from the Globe and Mail dated Wednesday, February 23, 1983; Can a Taxpayer Earning \$40,088 Pay No Tax? And the answer is, yes.

What we are saying is that for the taxpayer - and you know as well as we do, the taxpayer earning \$10,000 or \$15,000 a year doesn't get the chance to get into the schemes that put him in a position where he can beat the system in that way. What we are saying — (Interjection) — this is not employing, this is net income, this is on Page 1 of your return. After that you can get a \$5,000 deduction for a film or you can get MURBs, or you can get - MURBs are a good example of something that has cost certainly Manitoba a lot of money because a lot of those MURBs, in fact more than certainly - I will say because it is a fact that a lot of the money that went into them by Manitoba taxpayers built those MURBs in Calgary, Edmonton, other parts of the country rather than right here. Certainly more money went out of here than came in.

Regardless, you have to get tax money somewhere and if you're saying that you're prepared to give those people the opportunity not to pay any taxes then you must say that you insist on those people earning \$20,000, who are having a very hard time, paying their mortgages, getting their kids through school, keeping their car in shape, you're saying to them you've got to pay because we've got to give these big investors the breaks. That's what you're saying and that's what we were saying is becoming a little bit unfair with the tax system. We were saying that — (Interjection) — well, Mr. Chairman, he says they're creating jobs.

We have a health care program we have to run in this province for \$1 billion, we have to run a highways program for \$100 million. Those things cost money and if you think that by having people taking capital out of this province they're creating jobs here as a lot of those things do, you're dead wrong and I'll tell you that it is only fair that people who earn income should pay taxes in this province. I don't think that there's anybody who is a reasonable person who says that that's not fair and the deductions that are going on now are getting to be, in my opinion, out of hand. This tax would have been 1 percent of total net income. It would have

eliminated the opportunity to deduct the MURB from that 1 percent. That means that if you have a \$5,000 MURB it doesn't mean that it costs you \$5,000 in this 1 percent tax it means that you would still pay the \$50, that's what it would cost you, and you wouldn't be able to deduct that \$50 and if you go and get yourself a film for \$5,000 the same principle would apply.

In the end you would pay a little bit of tax, yes, more than what you paid and we would be able to say at least to the person earning \$20,000 a year who pays several thousand dollars in tax because he can't afford to get into those deals, you could say to him at least, that the guy at \$40,000 will have to pay \$400 because that's 1 percent of \$40,000.00. And that's, I don't believe, something that is unreasonable. If the man wants to invest it in his company, leave it in his company, then there's no tax payable, there's no tax payable on that. Because what we're dealing with is not the income of the corporation, we're dealing with the income of an individual.

I think that that was a suggestion that is a very sensible one and it is regrettable that it has been turned down. I think that over the last 10 years and more the tax system in the country has, with all of the various new ways of getting away from paying taxes, become more unfair. I think the 1972 reforms were reforms that made the system a little more fair and gradually more things have been plugged into it that make, I believe, much less progressive than it was then.

MR. B. RANSOM: The Minister expresses great outrage at an ad that says, can anyone earning \$40,000 not pay any tax. A question for the Minister would be, can anyone earning \$40,000 avoid paying the Minister's surtax which he imposed last year? — (Interjection) — No, no, the surtax on income.

HON. V. SCHROEDER: Yes.

MR. B. RANSOM: Yes, they can avoid paying it? What would that be, why would the Minister be imposing a tax and then people have the opportunity to avoid paying it?

HON. V. SCHROEDER: Mr. Chairman, the problem is . . . I think that that's putting . . . it's a good question. The problem is that you can earn \$40,000 and have a taxable income of zero because of the various deductions that you take.

MR. C. MANNES: Yes, if you go into deep enough debt, yes, you can.

HON. V. SCHROEDER: As I say, Mr. Chairman, it is possible, Wood Gundy, that's not a two-bit outfit that's giving advice on a street corner, it's a very respected financial institution in this country that's saying it can be done. I presume that they're doing that on the basis of some evidence that they have. But the problem raised by the Member for Turtle Mountain, is after all of those deductions a person's taxable income can very easily be, even though they're earning \$40,000, considerably less than the \$25,000 taxable at which the surtax kicks in.

MR. B. RANSOM: What efforts did the Minister make to see that he would be able to collect the surtax that he imposed on people in his Budget last year?

HON. V. SCHROEDER: Mr. Chairman, there is absolutely nothing I can do other than follow along with income as per the income tax collection agreement that we have with the Federal Government. I can't set different rules for the collection of Manitoba Provincial income tax than are compatible with the Federal/Provincial Tax Collection Agreement and whatever is a deductible on the federal form is a deductible on the provincial form. It flows like night and day such as, for instance, we couldn't say that - the Member for Morris is shaking his head, I will give you a good example - if we wanted to not allow a film to be deductible from taxable income, we could not do that. We could - now, certainly the Federal Government has its own form once it comes up with the definition of net income, after deductibles, with a tax credit. However, we were discussing some other options under which there would be money payable that were rejected by the Federal Government.

The simple matter is that if we don't follow the form of the Federal Government we are not entitled to use their services. If we're not entitled to use their services, we are then in a position where we would have to do the collection on our own. Maybe the members have seen a copy of the Ontario Economic Council Report on the cost to Ontario of attempting their own tax collection systems. — (Interjection) — Am I considering it after I read that report? - no.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman. I have to jump in here and take issue of some of the comments made by the Minister. I am not totally familiar where he uses the example, the MURBs. I am not particularly familiar with what specific page of the tax form that's deducted from, whether it's Page 2 or whether it's Page 4. But certainly I guess I take issue with the aspect that he seems to be opposed to credits because I can tell him, as an individual who has made use of investment tax credits on the federal portion, that indeed in some situations — (Interjection) — Well, the Minister says tax credits but, the fact being, there are many businesses that can take full advantage and pay no federal tax by simply going into debt, purchasing a large new capital item, the provisions of which have been expanded tonight by my understanding of the federal Budget that has come down this evening, and is able to reduce federal taxation levels to zero. So I support in the general sense the comment made.

