



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

**DEBATES
and
PROCEEDINGS
(HANSARD)**

39 Elizabeth II

*Published under the
authority of
The Honourable Denis C. Rocan
Speaker*



VOL. XXXIX No. 18B - 8 p. m., MONDAY, NOVEMBER 5, 1990



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

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

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, November 5, 1990

The House met at 8 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—FINANCE

Mr. Deputy Chairman (Marcel Laurendeau): Order, please. We are resuming the sitting of the Committee of Supply. When we had left off this afternoon the committee had been considering item 3.(b) Financial and Management Systems: (1) Salaries \$673,300.00.

Shall the item pass?

Point of Order

Mr. Leonard Evans (Brandon East): Mr. Deputy Chairman, on a point of order, regrettably we are almost 15 minutes late in getting started, but I think by agreement we should be prepared to rise at ten o'clock. I think that is a reasonable hour, so we could all come back fresh tomorrow and I think that is not unreasonable. I do not think it is going to make much difference in the long run in terms of the sitting of the House. -(interjection)- Well, I am just saying that is not unreasonable and, as I said, we had questions that could take us till around that time anyway. Although, we can certainly ask more questions and spend a week here, that is no problem.

Hon. Clayton Manness (Government House Leader): Mr. Deputy Chairman, seeing that there is not a formal motion before us, I would like to address the comments of the Member. Firstly, I apologize for being late. The reason for that is solely as a result of a discussion I am also having with the Opposition House Leader (Mr. Ashton) at this time to try and best use the time that we have over the next number of days and weeks in the consideration of Estimates.

* (2015)

I guess if I had a perfect choice or it was a perfect world and I had a choice in it, I would rather not sit till midnight tonight either, but we have a situation now where the Government basically has one call to it and the whole Estimates review and extending beyond the normal sitting hours and that of course is Monday night, in other words, tonight. There are no other opportunities to the Government to try and

work away at the 240 hours that the Opposition and indeed Government backbenchers are given to question Government with respect to policy.

So, Mr. Deputy Chairman, I have no great love of sitting past ten o'clock, too, but the fact is that if we are going to get the work of Government done, and given that there is no agreement in place, I do not know what other time that we can do it. I am not interested in sitting till all hours in the morning. I say that in all honesty, and yet I think it would be wise if we tried to continue to eat up some of those 240 hours, because ultimately, as I have been told by the Opposition House Leader that certainly the NDP are interested in using all those hours.

The Liberals have indicated that maybe they do not need to, not to put words in their mouth. So I guess that is a dilemma I find myself in tonight.

Mr. Deputy Chairman: The Honourable Member for Osborne, to the point of order which is not really a point of order.

Mr. Reg Alcock (Osborne): Or to the remarks of the Minister. It is passing strange to me that while we are attempting to negotiate some sort of accommodation, the Minister chooses to enforce his will on the committee. I think it is unfortunate, and I would ask him to reconsider.

Mr. Deputy Chairman: Well, normally the Chairman asks at ten o'clock, what is the will of the committee. I will ask, what is the consensus of the committee regarding rising or continuing at ten o'clock.

Mr. Manness: Mr. Deputy Chairman, I would suggest that question be asked at ten o'clock like you have just indicated.

Mr. Deputy Chairman: The question, will it be put at ten o'clock?

Mr. Deputy Chairman: Okay. We are dealing with the item (b)(1) Salaries \$673,300.00. Shall the item pass?

Mr. Jim Maloway (Elmwood): I have a question for the Minister when he is finished.

Last week I asked the Minister a question concerning the Government's financial statements, and he is aware that small businesses or businesses normally have a balance sheet which indicates the assets of the business and the liabilities of the business, but that is not usually the case with the Government books. The Government makes a big production about the size of the deficit and so on and at no time do they really take into consideration the list of assets which backs up that debt. Now, perhaps the Minister could make some comments on that matter.

* (2020)

Hon. Clayton Manness (Minister of Finance): I am well aware of the point that the Member makes. He has made it to me in private before. I guess we followed a system which is consistent with other provincial jurisdictions. We know from time to time—at least, not from time to time, but I can remember when I was in Opposition when the former Government requested an outside source to do an accounting of the stock, of the plant of Government, including highways and so on and so forth, and who was that? Was it Mason? Maybe the Member opposite would remember who did that assessment or evaluation. I am well aware that—(interjection)— Yes. Clarence Barber did that some time in the past. When one takes into account the value of the highways and all of the other existing fixed plants, so to speak, and tries to put a value on them, there is no doubt that we still have positive equity, if you wanted to look at it in the corporate financial accounting sense.

I say to the Member opposite, I question the meaningfulness of that. I really do. Unless he is asking us to borrow in the sense that we can borrow on that, but then those assets do not really return a positive cash flow in many instances. They are of great value to the citizens of this province, there is no argument there; but in the sense that they are income earning, I wonder then whether or not it is fair to adopt the corporate model. I would defer almost to my colleague, the Minister of Energy and Mines (Mr. Neufeld), on another occasion to give us his views, too, because he is trained in that area.

Mr. Maloway: Well, the motivation for the question really came about because of the incessant arguments that the Conservative Governments use about the deficit. They seem overly preoccupied with the debt, the long-term debt, and at no time do

you ever hear a list of the assets put up against that debt. That is really the comment that I had to make.

Does the Minister have a current list of assets or the total of the assets of the province? Is that a one time—

Mr. Manness: The short answer is no. We certainly know what our building stock is evaluated at through the methodology required by MPI, Manitoba Properties Incorporated. When it comes to evaluating, particularly highways and other fixed items of plant of Government, no, we do not have those numbers.

Mr. Leonard Evans: Just a comment, it is very difficult to compare public assets with private assets. I think the example the Minister uses when he refers to highways is a good example. I suppose you could put a value on it by looking at what it would cost to replace that given highway, but surely the highway has to be measured in terms of what it does for the economy of this province, you know, permitting traffic, permitting economic activity to take place, that would not take place otherwise. I think sometimes we are inclined to discount or undervalue our public assets, whether they be parks, whether they be highways, or whatever they be. Some are more easy to measure than others, but the fact is a great deal of debt has been incurred, admittedly, but a great number of assets have been developed in this province that have improved the standard of living of the people. So, I just make that as a commentary.

* (2025)

On this particular section I only have some questions on (d) Information Systems Support. So, unless any other Member wishes to ask questions, I am prepared to proceed down the list.

Mr. Alcock: We are on the Comptroller's Office report?

Mr. Deputy Chairman: We are still on (b) Salaries, Financial and Management Systems: (1)—pass; item (2) Other Expenditures \$82,500—pass.

(c) Disbursements and Accounting: (1) Salaries \$1,963,400.00. Shall the item pass?

Mr. Alcock: I am just wondering, is this the division that operates the commitment accounting system?

Mr. Manness: Mr. Deputy Chairman, every department of Government runs their own financial commitment accounting office.

Mr. Alcock: Is there any central co-ordination of that?