However, having just done my income tax, the provincial share, by way of basic federal tax, still has you paying a provincial share. So I guess my comment, first of all, is the Minister opposed to deductions on Page 2, in general, or is he opposed to tax credits which certainly under some circumstances allow individuals to pay no federal tax, which I see nothing wrong with? Because if I go out and I borrow a bunch of money to relieve myself of federal tax - I can tell you last year I went and purchased a number of Friesen hopper bins from Rosenort. That employed a lot of people. Certainly the net impact of that is one of full advantage to the Province of Manitoba or is it not? Does the Minister find something wrong in my understanding of the tax credit system?

HON. V. SCHROEDER: Mr. Chairman, I wasn't talking about tax credits at all. I was talking about MURBs; I was talking about films. I could talk about some of the oil plate. What the Member for Morris is saying is that, yes, you can go and buy a Versatile piece of farm equipment or CCIL or whatever and there is a 7.5 percent investment tax credit or a 10 percent or 5, depending upon the region of the country you are living in. Some I believe, it's up as high as 20 percent now in the Maritimes. That's a different proposition; sometimes one would like to look at where the impact hits.

In a country like this we should look, as Canadians, at the whole country, but sometimes I suppose we get a little be parochial when we see the money flying out of the province and the benefits going to Ontario very specifically. That's something that you sort of keep an eye on, especially when you remember that when Governor Bouey was using 22 percent interest rates he was recognizing to the previous government and to this government, he admitted that those rates were having an impact on provinces like Manitoba that was much worse than the impact on provinces like Ontario which have a large manufacturing base. We are basically a small business province, not so much revenue is generated internally, etc.

So we were getting hit there and sometimes one wonders, well, when do these federal programs help us. I don't know what's happened with the Budget tonight, but we had made representations to Mr. Lalonde and others federally. When you look at the unemployment statistics in this province, and it's no secret, you people were saying it, we've been saying it, our statistics are generally underestimated because of our large northern population that basically isn't even included in the numbers. So those kinds of reflections should be made for our province when you look at the kinds of works that are being given by the feds to the Maritimes, another disadvantaged area.

MR. C. MANNES: Well, Mr. Chairman, this brings up an interesting item because the Minister hasn't satisfied my curiosity as to how he differentiates between the deductions on Page 2 which include many many things. They include charitable donations; they include, of course, personal exemptions. They include, of course, interest deduction, I believe, the \$1,000 interest deduction. How does he differentiate between those which are good and those which are bad because they all have the net effect of reducing the net income that's the top of that page? I would like to know how he can differentiate between them and between the tax credits that are available on Page 4.

HON. V. SCHROEDER: Mr. Chairman, there would of course be no differentiation; neither would be deductible. What it would mean is that with a 1 percent tax on that kind of income it would collect approximately \$99 million, as opposed to \$12.5 million or \$13 million on 1 percent, the way we collect it now.

What it means is that we could then look at other areas of reducing taxes; you have to collect your money in some way. No matter how you collect it, nobody likes you collecting the money. But there is a certain basic fairness in saying that whatever you got is net income

after you were entitled to your depreciation and that sort of thing. We'll take 1 percent or we'll take a percentage of that at least as a part of your tax payment. You should be able to use those other deductions in general, but just to balance off all of those things that people are entitled later on to claim, I think it's not an unreasonable thing. Just, for instance, if it was a 2 percent tax, theoretically, we could eliminate certainly the Health and Education Levy and still have \$90 million left. We could, at 2 percent, eliminate certainly 1 percent of the sales tax and have approximately a net revenue increase of \$140 million as opposed to the \$60 million you get with just a 1 percent increase in sales tax. So there's a variety of things you can do. Just because you're looking at raising a tax doesn't mean that you will in the end raise taxes, in total, in the province.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. R. BANMAN: Well, Mr. Chairman, this of course raises a whole field and a whole, I guess, philosophical approach that anybody deals with when they're talking about taxation. When the Minister mentioned MURBs, I have to say to the Minister that I think one of the biggest blows that we had in the housing industry is, not as single-family dwellings, but in apartment blocks, and that was back, I believe, in 1971, when the taxation changes were implemented by the Federal Government that individuals were no longer allowed to write off the depreciation on rental accommodations or rental income. And what happened at that time is that a lot of professional people, a lot of people that were looking at investing, really got out of the investment business and stopped investing their money in apartment buildings. Really what that did was almost drive the governments into the housing business, and that's when you saw Manitoba Housing Renewal Corporation and the previous NDP Government really start building a lot of rental accommodations.

But really, by taxation policies, you can really control the lifeblood of a population, and I suggest to the Minister that all too often many of us think that there is some kind of ploy on behalf of government, in a taxation way, by allowing deductions, or not allowing them, in controlling the destiny of the population. A prime example, and I've always been a proponent of allowing people to deduct the mortgage interest for their own personal homes. We've got into such a mess now, we've got so many programs in place; we've got a \$3,000 First Home Ownership Program; we've got a provincial Interest Subsidy Program.

I talked to a guy the other day who's building a new home and has applied for eight different grants. I mean, that's ridiculous. Why not, in the first place, allow this guy to deduct a mortgage interest on the first \$50,000.00?

But, I know, Mr. Chairman, that members opposite, along with the Liberal Government, threw a certain government that was in for about six months, threw them out on a budget which had some of those facts in it. But, I suggest to the Minister that, while on the one hand he's bemoaning and decrying the problem of some of these tax cuts, I think - and I stand by this philosophy, and maybe this is where our paths don't

cross - is that in many instances we didn't have to take this in the first place to stimulate it, but there has been a tendency over the last number of years, of all governments of whatever political stripe, to induce people to do things in the form of grants.

First we take it, then we give it back to them, and a classic example now is this home ownership thing. My goodness, when you talk to people who are trying to build a house or do something, and we've all, as members of the Legislature, got people coming to see us because this government, as well as the Federal Government, is heightening people's awareness of grants. We've got these people coming to us saying, well, can I apply for this, can I apply for that, and I have to say, honestly, I'm not up to all of them. You have to go to the Minister of Energy if you want to build an energy-efficient home and you get a grant there; then you get the \$3,000 homeownership; and if you're in the right income bracket you go ahead and you get an interest subsidy. It's a maze; it's a jungle that we're creating when we could, through the taxation system, create a simple way of doing it and say, okay, on the first \$50,000 of your mortgage, if we don't want to give the guy that's got \$150,000 home the break, let's give the average person on the street the break, let's give him the break of doing that. Now, I realize that is not within the jurisdiction of this particular Minister to do that, it's got to be done on the national level.

But I use this opportunity, Mr. Chairman, to voice my concern and to voice the concern, I guess, that a lot of people are having. We're almost into a grant welfare state where everybody, before they do anything, come to their member and say, can I get a grant for it? I say to the Minister, I'd rather like to see a system of exemptions, rather than us taking it from them and then designing all kinds of policies to be benevolent and give it back to them.

I say to you, on things such as MURBs and all these other things, that would have all not been necessary if the government hadn't taken that one move at the one time which took away the right for individuals to write off, at least take some depreciation on investment properties; and I say to the member, if you'll check history, I think, that will prove me right. That particular policy did more to discourage a proper stock of housing to come onto the market for rental income than anything that has been done, and I would say that did more than any rent controls or rent arbitration boards will do, because there has not been the incentive for investors to put money in it.

I must say that some of us think that maybe that isn't sort of a Machiavellian ploy on behalf of the people that are of the left bent to try and then have government move into that field. Then, by using certain taxation measures, you then say, well the private sector isn't doing it so it now becomes the responsibility of the government to do it. I just deal with this one thing, we could go on to many others.

But I say to the Minister if there is some way that we can leave a little more money in the peoples' pockets, rather than taking it and then trying to dole it out on the grant system, I would say that's the way I'd go and that's the way I'd like to see it happen. Now, I said before, I know this Minister can't deal with these things, a lot of that is federal stuff. But that is, I think, a policy

that we have shied away from too often and something that this country really really should get back to.

HON. V. SCHROEDER: Well, Mr. Chairman, to begin with, when the member was referring to the Crosbie Budget I heard one of the other fellows say, best budget in 15 years; that's a perspective. I just point out to that member that, in view of what was happening with, for instance, gasoline taxes in that budget, it's somewhat inconsistent with what we were hearing just a little while ago from the orator from Pembina — (Interjection) — yes, it's the 18 cent increase, and that was just to start up, that was in one year. So, one should take a look at those kinds of things, to be a little bit consistent.

Now, the Member for La Verendrye is saying that he likes the idea of exemptions; the Member for Morris was saying he likes the idea of tax credits. Well, the Member for Morris was saying that it was a good idea to have more tax credits for businesses because this would create employment. You know, those same tax credits for the employee would create just as many jobs if you say to the person who is working for a living, if you go and buy a car then you can write off this amount from your income, or you can deduct 7.5 percent from your income tax, or that sort of thing.

You know, very often these programs are done only for one group and not for others. So sometimes it seems that it creates an unfair burden on those who aren't in a position to be able to take any advantage of those things but, having said that, I think that the tax credit at least has some certain advantages over exemptions. For instance, I think that the moves of the previous Government of Manitoba, the move of the Federal Government in the area of tax credits for, say political party contributions, were something that made sense because no matter who you are if you spend \$100 on a political party you get a \$75 credit. It's not on the basis if you're in a very very high income tax bracket you get a far bigger break on it as you have in cases where you use the exemption. So from that perspective I prefer the tax credit to the exemption.

MR. C. MANNES: I'd like to ask the Minister whether the change of sales tax from 5 to 6 percent has caused any undue problems as far as calculations, have there been any general complaints? Five percent was a factor of two, to many people that were mathematical in mind they didn't require the table to make that calculation, and certainly when you go from - I'm not advocating going to ten at which point it would be easier too. But I'm wondering if there have been many complaints and concerns directed toward the Minister as to the difficulty in factoring out the actual sales tax, five versus six?

HON. V. SCHROEDER: I'm tempted to say only from Conservative areas where they have more difficulty counting, but to be fair there have only been, I'm told, several complaints. Most people are now into computerized cash registers, those who do a fair amount in terms of sales-taxable sales and so it's just a matter of putting it into the computer. That is for restaurants, lumber stores and those kinds of people, that's the way it works. There are some who obviously don't make that many sales, jewellery stores, for instance, I know there was a complaint. Some jewellery

stores don't make any sales but — (Interjection) — in that case there is no difficulty either. In those cases, personally, I've had one complaint and the department has had several.

MR. C. MANNES: Under the Corporation Capital Tax Branch there seems to be a very significant increase in the Salaries appropriation, almost, I'd say, 85-90 percent, maybe the Minister could tell us why there's been such a major increase in that area?

HON. V. SCHROEDER: Yes, Mr. Chairman, there's two reasons. First of all, No. 1, the staffing was acquired in the middle of the last year or so, in fact, some of them were hired as late as December or January, the allotted complement. No. 2, there are an additional three people that we're requesting authority for.

MR. C. MANNES: The Minister says the staff was added half-way through the year, staff to administer what tax, is that the payroll tax?

HON. V. SCHROEDER: I'm sorry, I missed that?

MR. C. MANNES: The Minister indicated that staff was added half-way through last year or something and I'm again wondering, to administer what tax?

HON. V. SCHROEDER: I'm sorry. I thought you were referring to the . . . okay you were referring to the Corporation Capital Tax Branch? That's where you have the Health and Education Levy being administered through that.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. W. MCKENZIE: Mr. Chairman, I have a couple of questions for the Honourable Minister. Can the Minister advise me, under his details of Estimate revenue of the total revenue for taxation, Page 1, the \$1,515,549, is that the highest taxes that's ever been collected in this province?

HON. V. SCHROEDER: Yes, Mr. Chairman, and in each year in the past six years, in the particular year it was the highest whatever it was and next year, I presume that it will be higher than last year. There is no doubt that the member can make a grandstanding speech saying it's the highest tax in history but there is no province in this country nor is there a country in the western world with which I am familiar which is saying for this year that it will be collecting less taxes than for last year and, indeed, I don't believe there is any government in the civilized western world that wouldn't give you the same answer that, yes, this year is a year when we are collecting more taxes than in any previous year.

MR. W. MCKENZIE: Mr. Chairman, the only thing I can say is God help Manitoba and the taxpayers. He said it's going to be up again, next year it'll be higher still.

Can I ask him regarding the Supplementary Information received the other day, I note on Page 38 that he has added a compliance officer and the position was added to handle an increased workload as a result

of cancellation of the fuel tax in Saskatchewan. Can I find out what the salary of this compliance officer is? What kind of an expense allowance he's got and where does this compliance officer reside?