Mr. Manness: Well, Mr. Deputy Chairman, in terms of actual detail in the process, no, but as far as policy, yes. Indeed we, I guess our department, is sort of in charge in assuring that policy is made consistent across Government.

Mr. Alcock: Is the Minister satisfied that there are effective commitment accounting systems in place in all departments?

Mr. Manness: Well, Mr. Deputy Chairman, I guess we would take our lead—I mean, we have internally within our department, I guess we have from time to time, we look at other departments. We sense that we do it right and that others hopefully do it right also, but we are always mindful that the Provincial Auditor from time to time looks at various departments if he is suspect of something. What we do know is that his commentaries with respect to this process in various departments certainly have reduced over the years. So we sense that Government is getting better across all of its departments.

Mr. Alcock: Satisfaction that they do it right may come under some question in a moment. Just to come back for a second to the preparation of public accounts, is that also under this division?

Mr. Manness: It certainly is.

Mr. Alcock: Within this committee that the Minister chairs, the Management and Reform Committee, then have they looked at the question of Government-wide commitment accounting?

Mr. Manness: No, Mr. Deputy Chairman, we have not.

Mr. Deputy Chairman, I did not introduce Mr. Eric Rosenhek, the Assistant Deputy Minister of Finance, head of the Comptroller's Department. I will let him make a comment with respect to that question.

Mr. Eric Rosenhek (Assistant Deputy Minister of Finance): About a year ago we began a project that we call the integrated financial information system and what we are doing is looking at Government-wide requirements for financial information that will address commitment accounting systems as well. Presently they are done at the departmental basis, but I would not rule out us coming to some conclusion that we might do well by having that information passed along to a central system as well.

Mr. Alcock: On a related question, there has been some discussion although the Minister has participated in some discussion relative to the public accounts also with an eye to restructuring them and making them match better the information as presented in the Estimates book. Is that the project that has been looked at under the Management and Reform Committee?

Mr. Manness: Mr. Deputy Chairman, the answer is no, but I certainly recognize the efforts put forward by a former colleague of the Member for Osborne. To that end, I am prepared to discuss that matter in fair detail at Public Accounts Committee when it is called forth, I believe in a week or 10 days.

Mr. Deputy Chairman: Shall the item pass—pass; 3.(c)(2) Other Expenditures \$1,003,500.00.

Mr. Alcock: Other Expenditures?

Mr. Deputy Chairman: Yes, under Disbursements and Accounting: (2) Other Expenditures \$1,003,500.00.

Mr. Manness: The Member wants a rough breakdown. It is to do again with basically communications meaning mainly postage and telephones. The postage number is so high because this is where the cost of mailing all the cheques are included, also office supplies which includes cheques and envelopes, capital and again computer related costs.

Mr. Alcock: Just a question then on the computer related costs. What are those? At the same time, what are the recoverable from other appropriations? What specifically is that?

* (2030)

Mr. Manness: Mr. Deputy Chairman, our computer related costs are basically the amount that Manitoba Data Services formerly charged us. Our recoveries are the bill-backs to the various departments.

Mr. Alcock: Bill-backs for what, for computer services?

Mr. Manness: No, for the mailing. For the whole mailing effort and the computer services involved in mailing or in preparing cheques.

Mr. Deputy Chairman: Shall the item pass—pass; 3.(c)(3) Less: Recoverable from Other Appropriations \$500,000—pass.

3.(d) Information Systems Support: (1) Salaries \$679,300.00. Shall the item pass?

Mr. Leonard Evans: Mr. Deputy Chairman, I understand this is where the ISSB Group is located. I had thought though that one of the functions was to oversee the acquisition of computer equipment and related processing equipment to make sure that Government departments did not duplicate, that there was efficiency, also oversaw the activities of MTS and MDS to ensure that there was co-operation and not competition and additional buying of equipment that was maybe duplicated, et cetera.

Is this the section that does that? I am simply asking the question. Is this the area that this is done or has that been totally moved to Treasury Board?

Mr. Manness: Mr. Deputy Chairman, that has now been totally moved to Treasury Board.

Mr. Alcock: Perhaps I misunderstood that. Then what does this system do? What does this group do, this branch?

Mr. Manness: Mr. Deputy Chairman, the vestige of this branch, that is still contained within this division. It is still directed toward computer training and word processing training.

Mr. Alcock: Perhaps the Minister could explain this a little more fully. As I understand from the objections here, it says to ensure the cost effective and economic use of information technology within the public sector through support services and now you are saying, no, it is a training centre.

Mr. Manness: Mr. Deputy Chairman, we left the name intact. Up to this fiscal year and starting this fiscal year, ISSB was as it always had been. When we inherited Government, it was involved not only in training but also represented an element of corporate control over the system's needs of all departments and indeed even was used as a source, a reference source, or indeed a resource for Crowns and ultimately how they came to use information technology.

Now, added to that, during this year or last year, of course, was the Wang system that is part of this building, and indeed it was housed—its activities were housed also within ISSB. That is the way we started the year. Around summertime, the Government made a decision that it wanted greater control with respect to the adaptation of new systems in information technology with respect to all of Government and chose therefore to split ISSB, the training function left within the department, plus the Wang responsibilities left within this department,

and took more of the control policy areas, I indicated before dinner, and moved that over to Treasury Board.

Mr. Alcock: So then a lot of these objectives and activities are really better applied to some function of the Treasury Board.

Mr. Manness: Well, maybe the control functions, certainly not the support. The support is still the main objective. Through training and consulting, they are still there, and that is the support that we talk about.

Mr. Alcock: I do not want to belabour this too long, although I am interested in this particular unit. Undertake special projects such as feasibility studies, cost benefit analysis, is that Treasury Board or is that this unit?

Mr. Manness: Mr. Deputy Chairman, I guess the greater lead in that role is now over in Treasury Board, but certainly we still will assist this branch. The vestige of what is remaining still will be there to assist.

Mr. Alcock: Central liaison with the supplier of Government information technology—Treasury Board or this group?

Mr. Manness: Mr. Deputy Chairman, that is still housed within this division.

Mr. Alcock: I wonder if the Minister could update us on the Wang project.

Mr. Manness: I knew that someone was going to ask that question. Mr. Deputy Chairman, I will seek the support from Mr. Rosenhek. I think most of the equipment has been certainly delivered; it is in place. The system is for the most part functional and we are expecting Wang now to honour its commitments under the contract and to begin to use this building and the system as the showcase. That was the basis on which we entered into the agreement and we expect them now to begin to deliver more of their responsibilities under the contract.

Mr. Alcock: This Government has a predilection for associating itself with companies that are in financial trouble. Can the Minister tell us what some of those showcase items might be from this system?

* (2035)

Mr. Manness: I am kind of at a disadvantage here. Although this activity is housed within the department, I do not pretend to be close to this project, but I will ask for help.