HON. V. SCHROEDER: Mr. Chairman, I understand the salary is in the range of \$25,000 and we'll have the information as to exactly where the individual works out of. Hopefully, there may be someone who can get the information to me quickly.

MR. W. MCKENZIE: Secondly, Mr. Chairman, on the next page, Page 40, of the Supplementary Information there's additional compliance officers, it says the position was added so that an adequate number of inspectors were available for enforcement, audit and collection of the Health and Post-Secondary Tax Levy Act. Then it goes on, No. 2, 36 permanent staff man years with related salary costs of \$300,000, and other expenditures of \$700,000 were approved for the new Health and Post-Secondary Education Tax Levy Section. Can I ask the Minister are they all under the corporate capital tax? In other words there's 36 permanent staff man years with salaries of \$300,000, is that correct for the 36 and what's the other \$700,000 for?

HON. V. SCHROEDER: Mr. Chairman, the 36 for the Health and Education Levy, they were there for part of the last year, first of all. Secondly in addition to them there were the traditional staff that had been there for the Corporation Capital Tax Branch itself. For this coming year there would be an increase of three staff years for the Health and Education Levy.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Thank you, Mr. Chairman. The Minister announced several weeks ago that the Federal Government would be as of, I guess, April 1st, starting to pay the 1.5 percent payroll tax with regard to federal employees and I presume that includes federal Crown corporations such as the CBC and these others. There have been a number of people, I understand, in Manitoba who have indicated, in one form or another to the department that if the Federal Government didn't have to pay them they wouldn't either. There are some of these people who have now started paying, since the Federal Government has started to pay, I understand. My question to the Minister is, if he is now saying that the Federal Government does not have to pay retroactively, what position do those people find themselves in that are taking the same position that the Federal Government did with regard to starting their payments?

HON. V. SCHROEDER: Mr. Chairman, I don't think I better be giving legal advice to those people. I have not paid my practising insurance for the coming year.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Mr. Chairman, on this point. I know of many individuals that have not paid this tax since July last year. I am wondering what the Minister is doing. Obviously, he must know who they are and I am wondering what he is doing about it.

HON. V. SCHROEDER: We are hiring staff.

MR. R. BANMAN: Well, Mr. Chairman, I guess one has to ask the question, the government has been fairly adamant and said that they did have the right to collect this tax from the Federal Government. They have now indicated to the people of Manitoba that they are, in fact, going to give the Federal Government an eight-month free ride on this particular tax. If that is okay for the Federal Government, why should the small entrepreneur who is struggling to make a living and employing some people, have to cough up with that money before the Federal Government does?

If the government was so sure that their legal position was right, in dealing with the Federal Government, why didn't they then go after the Federal Government for those eight months - yes I believe some eight months that we're talking about. Isn't it going to be kind of interesting at a time when you've now forgiven the Federal Government eight months of Payroll Tax that you are going to go after some people in Manitoba, some private entrepreneurs who are struggling in tough times to pay for this, when the Federal Government has been given a free ride for the first eight months?

HON. V. SCHROEDER: Well, Mr. Chairman, the people who chose not to pay and are now paying, we certainly appreciate the fact that they finally are paying. There are many others who were paying throughout. They were sent the bills and they paid it; they were law-abiding Manitoba citizens.

I am not going to make any comments with respect to what will happen with those who did not pay, but I will tell you that when you say that it had an effect on employment, that as of March of 1983, our employment level here in the province was at the same level as in June of 1982, and that compares very favourably with the national decline of about 1.1 percent in employment for the same months. I think that's something the opposition has to keep in mind when they're referring to the tax.

MR. R. BANMAN: Mr. Chairman, I won't get into the whole argument again. The fact of the matter is that a lot of the small entrepreneurs in my area and people who are employing people, this has had an effect on them. When you are looking at employers that are employing a hundred people in the manufacturing sector I think, without exception, if the Minister was candid about this thing, he would admit that a lot of these people have shaved one or two people off of their staff to try and cover this Payroll Tax.

My question to the Minister is, they were adamant in this Legislature, the Attorney-General, as well as some of the other people on the front bench, including the First Minister, that they had the right to tax the Federal Government because Quebec had done it, and the Federal Government was supposed to pay this tax. If they were so sure of that position, how can they then allow the Federal Government to get away with not paying that tax and then demand it from the people who have said, listen, we really are having a hard time dealing with this? Is the Minister going to say to this committee here today, or to the Legislature, that he is going to allow the Federal Government to get off the

hook, even though he claims he has the right to charge them, and yet he's going to go after the small entrepreneur who is the backbone of this province?

HON. V. SCHROEDER: Mr. Chairman, let's make the record clear. First of all, a large proportion of the Federal Government payments were made last year. CNR, Air Canada and various other Crown corporations paid throughout the year; some paid for part of the time. Indirectly, the Federal Government pays far more on that tax, and they will for last year, than they do directly; we've said that all along and they have never suggested that they won't pay it.

You, when you file your income tax return as an employer and you show your deductions, and you show the payment of that particular levy deducted from your income, and that comes directly off the income of the Federal Government. The member started off asking for advice for those who hadn't paid; I have indicated that I am not prepared to give advice to them. In terms of our suing, or not suing, the Federal Government, that has already been dealt with in the Legislature. We have indicated that we will not be suing the Federal Government, that we don't think that would be an appropriate action to take under all of the circumstances.

MR. C. MANNES: Mr. Chairman, will the Minister, will this government be taking action against those individuals who have not paid this tax, Manitobans that have not paid this tax over the last eight months?

HON. V. SCHROEDER: Yes, Mr. Chairman. There have been requests for payment made to people who have not paid. In those instances, once all of the ordinary means of persuasion are exhausted, then the other legal means will be employed. Legal means to collect will be employed, if necessary.

MR. C. MANNES: Mr. Chairman, then to summarize, the Minister is saying that, whereas the government chose not to sue the Federal Government in those areas in which they did not pay, that quite possibly they will be suing individual Manitobans who have not paid this tax over the last eight months. Is that a correct statement.

HON. V. SCHROEDER: Mr. Chairman, I've explained what the situation is. The member can interpret what he chooses from those statements. The fact of the matter is that we're getting by far the bulk of the federal payments for last year, because by far the bulk of them, first of all, are indirectly and secondly, we're getting the payments from the Crown corporations. Thirdly, the legal cases are entirely different between the two classes of taxpayers.

It has always been our view that the Federal Government are liable to pay. Nevertheless we recognize that there are very strong arguments against our position. We think that it would be foolish to jeopardize continued payment of the federal payment by taking action once we are getting payment. If we would not have been getting payment, then there is no doubt that we would have gone to court. Because we did negotiate the payment, we will not go to court. We would be foolish.

The simple answer is, a bird in the hand is certainly worth two in the bush and the members of the opposition can squirm and wiggle all they want but they were the people who were saying that the Federal Government would not pay the tax. They're paying the tax.

MR. CHAIRMAN: The Member for La Verendrye.

MR. R. BANMAN: Mr. Chairman, it's not a matter of squirming and wiggling. This particular Minister and this government has said the Federal Government owe them the money. Now all I want to know, and the thing that we'll be watching very closely, the people that have started to pay this tax as of when the Federal Government's starting to pay, is the Minister telling us that on the one hand you're going to let the Federal Government off the hook and on the other hand you're going to go after the private entrepreneur in Manitoba that's providing the jobs and is the backbone of this community?

It's simple, if the Minister doesn't want to answer us here tonight, fine, but many of us will be watching to see how they treat the Federal Government which they say owes the tax, they've given them a six-month break or an eight-month break, and I just want to see if they're going to do that to the other people because I think it's not tolerable if we're going to allow the one larger body to get away with it and then you're going to go after and sue the small entrepreneur in town, so we'll be watching that one very closely.

HON. V. SCHROEDER: Mr. Chairman, I hope you do, but if the member is suggesting that the business community in this province, the law-abiding business community in this province, would swallow for a minute the proposition that we should simply allow people to decide whether or not they can pay taxes and have 90 percent or more of the people legitimately going and paying, because they're required to, they don't want to pay it anymore than the 10 percent who aren't paying it. They're obeying the law.

Nobody wants to pay any tax but they're obeying the law, and if he's saying that one car dealership in Steinbach will pay the Health and Education levy all the way along and not be a little bit upset if the neighbour down the street doesn't have to pay it and it isn't collected, I think you should just check with your constituents because I tend to think that those people would be extremely concerned if this government didn't take its responsibility in that case and collect the money. There is a very clear distinction between that case and the case of the Federal Government because there is no question as to the constitutionality of the tax within the province.

I have said that there is more of a question with respect to the tax on the Federal Government because there is not a guarantee of the outcome and because we are continuously dealing with the Federal Government on other projects, because of the possibility of jeopardizing the entire collection of the tax from the Federal Government, we would be foolish to sue them, just as we would be foolish not to collect from those who refuse to pay when they can pay, because we have made provisions for those who can't

pay. Let us remember, that for those Manitoba businesses who qualify, for instance, for the Interest Rate Relief Program, they are also given an exemption from this particular levy until they're in better shape.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. B. RANSOM: Mr. Chairman, I understand that the Minister's staff are going back a number of years and assessing people. One example that I know of is in the amusement industry, people that have ferris wheels and that sort of thing, that they're going back and assessing those people on the sales taxes, going back for several years. How can the Minister justify going back in that way and at the same time allowing the Federal Government to get off from paying a tax which the Minister and his Attorney-General stood in this House and assured us that they had every right to collect from the Federal Government?

HON. V. SCHROEDER: Certainly the same explanation is valid. You know that sales tax has been in existence since 1967. All people who obey the law and who are in a position where they are supposed to pay, and did pay, certainly would be a little unhappy if that group did not pay.

I can explain again, I don't know how many times the members want to hear it, but I'll do it again. There is a basic distinction between that case and the case of the Federal Government on the Health and Education Levy. In the case of the individual business person in Manitoba who doesn't remit the sales tax, he is getting a real advantage over his neighbouring business which is an unfair and illegal advantage. On the other hand, and there is absolutely no question as to their liability for payment of that tax, if we go to court we are not putting in jeopardy any of our future tax collection.

However, when we deal with the Federal Government on the Health and Education levy, we recognize that there is a question to be settled, that there is a possibility we could lose, and if we lose, we could jeopardize our collections, not only for the past year but for future years, and we would be very foolish stewards for the Province of Manitoba to go on with that kind of an action.

I still say, Mr. Chairman, that very often, the best lawsuit is one that wasn't entered into in the first place. The best lawsuit is one where each of the parties agrees to settle out of court and loses a little bit but doesn't lose the whole war, and maybe that's what happened here and I think members should be happy about that, because the bottom line is that there were people on that side saying we would never collect it and we are collecting it and we collected by far the bulk of our payment that was payable by the Federal Government in the first year, when you add direct and indirect payments together.

MR. B. RANSOM: The Minister should be more accurate in his portrayal of the positions taken by people on this side of the House. We never said the Minister would never collect money; we said he didn't have the right to collect it, that he didn't have the legal right to collect it. The way it had been collected in Quebec was through an agreement between the Federal Government

- senior governments pay taxes, pay grants in lieu of taxes to junior governments because junior governments don't have the right to tax them.

Mr. Chairman, the Minister talks about the inequitable situation that would be created if some private employers didn't have to pay the payroll tax prior to the 1st of April and others did. How does the Minister look upon the Minister of Agriculture's plan to write off some of the debts owing under the Beef Income Assistance Plan, when we have some beef producers who have paid back their obligation to the government, to the taxpayers of Manitoba, others who have not, and we now have a pronouncement from the Minister of Agriculture that he's going to write off \$400,000 of money owing to the taxpayers.

A MEMBER: Come on, Vic, be consistent.

HON. V. SCHROEDER: Mr. Chairman, I think we are being quite consistent. As I understand, the problem over there was that there were a number of changes. There was a contract entered into between the farmer and the government and the farmer actually signed a contract. Then the government, by law, changed the terms without getting any signature by the farmer and there then becomes a question as to whether you have the legal right to collect because the terms of the bargain were not kept by the government. Under those circumstances going to court may well put you in a position where you can lose your claim and pay a lot of extra money out. I don't think that it would be appropriate for me to be arguing the legalities of that case. There was advice received, the Minister of Agriculture is acting on it and I'm sure that he can back that advice up. Again, it's a case where it's not clear-cut, where the sales tax for the provincial taxpayer, it is clear-cut.