Mr. Deputy Chairman, the Member is well aware that this was a new generation of technology, imaging technology, that was to be introduced. The Member is smiling at me—

Mr. Alcock: It is a new generation of language, I am not certain that it is technological advancement.

Mr. Manness: The Member, who is much more schooled in information technology than I am, maybe likes to have fun with me at this point, and that is fine, he can.

The point that I am trying to make is that we believe this technology or language or whatever he wants to say, once we are through these difficult times will indeed have a profitable future. We believe we are on the bottom floor as far as being a partner in a sense in this demonstration. We believe that the well-being will ultimately flow to Winnipeg and to Manitoba as a result of people visiting this technology in its presentation in Manitoba and that many spinoffs will come as a result of it.

The Member made a shot about Wang, and we are all aware that they have experienced some difficulty, and yet we are assured from the very highest levels that this is part of their asset base that they will not sell off, that remains one of the integral parts of their future. We take some comfort from that, notwithstanding that they have had considerable losses over the last year.

Mr. Alcock: I do not mean to make the Minister uncomfortable, shall I say. The language I was referring to was the political descriptive language, not the operating language of the system, which I think he would be more comfortable with.

I would like to try to understand how we got into this project in the first place. Did the Government approach Wang, did Wang approach the Government, where did this idea get born? How did it come into being?

Mr. Manness: Well, Mr. Deputy Chairman, I ought to be honest, the Province of Manitoba received a proposal from Wang Canada Limited to establish a centre of excellence for imaging technology in Winnipeg using the Manitoba Legislative Building to introduce and showcase that new technology. I think that basically answers the question.

Mr. Alcock: Can the Minister give us some details on this centre of excellence?

Mr. Manness: The system is housed in this building. It uses the system, of course, in the Premier's Office,

all of the Executive Council, Ministers and Deputy Ministers offices, Speaker of the House, staff of the Legislative Assembly and all three caucus offices. It is basically self-contained within this building.

Mr. Alcock: And the centre of excellence?

Mr. Manness: I believe that the centre of excellence is the Wang building itself at 363 Broadway, and it is there that, I take it, the classroom will exist as far as those people coming from outside of our city to be introduced to this new technology. It is there that Wang will make their pitch to potential purchasers.

* (2040)

Mr. Alcock: Now then this group, the ISSB group which advocates the proper use of information technology across departments, et cetera, were they involved in the selection of Wang for this particular project? Did they approve of or support this particular project?

Mr. Manness: Mr. Deputy Chairman, they were asked to provide an assessment, and they were also asked to determine what system might be of greater adaptability to a situation such as exists here within this building. There is no way I would want anybody to believe that they were advocates of this system or indeed were they detractors from it. They were asked for an assessment and they provided such.

Mr. Alcock: Asked for their assessment by the Government after receiving the project from Wang, asked by Wang—I need a sense of where this thing arose.

Mr. Manness: Mr. Deputy Chairman, by the Government.

Mr. Alcock: Can the Minister just quickly detail the financial arrangements on this?

Mr. Manness: Manitoba, our Government will spend approximately \$4 million on Wang hardware and software in order to facilitate the integration of existing Government information processing equipment in the Legislative Building. Wang will spend \$15 million over five years to establish the centre and will establish a Canadian centre for training those using the new technology. We expect that at least 50 direct jobs will be created as a result of the centre of excellence being established in our province. Wang has also estimated the direct and indirect scope of the financial investments to be slightly over \$20 million or five years with a commitment to spend a minimum of \$14.9 million.

Mr. Alcock: I am sorry, is that 14.9, the 15 that the Minister first referenced, or over and above the 15?

Mr. Manness: Yes, I think so. I think it is the same number.

Mr. Alcock: The \$4 million that the Manitoba Government has spent, that is to purchase the units that are currently in operation or are being installed in the Legislative Building. Can the Minister tell us how many units?

Mr. Manness: Mr. Deputy Chairman, I am led to believe three computers and all the equipment in this building. Those three computers were housed at MDS, by the way.

Mr. Alcock: This has introduced something I perhaps was unaware of. Are we talking about three Wang mainframes?

Mr. Manness: Yes.

Mr. Alcock: Three mainframes housed at MDS and how many work stations?

Mr. Manness: Mr. Deputy Chairman, I am a little vague because I think most of this detail is probably in the briefing notes of the Ministry of Industry, Trade and Tourism, but I want to indicate that we think there are over 200 users, so there must be over a hundred stations.

Mr. Alcock: I would be interested in receiving more information on that if it is available. If the Minister could undertake to get it to me at some point after this. We need not belabour this now other than to ask the question, has the Government subsequent to this purchase purchased Wang equipment for other departments?

Mr. Manness: Mr. Deputy Chairman, I cannot answer that question at this—I will undertake to find an answer.

Mr. Maloway: Mr. Deputy Chairman, could the Minister—I am just following up on the Member for Osborne's questions on the Wang contract—would the Minister be in a position to provide us with a copy of the contract, the \$4 million contract that the Government has with Wang?

Mr. Manness: Mr. Deputy Chairman, I will take that question under advisement. I guess I do not see why not. I forget in all honesty who was the—there were two Ministers that signed the agreement with Wang. I was one of them and Minister Ernst was the other. I will endeavour to try and obtain a copy. I am not promising, but at this point I cannot see any reason why we cannot provide that.

Mr. Maloway: Mr. Deputy Chairman, for a clarification, would that be before the Estimates wind up or at what point do you anticipate being able to get us a copy of the contract?

Mr. Manness: Mr. Deputy Chairman, if it is not a proprietary item, in this case one to be held by Wang, it could be released, sure. The answer is, yes.

Mr. Maloway: A final question: At what point was this contract signed? Do you have a date? Could you give me the date that the contract was signed with Wang?

Mr. Manness: It seems to me, Mr. Deputy Chairman, it would be '88, early '89. We will try and dig out the date.

Mr. Deputy Chairman: That is item (1) 679,—

Mr. Alcock: The section—and perhaps I missed the Minister's reference to it, he says he had spoken about this prior to the adjournment before supper—but the section that moved to Treasury Board, which part of that office is this?

Mr. Manness: Which part of the office?

Mr. Alcock: Well, you are saying that a portion of the ISS—

Mr. Manness: Oh, yes, maybe you were not in attendance. Firstly, let me respond to the question previous. That was signed in March '89. The agreement is between the Government and Wang. Secondly, the policy section, I would tend to characterize it more as the Government control function moved to Treasury Board.

Mr. Alcock: So that the 18 staff years that are currently shown here, in the previous year that number would have been somewhat bigger; how much bigger? How many staff were transferred?

Mr. Manness: It would have been six larger—it was 24 the year before, six transferred to Treasury Board.

Mr. Alcock: The sale of Manitoba Data Services has introduced some new elements into the relationship between the Government and that organization and this branch. Now, can the Minister tell us what the nature of that working relationship is?

Mr. Manness: Mr. Deputy Chairman, the responsibility for monitoring that sale and ensuring that the interests of Government are safeguarded are contained within Treasury Board under the managerial ability of Mr. De Luca. I just want the

Member to know that. If he wants to pursue his questions now, that is fine, but it is certainly housed within the Treasury Board.

Mr. Deputy Chairman: (d)(1) Salaries \$679,300—pass; (d)(2) Other Expenditures \$143,100.00. Shall the item pass?

Mr. Alcock: \$143,000.00?

Mr. Deputy Chairman: \$143,100.00.

Mr. Alcock: Where am I looking at? I am looking at Information System Support Branch.

Mr. Deputy Chairman: Give him a blue book.

Mr. Alcock: Oh, that is right, you are going through the blues. That is right.

* (2050)

Mr. Deputy Chairman: Page 69. Section (d)(2) Other Expenditures—pass.

No. (3) Systems Operations \$653,400.00. Shall the item pass?

Mr. Alcock: Two comments. It would facilitate this discussion if these two books matched. -(interjection)- They do not. The question is on the Other Operating, \$368,700.00.

Mr. Deputy Chairman: Is that not yesterday's news?

Mr. Alcock: It says right here, Systems Operations \$653,400.00. Information Systems Support, over here, the number here now is—

Mr. Manness: Mr. Deputy Chairman, if the Member would add (d)(2) and (d)(3).

Mr. Alcock: There it is, in your Supplementary Book, it says \$368,700.00.

Mr. Manness: You are wanting to know what that is? Mr. Deputy Chairman, the Other Operating charge is \$368,000.00. For the most part, it is the facilities management agreement that we have in place with Manitoba Data Services for managing, I guess all of our computer installation and all our computer software. Again, this is in support of the Wang system.

Mr. Alcock: So this is part of the \$4 million that was contributed by the Government of Manitoba or is this over and above that?

Mr. Manness: Mr. Deputy Chairman, this is over and above.

Mr. Alcock: Is this strictly for the Wang system, or does any of this have to do with the MHO Unisys project?

Mr. Manness: Strictly Wang, Mr. Deputy Chairman.

Mr. Alcock: Manitoba Data Services houses three mainframe computers supplied by Wang that the Government of Manitoba owns, and this is the operating support to those three units.

Mr. Leonard Evans: All the MDS, you see the three mainframes are housed there. They were not sold to STM systems incorporated.

Mr. Manness: Mr. Deputy Chairman, as was always the case in the past, Manitoba Data Services purchased the computers in question. We have paid them over some pre-arranged agreement of a pay-back schedule. That is where we have a capital charge further back in the Estimates, and that is shown as a capital charge.

Mr. Leonard Evans: So this is in addition to a real great sale of the company to STM Systems Ltd. for whatever amount—I forgot the amount, \$18 million—whatever the amount was.

Mr. Manness: Big bucks.

Mr. Leonard Evans: Yes, a lot of money. How much was it so far? At any rate this is—

Mr. Manness: The keyboards have extra keys.

Mr. Leonard Evans: This is in addition. This is apart from that sale.

Mr. Manness: No, no. Mr. Deputy Chairman, you see the former Minister feels that MDS never had any debt. It had debt against this. I mean they went out and borrowed the money to buy this from Wang, so there was a debt. The net was between the debt they owed and the receivables that they had been receiving from the Government by way of this capital charge in the years to come as the net value and that is \$18 million.

Mr. Leonard Evans: What was the selling price? Was that the \$18 million?

Mr. Manness: We have received an \$18 million cheque, plus we had several million dollars worth of credits, and to be exact \$3,779,000 worth of computer time credits that was provided to us by STM.

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

(4) Less: Recoverable from Other Appropriations \$137,300.00—shall the item pass?

Mr. Alcock: Just wait a sec.

Mr. Manness: Mr. Deputy Chairman, these are the training charges that we apply against other departments for our training services.

Mr. Deputy Chairman: (d)(4) \$137,300—pass.

Resolution 55: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,660,700 for Finance, Comptroller's Division, for the financial year ending the 31st day of March, 1991—pass.

4. Taxation Division—shall we do a staff change? Oh boy, those hands are up quick.

I would like to ask the Honourable Minister if he would like to introduce his staff at this time for the Taxation Division.

Mr. Manness: Mr. Deputy Chairman, just let me calm down for a second and collect my thoughts.

I would like to introduce another one of the Assistant Deputy Ministers of Finance, Stan Puchniak, and also tonight, capably supported by Ralph Moshenko who is the Executive Director of the Retail Sales Tax Branch.

Mr. Deputy Chairman: Thank you, Mr. Minister. We are now moving on to 4. Taxation Division, \$9,198,900.00. We are going to (a) Administration: (1) Salaries, \$286,100.00.

* (2100)

Mr. Leonard Evans: I would like to ask the question regarding the GST. Can the Minister advise us what arrangements or what liaison the province has with the federal Government in that area?

Mr. Manness: Mr. Deputy Chairman, it might be better that the Member direct these questions not in this division, but in the Federal-Provincial Relations Division. I say that only because Mr. Gannon and Mr. Boschmann probably are more involved in any discussions. Certainly, Mr. Puchniak and his staff are dialoguing as they always do in areas of common taxation concern, not with respect to policy so much, but with respect to details associated with existing tax law. So if the Members have questions dealing with existing tax law and how it is our officials of this division relate with the federal Government, certainly this is the right time.

With respect to a tax that is not yet law and where there are policy discussions not taking place in any great fashion, probably the next division is the one, but that should be considered.

Mr. Leonard Evans: That is fair enough. We can discuss that item then under Federal-Provincial Relations. My colleague from Elmwood (Mr. Maloway), I know, has a number of detail questions under taxation. I have one or two later, but I will defer to my colleague from Elmwood.

Mr. Deputy Chairman: I will recognize the Honourable Member for Osborne. He had his hand up. -(interjection)-

Mr. Alcock: I had my hand up. -(interjection)- I went to school. I know how to do this. I just noticed on this Taxation Division reorganization the establishment of three new divisions, one of them being Management and Research. Can you speak a little bit about the research component of that.

Mr. Manness: Mr. Deputy Chairman, as I indicated in my opening remarks, much of the reform within the whole department is occurring within this division. We have not officially yet put it into place, so some of the commentary that the Member may be reading, I take it, in the Supplementary Report is not at this time in place. We were hoping, when we prepared this, that indeed a lot of this would be in place, but it is going slower than we had thought and indeed had hoped.

Mr. Alcock: Who prepared this book; it was prepared by the Department?

Mr. Manness: I prepared it.

Mr. Alcock: I mean, that is the second time now that what it says here in terms of what you do is not what you do.

Mr. Manness: Mr. Deputy Chairman, it is—

Mr. Alcock: When you put information before us it should be least be accurate.

Mr. Manness: Mr. Deputy Chairman, it is still our attempt, or wish, to try and have some portion of this done in this fiscal year. I am reporting for the '90-91 fiscal year, and what cannot be effected this year will be completed next.