MR. C. MANNESS: Mr. Chairman, approximately \$5.8 million under Resolution No. 74 is attributable to salaries. How much of that total or, indeed, how many man years are composed of those people who are either inspectors or enforcers? That's the first question, and secondly maybe the Minister could tell me whether, indeed, all these inspectors and enforcers take their marching orders from one big Major or whether they're answerable to each one of these divisions and I'm wondering if he could tell me if he's had any further complaints as to those that are inspecting on the highway for purple gas as to their state of dress? I remember a year ago we had a number of complaints about the state and the mode of dress of some of those inspectors.

HON. V. SCHROEDER: We have had no further complaints, with the new uniforms everybody seems delighted. I'll get you the further information, it's being added up.

The Member for Roblin-Russell asked where the Competition Assistance Grant individual would be located. He or she has not yet been hired but it looks like it would be Brandon for the location.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. W. MCKENZIE: Mr. Chairman, can I ask the Honourable Minister, have there been any charges laid

regarding the Competition Assistance Grant Program on the Manitoba-Saskatchewan border?

HON. V. SCHROEDER: No, Mr. Chairman.

MR. CHAIRMAN: Item 4.(a)(1) - the Member for Swan River.

MR. D. GOURLAY: Mr. Chairman, I wonder if the Minister could indicate whether he has had any complaints from the western part regarding the gas rebate as to some of the operators not passing along the assistance to customers?

HON. V. SCHROEDER: No, I'm not aware of any complaints from consumers.

MR. CHAIRMAN: Items 4.(a)(1) to 4.(e)(2)—pass.

Resolution No. 74, Resolve that there be granted to Her Majesty a sum not exceeding \$7,635,900 for Finance, Taxation Division for the fiscal year ending the 31st day of March, 1984.

The Member for Virden.

MR. H. GRAHAM: Thank you, Mr. Chairman, at this time, dealing with the general resolution I would like to bring to the attention of the Honourable Minister a meeting that was held in Newdale some 10 days ago by approximately 100 municipal and school trustees and councillors and Reeves and board chairmen at which, I believe, the Minister was one of those that was invited to attend. I know the government was invited to attend as well as the opposition.

There were three members from this side of the House that attended that meeting but there were no members from the government side and the whole purpose of that meeting was to discuss taxation and the concerns of those members and they did present a brief and, I believe, they're sending copies to the Minister. I think it's important to point out that at that meeting the chairman of the meeting called for a vote of all the members present with regard to property tax credit and the grants that go to the various property owners in the province. With the exception of one person that vote was in favour of abolishing the grants and the credit system.

I think it's important that this is the feeling of the municipal people and it's important, I think, that the Minister should be made aware of the feelings of the municipal people in the western region of Manitoba anyway, so I just bring it to the Minister's attention at this time.

HON. V. SCHROEDER: Mr. Chairman, I appreciate the information. I should also say that I don't recall having received an invitation. I checked with the Minister of Municipal Affairs and he doesn't recall receiving one either. I'm sure that we will take a look at the material and consider it.

Just while I'm up the Member for Russell had asked how many - no I'm sorry that was the Member for Morris - how many compliance officers we had, there's 67 compliance officers.

MR. CHAIRMAN: Resolution No. 74—pass.

Item 5.(a) Federal-Provincial Relations and Research Division, Economic and Federal-Provincial Research Branch: Salaries.

The Member for Morris.

MR. C. MANNES: Mr. Chairman, I believe this was the area to which the Minister referred me before and I'd like him to, if he could, give us the basic rationale or the assumptions behind the 1 percent supposed recovered in our GPP and, indeed, therefore the assumptions behind the revenue forecasts that are coming forward by way of personal income tax and, indeed, corporate income tax. I'm wondering if there is a listing of the assumptions behind that and if he can provide them to us?

HON. V. SCHROEDER: Mr. Chairman, maybe I could just give the member a little bit of background on revenue growth. Mr. Chairman, a comparison of the estimated revenue for '83-84 of \$2.747 billion to the \$2.375 billion projected in the Third Quarter Financial Statement suggests revenue growth of \$371.9 million or 15.7 percent.

However, there are a few things behind it that I'd like to explain. It should be noted that the '83 Budget included discretionary tax increases totalling \$106 million and the full-year effect of last year's revenue measures accounts were in the order of an additional \$55 million over and above the actual 1982-83 base. Provision for \$16 million in payments from Ottawa under Reciprocal Taxation and the levy for Health and Post-Secondary Education is also included in '83-84 revenues. Netting these adjustments from '83-84 Revenue Estimates suggests an underlying revenue growth rate of 8.2 percent. That moderate growth rate is consistent with economic assumptions used to forecast revenues, namely, moderate recover. It is fractionally below the nominal gross domestic product growth rate forecast by the Conference Board of 8.4 percent for 1983.

MR. C. MANNES: Well, Mr. Chairman, maybe the Minister can inform me as to whether staff at all finds itself involved in something even more deeper than just attempting to assess the flows of incomes. Do they pass judgment at all on the basic assumptions used by those in power in Ottawa to determine the state of the economy in any given time, in this case, the strength of the recovery? Do they delve that deeply into the whole quantitative input-output analysis approach of attempting to quantify all the sectors within this country of Canada, indeed, within the Province of Manitoba?

HON. V. SCHROEDER: Mr. Chairman, we're not in a position where we have as sophisticated a forecasting mechanism in the province as we would like. When the previous government was in office they began to spend money on developing such forecasting, and certainly we don't believe that we will ever have something where you can press a button and get all kinds of numbers on it, but they were referring to it as an econometric model that was started in their last year and we were providing funding for that again this year. We think it's a good idea, but at the present we are not in a position where we can pretend to be terribly scientific about

how we arrive at those numbers. We do look at what the Federal Government projects and just, for instance, the Conference Board is predicting, for example, an increase in Corporate Taxation Revenue, which is 5 percent higher than what we are projecting it at in our own forecasts. We sort of just took a little bit off, but the Federal Government is making its calculations and is paying it in accordance with its calculations, and we're certainly not above the federal calculations either.