Mr. Alcock: Then the question is: What are you doing? What does management and research mean?

Mr. Manness: Mr. Deputy Chairman, what we are endeavouring to do here is basically three areas of activity. First of all, we are trying to improve the accounting function within the whole tax assessment area. Secondly, we are trying to improve the information that is available to the public through our tax information officer. Thirdly, we are trying to always internally review the procedures that we have in place, so that we can remove redundancy and strive for maximum efficiency in the collection of taxes. Those are the three ongoing areas that we are committing to this area under a

new listing, Director of Taxation Management and Research.

Mr. Alcock: So the administration and information functions are all under management and research.

Mr. Manness: Mr. Deputy Chairman, that is not right. The administration functions are under the Administration Branch. What we are talking here about are two things: management of our own taxation activities, and secondly, we are talking about research to look at ways and means of which we can do a more efficient job of collecting the taxes that Mr. Alcock desperately likes to have in support of all of the good social activities that he reminds us that we underfund in the House on a regular basis.

Mr. Alcock: Well, I would be just as happy blindly supporting the Minister on anything he wishes to do, but I do have a couple of questions here. Do you conduct research right now within this division?

Mr. Manness: Mr. Deputy Chairman, in a very, very limited basis. We found that we were not—we inherited a system that continued to build on its own. This is not a criticism, but I sensed it was very much becoming inbred, and I sensed it needed a greater opportunity to be scrutinized from a research analytical point of view.

Mr. Alcock: But this is the tax collection branch, and these are the fellows with their hands in my pocket. Do you do reviews of the effects of certain taxes, or is that done in another division?

Mr. Manness: That is done in the policy area of taxation and that is not this area. When we say research, on my understanding, we are talking about the implementation of how it is we collect taxes, the process of collecting taxes and how it is that we can do a better job.

Mr. Alcock: I would like to ask a little bit about tax avoidance and uncollected, outstanding accounts. Would that be appropriate?

Mr. Manness: Yes.

Mr. Alcock: Then I would like to start off by asking on the across the various categories, how much uncollected tax is outstanding?

Mr. Manness: Mr. Deputy Chairman, covering three areas within the mining and use area, we sense there is nothing. We know there are no arrears. Secondly, within the payroll tax area, we believe that there is roughly \$1 million in arrears, and that is on the basis of the information we know, and/or assessments that have been made. Within the sales

tax area, the number that we have for the end of October, a few days ago, was \$7.4 million roughly.

Mr. Alcock: Corporate and personal?

Mr. Manness: Mr. Deputy Chairman, the federal Government collects those on behalf of ourselves and they would know those figures, we do not.

Mr. Alcock: But if they are collecting them on your behalf, do they not submit arrears reports to you?

Mr. Manness: Mr. Deputy Chairman, it is tax owing, period. It is not split as between federal or provincial share. It is owed to the federal Government, so it will be federal Government.

Mr. Alcock: But surely you have an interest in how much is not being collected. You must have some estimate on what . . .

Mr. Manness: Mr. Deputy Chairman, I am led to believe that officials from another division may have a better understanding of how that system works, and whether or not there is a number we can report.

Mr. Alcock: I am beginning to feel sorry for Pat Gannon.

* (2110)

Mr. Maloway: Mr. Deputy Chairman, I wanted to follow up on the arrears question, because I asked the Minister about that a few days ago, and I would like to get a comparison from last year to this year. Now, he has given us the figure on retail sales tax, the payroll tax, and I believe the mining tax, but what about the gasoline taxes and the whole list you have. I mean, I can read them out to you if you wish, but do you have the list there?

Mr. Manness: Mr. Deputy Chairman, we believe, to the best of our knowledge there are no gasoline tax arrears. These are paid basically at the wholesale level by the major suppliers, so they are paid up front before they hit the retail system.

Mr. Maloway: Mr. Deputy Chairman, so would the Minister be in a position to give us the comparative figures for the year before for the retail sales tax arrears.

Mr. Manness: October 31, 1981, \$7.3 million.

Mr. Maloway: \$7.3 million, that is not 1981—1989.

Mr. Manness: Exactly the same number.

Mr. Maloway: \$7.3 million.

Mr. Manness: In both years, this year and last year.

Mr. Maloway: Also to the same Minister, was there any change in the payroll tax arrears over the last year?

Mr. Manness: Mr. Deputy Chairman, I regret we do not have those numbers in detail, but from memory, they were more or less the same, the million dollars.

Mr. Maloway: To the Minister, the Corporation Capital Tax arrears, do we have totals for and the comparisons between this year and last year?

Mr. Manness: Mr. Deputy Chairman, we do not have those figures. We can try and attain them for tomorrow.

Mr. Maloway: I have a final question. Would the Minister undertake then to give us figures when there is an increase in arrears? In other words, what he has done is given us figures in two or three categories where the arrears are about the same. I think what the Member for Osborne (Mr. Alcock) and myself are interested in is any category where the arrears have risen substantially in any area of taxation of the provincial Government.

Mr. Manness: Mr. Deputy Chairman, we will survey the whole tax field, and we will look at our arrears numbers. In those cases where the arrears are higher this year as compared to a year ago, we will report.

Mr. Alcock: I have a couple more general questions, and this may or may not be the division. There was some work done in the State of Massachusetts, actually, some years ago enforcing tax collection statutes and regulations, which produced a considerable increase in the revenues to that particular state. Has that been looked at by this Research Department at all?

Mr. Manness: Mr. Deputy Chairman, this Research Department is not operational at this point. It is in the process of development. I think that one of the items it will be looking at is ways of reducing the backlog of assessments and ensuring that those people who have a responsibility to pay their taxes do more so on time. So that will be one of the responsibilities of the Research Department, to find ways and study examples in other jurisdictions whereby those that are owing pay more quickly.

Mr. Alcock: Perhaps I have to ask the question a little differently then. Perhaps, if not this Research division that is being created, has this division looked at that question in the past?

Mr. Manness: Mr. Deputy Chairman, in discussing the matter with Mr. Puchniak, what is obvious to us is, we have attended conferences in North America with respect to the systems that we have in place in the methodology of collecting tax. Probably, Canadian jurisdictions are far ahead in most areas. Where we probably are a little bit behind is in the area of fraud. We are probably not as prepared to deal with fraudulent behaviour by taxpayers as may be the case in some American taxing jurisdictions. I can tell you, to that end, we have dispatched one of our people to attend a conference on fraud in the States, I believe, this month or next month.

Mr. Alcock: I would be interested in—and we have had discussions in the House in the past on the expenditure side, as these quarterly reports come out, about whether or not we are on or off a particular target, but leaving that argument on the expenditure side alone for a moment, on the revenue tax collection side, there seem to be some flows or some periods to the income. I notice in the budget that was tabled there is an indication that, for example, corporate income tax will be up. There will be a significant increase this year, or an increase—how significant is our question—yet in the statement of revenue for the first three months it indicates a significant decrease in the levels for the first three months of '89-90 to the first three months in '90-91.

So the question is: Can you explain the difference between those two periods? Can you account for the \$8.2 million difference?

Mr. Manness: Mr. Deputy Chairman, the questions are fine in most areas, but not in the income tax area. That is more appropriately put in the next division, because those individuals, of course, are in a daily dialogue or a weekly dialogue with—well, monthly dialogue at least with individuals in Ottawa who are forecasting those numbers for us.

Mr. Alcock: Just for the sake of this discussion and so I might understand, the corporate income tax, individual income tax and—what?—Revenue Act '64 would all be relative to, or would they be under the other division?

Mr. Manness: Well, Mr. Deputy Chairman, the other divisions are all the transfers areas including and also income tax, personal and income tax, corporate. This division is in charge of The Revenue Act, 1964 plus Corporation Capital and all the other areas.

Mr. Maloway: Perhaps the Minister could provide us with a list of the arrears under the Retail Sales Tax area, the \$7.4 million this year and the \$7.3 million last year.

Mr. Manness: Mr. Deputy Chairman, I cannot believe my ears if I sense that the Member is asking for us to detail for him and the public which of our corporate citizens are in arrears in their corporate tax and he would like to have access to that. If that is his request, I can tell him certainly that will be denied. That is privileged information.

Mr. Maloway: Mr. Deputy Chairman, I am asking for the categories. The Minister mentioned a few days ago that the hotel industry—

Mr. Deputy Chairman: Order, please. Come on, you guys.

Mr. Maloway:—that the hotel industry was one industry that was contributing greatly to the arrears in the sales tax field. So what I want is a breakdown of this \$7.4 million, okay, into the industries. I would also like to know whether these are the same—he told me that the arrears this year were \$7.4 million, the arrears last year were \$7.3 million. It does not look like there has been much of a change one way or the other, so I would be very interested in knowing whether these are the same companies and the same industries, or whether he has a new set to chase this year.

Mr. Manness: Mr. Deputy Chairman, we will endeavour to try and provide some broad groupings by industry for two years to address that question.

Mr. Maloway: Could the Minister detail the efforts that are being made to collect these arrears, because they do not seem to be changing?

Mr. Manness: Mr. Deputy Chairman, I guess we have done two or three things. First of all, we have communicated much more quickly with those that are in arrears, and maybe there was some misunderstanding or some information being sought, so we have attempted to reduce the time that we communicate and respond to the taxpayer.

We have also, in some cases, suggested that they make their payments more timely in keeping with some format at time, make them aware of their responsibilities, and that certainly has helped in the first instance. So we have just tried at this point to communicate better. We have had more contact with these individuals with our compliance officer, and I guess in the general cases we are revising the collection policies and procedures, and redirecting

resources to develop and maintain an effective collection system.

* (2120)

We sense that sales tax arrears have increased only by 8.6 percent from September '89 to September '90 compared to 40 percent between '88 and '89. So we feel that we are stemming the tide, that we are doing what we think we can do with our limited human resources to try and prevent this number from growing, and indeed, not only trying to hold it at a static level, but striving to reduce it.

Mr. Maloway: I have two more questions to the Minister. The Minister mentioned earlier that the department was contracting out the collection of some of the tougher accounts. Could he give us some information as to who is doing that and how they are going about doing what his department cannot do? Why would he have to contract this out?

Mr. Manness: Mr. Deputy Chairman, I have left a very bad error on the record earlier on. I thought it was in the area of collection. What it is, we have entered into an agreement with a consulting group called Fed-Pro whereby they have looked at the federal sales tax, by all purchases of the Government of Manitoba and its agencies, where we have overpaid federal sales tax. They have gone on a hunting mission to find out where they can find that overpayment, and indeed, when they are successful in doing so, we give them a good portion of their find.

That is the agreement I was talking about, so it is not near as spicy as the Member might have thought.

Mr. Maloway: Could the Minister tell us just how much money is involved here that these people have found?

Mr. Manness: It seems to me, and from memory, that they have reported after a half-year or a year, and they found half-a-million dollars.

Mr. Maloway: Just to backtrack a bit here, the Minister, when I ask him for his list, actually the breakdown that I was interested in, the sales tax arrears, he thought I was asking for a personalized list. Upon reflection, I recall last year that the City Council did produce a list of people who were in arrears. Some well-known names, in fact, were in arrears with their city taxes.

I wonder why it would be appropriate for the city to provide such a list and not appropriate for the

provincial Government to do the same in the retail sales tax area.

Mr. Manness: Well, Mr. Deputy Chairman, I do not know what legislation guides the city, but certainly the legislation that guides the province prohibits the making public of that information.

Mr. Alcock: Let me ask one question. Are you saying that The Retail Sales Tax Act specifically prohibits the release of identifying information on those people who are in arrears?

Mr. Manness: Mr. Deputy Chairman, I do not know what Acts it is in, but information that we receive from taxpayers is privileged information to those taxpayers. It is between themselves and ourselves.

Mr. Alcock: Now, if that is a blanket statement, I mean, if that is true on all areas of taxation, I would like the Minister to undertake to provide me with the references in the Act that does that. If it is specific to personal income tax information, I am aware that does exist. I believe, in small corporate, non-public corporations, that is also the case, but now we are talking about retail sales tax.

Mr. Manness: Mr. Deputy Chairman, we will endeavour to find that shortly. Maybe the Member would like to move on to a new question.

Mr. Leonard Evans: Since we seem to be all over the place here—I think we are still technically under Administration.

Mr. Deputy Chairman: Salaries, (1).

Mr. Leonard Evans: Salaries—we have been asking questions about retail sales and so on, so I would like to ask a question whether there are any updated forecasts of retail sales tax revenue. I realize the Minister has just issued his budget report, but I am not sure when all these numbers were calculated. We have been in the year for six months, and I appreciate that the retail sales tax revenues are shown to be really flat. In fact, if you take inflation into account there is actually—in constant dollars, there is a reduction shown here in retail sales tax between '89-90 and '90-91.

* (2130)

At any rate, is the Minister still satisfied with these projections? Are you working on other projections, or does this department even do that?

Mr. Manness: Let us clear up one matter first of all. I said I would respond. Section 12 (4) Retail Sales Tax reads and I quote, "Subject to subsection (5) except for the purposes of administering and

enforcing this Act or any other Act of the Legislature imposing a tax, fee or levy, no person employed under the Minister shall communicate to any person not legally entitled thereto any return, record, or information submitted by a vendor under this Act or any information obtained therefrom for the purposes of this Act, or allow any such person to inspect or have access to any such return, record, or information." Again, Mr. Deputy Chairman, that is privileged information.

With respect to the question from Mr. Evans, if he is focusing in on retail sales tax revenue I said this in the budget that retail trade we sensed was forecasted to increase at a rate of 4.5 percent. I draw that from one of the tables in the budget. I believe it is—I do not know if it is in the appendix or if it is in the body of the report. I saw it the other day.