I'm not sure that I can be terribly much more helpful to the member. We don't have all of the information we would like to have in making those judgments. We do look at the national statistics that are presented, the national accounts, and make our judgments from that.

MR. C. MANNES: Well, Mr. Chairman, the Minister has more or less answered my question, although I suppose sometime he may relate to me some of the general formulas in use. I think that attempt to relate economic activity to taxation and obviously there must be some type of formulas, whether they are elementary or rudimentary, then there must be an existence or indeed it would be almost impossible to make any forecast.

I believe the details of estimated revenue came down were released by the Minister almost two months ago and I don't know if they were printed a month before that, but I would ask, has anything happened over the last two to three months? Have there been any indications by way of releases from Ottawa that would lead one to believe that there would be any change whatsoever in expected revenues coming forward in the next fiscal year?

HON. V. SCHROEDER: Yes, Mr. Chairman, we've had some negative news from Ottawa dealing with the established program financing area. We've also had some position news in the area of income taxation. The total winds up being we break about even; if anything, we're a little bit on the positive side at the moment.

MR. C. MANNES: Well, maybe the Minister can be a little bit more definitive. When he says under the established program financing that, indeed, would there be more certainly associated with the cutbacks there than there would be with the potential increases on the income tax side, or would you feel that there is certainly regarding both Estimates?

HON. V. SCHROEDER: I think there will be some room to move. I don't want to say that we expect a lot of positive news in the area of income taxation. If we don't get any negative news, I think that would make me quite happy. In fact, we're not expecting negative news, but where we probably will receive more positive news is in the area of equalization and indeed maybe even with established program financing because it's based on population formulas and our population has gone up a little bit. So we conceivably could be picking up a few extra dollars there. There is no room, as I understand it now, for decreases in either equalization or EPF unless there is something very unusual in terms of prior year adjustments or something like that. We

are already at the bottom of the rung in terms of the equalization payment. We can't really go any further down, as I understand it. On established program financing we've been 6 and 5, so that's already been taken into account.

MR. C. MANNES: Changing the subject somewhat, is there any effort at all being made within the Minister's department or indeed interprovincially between making any changes whatsoever on the tax form other than in the area in which we discussed before, and that's of course a philosophical bent of the government, but are there any changes being considered at all? As an individual that's gone again recently through the Manitoba tax form, I find it almost incredibly difficult, again as an individual, to follow through the various schedules and forms. First of all, I don't know how that compares to other provinces. I am wondering if, indeed, there is a way to simplify that in any manner.

HON. V. SCHROEDER: Mr. Chairman, there has been a subcommittee formed of Finance Department staffs across the country to look at some of the technicalities in the area of income tax legislation. I certainly agree with the member that every year it seems a little more complicated to fill out your return, there are more and more sheets. I believe that they are basically the same across the country and in some provinces, of course, you have to fill out two sets, so in that respect at least we are a little less complicated, but there is a group that has been set up, I am not sure as to their terms of reference.

MR. B. RANSOM: Does the Minister have a figure what he is expecting by way of performance in the Manitoba economy in 1984-85; not the fiscal year we're in but the next one? I believe the year we're in the Minister is projecting something in the range of 1 percent; what would he be expecting the next year?

HON. V. SCHROEDER: Mr. Chairman, I really am not in a position to predict. We don't have the tools in the department to make that kind of prediction. As I have been indicating to the Member for Morris, basically, the predictions we are making for the coming year are based more on the information provided to us by the Federal Government and Conference Board than anything done locally. I wouldn't want to go an additional year beyond what we are already forecasting.

MR. B. RANSOM: Mr. Chairman, Mr. Lalonde is projecting over 5 percent real growth for 1984 in his Budget tonight, does the Minister have any indication, any reaction to that, whether he thinks that Manitoba might be able to move from the range of 1 percent real growth to 5 percent?

HON. V. SCHROEDER: Mr. Chairman, Mr. Lalonde has been right before and he's been wrong before.

A MEMBER: Just like you . . .

HON. V. SCHROEDER: Yes, I have been right and I've been wrong.

A MEMBER: When was he right?

HON. V. SCHROEDER: Well he was in the right place to get into that particular portfolio which is an enjoyable one at this time. I think he was at the wrong place maybe, but it's very hard to say. Certainly all of us would hope, if he's right, that Manitoba would be an average province.

MR. B. RANSOM: Mr. Chairman, perhaps the Minister will have a chance to examine that projection of Mr. Lalonde's a little further prior to tomorrow and see what kind of information he is using to make that kind of projection. I am sure that we would all like to see that kind of projection, but it concerns me when I hear the Federal Minister making a projection of over 5 percent real growth when, as far as I know, there haven't been any of the think tanks or banks or anybody else who have been forecasting real growth of that nature. Even though the Federal Minister is projecting that kind of growth he is also projecting, at the same time, that his deficit is going to be up in the range of \$31 billion and that it's not going to change very much for the next three years. Though I don't think it is very good news to hear that kind of deficit projection coupled with what would seem to be an overly optimistic assessment of the growth possibilities as well.

A couple of just fairly straightforward questions here, Mr. Chairman, because I don't think that we're going to be able to finish up tonight, so I would suggest to the Minister that around the hour of 10 o'clock that the committee would rise and we would finish up tomorrow afternoon. A couple of direct questions.

One is one in which I have a bit of direct personal interest in. It has been customary for the last few years, at least, for the Minister of Finance to include in the back of his budget the papers which the Minister of Finance, and in some cases the First Minister, has presented at national meetings of First Ministers, or whatever. This year, of course, the Minister has some presentations in the back of his budget, papers that he presented last December and again in February. I note that in last year's budget, in the final printed form that came out, it didn't contain a copy of the presentation that the Manitoba Government put forth to the conference that was held in October, I believe, of 1981 when the Finance Ministers met. I happened to be a Minister of Finance then and there happened to be a Conservative Government in power, but nevertheless, those were documents put forward by the Government of Manitoba. I am just wondering why the Minister wouldn't have included those kinds of documents in the summary of his budget so that they would be there on the record?

HON. V. SCHROEDER: Mr. Chairman, I must admit that I don't recall having made a conscious decision to include, or not to include, the statement of the previous Finance Minister. I presume that whoever was busy getting those materials together decided that question for me, in the sense that probably they assumed that the new government would prefer to only have its documents appended to the budget. Again, this is the first time I have thought about it. I was, of course, aware that there had been a conference. Clearly I read over the budget and knew which documents were included; and if I would have sat down and thought

about it I would have been aware that document wasn't included.

MR. B. RANSOM: Last December, I believe it was, when the Minister brought out his quarterly report and indicated that some revenues were down and spending was up, one of the items which the Minister dwelled on at that time was the fact that corporate income taxes were down and, I believe, there was reference made to adjustments for prior years; that part of the reason that corporate income taxes were lower than expected was because of adjustments for prior years.

Now, were there also adjustments made to personal income taxes for prior years, because my understanding is that the amount of personal income tax collected was up. Was any of that increase due to adjustments for prior years?

HON. V. SCHROEDER: Yes, there was a significant amount due to prior years. I can get the information for the member. There is approximately \$37 million.

MR. B. RANSOM: How much of the downward adjustment of corporate income tax was due to prior years?

HON. V. SCHROEDER: That was \$17 million.

MR. B. RANSOM: You see, Mr. Chairman, there is just one more little example of the way this Minister presents information, that it isn't wholly straightforward when this Minister presents it. Why would the Minister go out of his way to say in a press release that part of the reason for corporate income taxes being down was because of adjustments for prior years. It clearly was an attempt to indicate that the previous government was somehow responsible for those revenues being down \$17 million. Yet there's a \$37 million increase in corporate income taxes due to adjustments for prior years and the Minister doesn't even mention it.

HON. V. SCHROEDER: Mr. Chairman, I recall the information coming with respect to the previous year's corporate tax, I can assure the member it didn't come at the same time. There were a number of negative adjustments that were made in the springtime, I recall it very clearly, some staff members came out to a meeting place where the Cabinet was meeting in a suburb of the city and presented the news. There were a number of negative adjustments and there was no positive adjustment at that time with respect to . . .

MR. B. RANSOM: In the springtime?

HON. V. SCHROEDER: Sometime in the summertime of 1982, it was certainly a long time - no, it would have been in fall, I suppose, but at that time I mentioned the fact that there was a significant negative corporate taxation adjustment. Quite frankly the adjustment with respect to the prior year's income tax going upwards was not available to me at that time. It came considerably later together with other information indicating that corporate revenues were down again.

MR. B. RANSOM: Mr. Chairman, I'll get the Minister's press release - I don't have it before me but my

recollection is that in the December press release put out at the same time as the Quarterly Report, the press release did mention an increase in personal income taxes. Part of that increase had to be an adjustment for prior years. It's not a major issue but yet if the Minister says that he didn't know that at the time, fine, I'll accept that but I'm going to check my press release and my Quarterly Report and we can return to that tomorrow, perhaps.

A couple of other fairly straightforward questions, Mr. Chairman. There had been discussion with the staff while I was still responsible for the department about hiring an economist who had extensive experience in the private sector. Has anything been done to pursue getting that sort of experience into the department?

HON. V. SCHROEDER: No, Mr. Chairman, I don't recall anything having come to my attention with respect to that kind of item. It sounds to me as though it would bear some - I could see some real advantages to us in having someone there who did have that kind of experience. We'll have to take that under review.

MR. B. RANSOM: Well, I certainly don't mean to take anything away from the very competent staff who are in the department but it always helps to get a fresh look at things from a different perspective and since so much that government does impacts upon the private sector, it seemed to me to be a reasonable thing to do to have someone who had that sort of experience. Perhaps the Minister will be able to accomplish the same thing on a temporary basis through his Temporary Assignment Program.

I notice this is one area where there has been a reduction in staff years. It's down by one person. Could the Minister give us an explanation of that?

HON. V. SCHROEDER: Mr. Chairman, that's one term position. The person had been working on the Quantitative Analysis Economic Analysis Program. Quite frankly we would have liked to keep the year we were looking at, however, as you can see this department is one of those that has had the largest increase in staff years for a department that's supposedly being the one that's tough in terms of keeping down the numbers.

We had to look at areas that we considered we could sacrifice for the year, and this was one of them.

MR. B. RANSOM: Mr. Chairman, this hardly seems like the kind of position that the Minister should be sacrificing or the government should be sacrificing. I can give the Minister a little bit of information that he might use in the exercise of power being the Chairman of Treasury Board and the Minister of Finance. I can tell him that the Minister of Labour, for instance, has one staff year for a communicator within her department and it's not filled and she can't tell us what that position is going to be used for or even if she is going to fill it. So, I would suggest to the Minister of Finance that perhaps that kind of staff year might best be used in trying to find out what's going on in the economy in this province, than in polishing apples over in the Minister of Labour's office.

One other question, Mr. Chairman, I've been using the figure personally that over 50 percent of all the

money that the government spends eventually ends up in public sector wages. Now, I don't have a firm base for saying that other than that I believe there is a proportion of about 40 percent roughly within the Provincial Government, if one takes the grants out, and that within the grants there are some very high levels of salary component, of course, in universities and health care institutions as such. I believe the figure that the Government of Quebec uses is roughly 52 percent that ends up in public sector wages. Perhaps the Minister could give us an indication of some general figure that he might think would be a reasonable one to use?

I would suggest to the Minister at this point, Mr. Chairman, that it might be appropriate for the committee to rise now with the assurance that we do intend to finish the Minister's Estimates tomorrow afternoon.

HON. V. SCHROEDER: Just to answer that question, I really don't have a number, but I'm sure that it has to be over 50 percent because we are told, as I'm sure

the member was told when he was on this side by the hospitals, that 80 percent of their money goes to wages - well, I can't say \$1 billion, just in health care there is \$1 billion though. Then we have the universities and those other areas that all say that it's somewhere around 80 percent, so I'm sure it's got to be well over 50 percent, anyway, that goes to Selkirk.

MR. B. RANSOM: Does the Minister intend to have some of his sharpshooters in the department then to try and run a figure on that? I know some of those people can come up with figures fairly quickly that have a reasonable range of accuracy.

HON. V. SCHROEDER: I'm told by both of my staff people here that they feel that they will give it a try, but they can't guarantee that they can come up with anything terribly accurate by tomorrow. We'll do our best.

MR. CHAIRMAN: Committee rise.