Yes, here we go right here, on page 18, 19 of the budget, retail trade as the source being Statistics Canada, the Manitoba Bureau of Statistics, as we have measured trade, if one looks under sectors—

An Honourable Member: What page is that, Clay?

Mr. Manness: Page 18, under sectors, you will see the last item is retail trade. That is the forecast of the 4.5 percent, which is included within the body.

Now when we talk about retail sales tax revenue that is a different issue, and that is the distinction I was trying to draw in the House the other day.

Mr. Leonard Evans: What I was asking was, what was the projection of the revenue. Is the Minister telling me he is satisfied with this particular projection, given the information we are getting? Is he satisfied that this is a reasonable projection?

Mr. Manness: Mr. Deputy Chairman, I am satisfied that retail sales tax revenue is going to grow nominally, possibly not at the rate of inflation. I wish it were going to grow at that rate. Nevertheless I have freely admitted that we are in recession. I said so in the budget, and naturally the reflection of that will be manifest in the numbers that come forward.

Mr. Leonard Evans: The Minister was referring us to page 18, retail trade increase. That is for 1989. We were talking about 1990-91 Estimates.

Mr. Manness: I am prepared to enter into this dialogue in greater fashion when the people that helped me develop the budget come forward, and that will be the next division. If the Member has questions that are dealing with revenue this is the time.

Mr. Leonard Evans: This was my question. My question was: The revenue from The Retail Sales Tax Act, whether that was a reasonable estimate given the most recent information that we are getting, namely that retail sales are weakening the last month and also average earnings are very sluggish, the increase in average earnings are very weak according to the recent information that has been put out by Statistics Canada. I am talking about retail sales tax revenue not retail sales.

Mr. Manness: Mr. Deputy Chairman, I will confide in the Member. Up till the end of September we were bang on our projections, right on, October, we have fallen a little bit I will acknowledge that, but I mean right now given that I am reporting on a six-month—the Member now has some advance knowledge of what might be involved, included, in the second quarterly report. In the sales tax revenue area as of half-way through the fiscal year we are right on.

Mr. Leonard Evans: I had a comment about the mining taxes. I guess we are sort of all over the place so we might as well do it now.

I was under the impression that the mining industry was very prosperous a couple of years ago and has fallen on very sad times recently. Certainly that is reflected in your estimate of mining tax for the '90-91 year. It has dropped dramatically from \$115 million plus for '89-90 to \$43,500,000 for '90-91. It is a very substantial decrease. Of course earlier on it was—I do not have the figures for the previous year, but it seems to me that we had even greater tax revenue, and I felt that the Government had missed an opportunity to collect even more revenue from the mining industry. Inco in particular was flush with money. I think it had more money than it knew what to do with. It seems to me that this Government missed the opportunity—and I do not have the details with me—but my impression is that we eased up on mining taxes when we should not have.

Given the fact that there is this increasing demand on Government for more and more spending, which the Minister keeps on telling us about, we have to take every opportunity to raise revenue. So I just want to take this opportunity to express my disappointment that we did not obtain greater tax revenue from the mining industry a couple of years ago.

Mr. Manness: Mr. Deputy Chairman, I really do not understand where the Member is coming from. In

the defeated budget that he was quoting from so liberally earlier on today he indicated that they presented a lot more figures. I want to remind him that in that budget an increase in mining tax from 18 to 20 percent was also defeated.

When we brought down the first budget of the new Government we enacted that same tax policy. We took it at 20 percent. Let me also indicate that subsequently we also put on a 1.5 percent special mining tax. We have the highest mining tax in existence in Canada, to the best of my knowledge, or close to it.

Let me also say that at one time we were expecting, given what we knew about the price of nickel, that Inco would be paying—I should not say Inco—that the mining industry would be paying to the Government a figure around \$180 million.

Because corporations have the ability to change some of their activities to save themselves from having to pay high taxes, which every citizen and every corporate citizen has the right to do, Inco was able to restructure some of its mining techniques. It reached down for a lower grade of ore, which had a much higher cost of recovery attached to it, and they were able therefore to reduce their profitability and therefore reduce the rate at which they paid tax to the Province of Manitoba, much to my chagrin. That is the freedom they have as a corporation.

Mr. Maloway: Mr. Deputy Chairman, to the Minister, I do not recall whether the Minister gave us any figures for the arrears in the mining tax area. I have that blank.

Mr. Manness: None.

Mr. Maloway: There were none, in either year?

Mr. Manness: In either year.

Mr. Deputy Chairman: Item 4.(a) Administration: (1) Salaries \$286,100—pass; (2) Other Expenditures \$12,500—pass.

(b) Retail Sales Tax Branch: (1) Salaries \$3,423,600—pass; (2) Other Expenditures \$641,300—

Mr. Alcock: Just in the detail in this Supplementary Information book, computer related costs, what are they?

Mr. Manness: Mr. Deputy Chairman, was the Member asking of the computer related costs of sixty-six seven?

Mr. Alcock: Yes.

Mr. Manness: That was basically the fee for service that we pay Manitoba Data Services in support of operating and maintaining our system.

Mr. Alcock: Okay, so now under ISSB we had \$368,700 paid to MDS for support of the Wang and now we have got sixty-six seven to MDS for some other system?

* (2140)

Mr. Manness: Well, Mr. Deputy Chairman, this is the system that brings in over \$600 million of cash by way of revenue. What we are talking about in the other division was in support of all of the cheque paying activities of Government. This is a revenue receiving system; the other system was basically an expenditure cheque paying system. They are on two different sides of the ledger.

Mr. Alcock: Well, I am not making any comments on what it is for. I am just asking—I am not asking what is it for. Is the payment to MDS for computer services?

Mr. Manness: Correct.

Mr. Deputy Chairman: (2) Other Expenditures.

Mr. Leonard Evans: Obviously we are not going to finish by 10, so I want to get into some more details here. Under the Mining and Use Taxes Branch, which is the one we are on, I would like to ask—

Mr. Deputy Chairman: No, we are on the Retail Sales Tax right now, Other Expenditures.

Mr. Leonard Evans: Okay, well, I will wait till we get to—

Mr. Deputy Chairman: Okay. (2) Other Expenditures \$641,300—passed.

(c) Mining and Use Taxes Branch: (1) Salaries \$2,099,500—shall the item pass?

Mr. Leonard Evans: I understand under the activity of this branch that it inspects and audits the records of tax collectors and taxpayers, conducts investigations into the smuggling of tobacco products and fuels, and prosecutes for offences under the Act. Could the Minister tell the committee, could the Minister give a report to the committee on the degree of smuggling of tobacco products that is now occurring?

Mr. Manness: Mr. Deputy Chairman, we have not had cause to see charges laid in any area of tobacco smuggling, but let me indicate that there is close liaison between our taxation branch and others across Canada, in other provinces, indeed, in other

jurisdictions in the United States, in an attempt to monitor and share information. Also, the RCMP I am led to believe, in the Province of Manitoba, is now dedicating a full time person to also be involved in monitoring procedures so that this does not become a problem.

Mr. Leonard Evans: I thank the Minister for his answer, but could he not indicate to what degree smuggling of tobacco products is a problem? Could he give us some degree of the magnitude? How many millions of dollars, for instance, are we talking about?

Mr. Manness: We sense that we do not have a problem. We also are cognizant of the press reports which talk about millions of dollars of smuggled tobacco existing in Ontario and Quebec. That is why I suppose we have done what we can to bring in these procedures and to increase our monitoring to ensure that type of problem does not manifest itself within our jurisdiction.

It does not mean that some is not occurring. Right today we do not believe it is a massive problem in the Manitoba context. Yet I can assure Members that we are trying to ensure that it never does become a problem also.

Mr. Leonard Evans: The description of activity identification says: and prosecutes for offences under the Act. Is the Minister telling us there has been no prosecution going on under the Act with regard to this problem?

Mr. Manness: There are many prosecutions under the Act, not for smuggling. I can think of 85 successful prosecutions that occurred through the courts in the last fiscal year, I take it. There are many prosecutions under this area.

In the tobacco area alone there were—most of the 85 were in the tobacco area. Some 68 of those were in the tobacco area under various sections that were contravened.

Mr. Leonard Evans: The problem does exist, although the Minister believes it is not of a very large magnitude. I do not want to put words in his mouth, but that is the answer I think I got from the Minister.

What about fuel, smuggling of fuels? What kind of fuels are we talking about, and who is involved in this?

Mr. Manness: Mr. Deputy Chairman, we sense that there probably is some smuggling of fuel occurring either from Saskatchewan or more likely from

northern states, North Dakota. We are working closely with customs officials and officials in North Dakota and the authorities to try and assure that again this type of activity is kept to a minimum.

Mr. Leonard Evans: I wonder if the Minister can elaborate a bit. What kind of fuels are we talking about, strictly automotive, gasoline are we talking about, or are there other types of fuels? Exactly how do we go about conducting these investigations?

The other question is: Have there been any prosecutions for offences under the Act for these fuels?

Mr. Manness: Where we can identify that a contractor for instance, bringing fuel in from Saskatchewan, or a large quantity tanker load coming across the border from the states has indeed entered without paying tax, rather than prosecute we approach them with the evidence that we have and ask them to remit. In almost all cases, when faced with a choice of being prosecuted or remitting, they do remit.

* (2150)

Mr. Leonard Evans: How many staff do we have involved in inspecting, auditing and conducting investigations? How many staff do we have, and what kind of training do they have, what category? Are they trained as almost like police investigators, or are they strictly auditors or accountant types, or just what?

Mr. Manness: Mr. Deputy Chairman, it depends on the seriousness of the alleged fraud or crime, or whatever you want to call it. If it is deemed to be serious, we have within our staff ex-RCMP officers or ex-City of Winnipeg police detectives who are very much trained in ensuring that any evidence gained or seized is done so in a rightful manner. In lesser cases, in the sense of not so serious, many of our staff are schooled and are obviously trained in the principles necessary to collect tax from a business point of view.

Mr. Leonard Evans: How many staff do you have involved in this? I do not think you answered that question.

Mr. Manness: Mr. Deputy Chairman, the answer is 10.

Mr. Leonard Evans: Mr. Deputy Chairman, I am surprised that the number is as high as it is, but I am sure they are busy.

Mr. Manness: Mr. Deputy Chairman, that is for all taxation statutes. Remember, we are talking about \$1.4 billion here.

Mr. Leonard Evans: Mr. Deputy Chairman, my questions were related to tobacco products and fuels, the prosecution, the investigation and subsequent work that had to be done. That was my question—not all forms of taxation.

Mr. Manness: Mr. Deputy Chairman, I would ask the Member to repeat the question, please.

Mr. Leonard Evans: How many staff are involved in inspecting, auditing and investigating with respect to the smuggling of tobacco products and fuels?

Mr. Manness: Mr. Deputy Chairman, we do not segregate staff that way. If they are in the compliance area, then they are expected to do all the duties.

Mr. Maloway: Mr. Deputy Chairperson, today the Minister undertook to get the information on the effect of the tax holiday for new businesses that was established last year and continued under this budget. Could he perhaps give us the information that was requested?

Mr. Manness: Mr. Deputy Chairman, sure. I will defer the question to my colleagues in the next division who will be more than prepared, I am sure, to try and give greater insight into that small business tax holiday that has been so much heralded by the businesses in this province. -(interjection)- I do not need to; I am very proud of that.

Mr. Leonard Evans: Mr. Deputy Chairman, just carrying on with the activities of this branch, references made to -(interjection)-

Mr. Deputy Chairman: Order, please. If you want to carry on some conversations, do it out in the hall. The Member for Brandon East (Mr. Leonard Evans) now has the floor.

Mr. Leonard Evans: Thank you, Mr. Deputy Chairman. References made to the staff co-operating with the Department of Agriculture to reduce the price of farm fuel by obtaining tax exemptions or reductions from U.S. states and by the dyeing of farm fuel at the U.S. border, I am just wondering if the Minister could elaborate on how this is done, how you would go about this particular process of getting the price of farm fuel reduced by obtaining tax exemptions or reductions from U.S. states.

Mr. Manness: Mr. Deputy Chairman, I am going to ask Mr. Puchniak to reply directly.

Mr. S. J. Puchniak (Assistant Deputy Minister, Taxation Division): What happened is that we requested to obtain the same benefits for farmers in Manitoba as accrued to farmers in North Dakota and Minnesota. North Dakota declared in their law, in order to accommodate Manitoba farmers, that a Manitoba farmer was deemed to be a North Dakota farmer so that they could obtain tax-free fuel in North Dakota.

In the State of Minnesota, Mr. Goyette went there and arranged with them to provide like accommodation to Manitoba farmers. Then, when they brought the fuel up to the Manitoba-U.S. border, arrangements were made to colour that fuel so that it would be tax exempt in Manitoba.

Mr. Leonard Evans: Well, it sounds very ingenious. I congratulate the staff; they have apparently been successful. I guess my question then is: How long has this practice been going on, or this method of assisting to reduce the price of farm fuel been going on?

Mr. Manness: Mr. Deputy Chairman, four years.

Mr. Deputy Chairman: We are down to (c) Mining and Use Taxes Branch: (1) Salaries—pass. (2) Other Expenditures.

Mr. Alcock: Just a question on the operating, \$62,000.00. Is that a computer related expense?

Mr. Manness: Mr. Deputy Chairman, I am led to believe the computer expenses charges are \$2,900.00.

Mr. Deputy Chairman: (2) Other Expenditures—pass.

(d) Corporation Capital Tax/Health and Post-Secondary Education Tax Levy Branch: (1) Salaries. Shall the item pass?

Mr. Leonard Evans: Mr. Deputy Chairman, this is the so-called payroll tax that we often debate about; at least the monies are collected in this particular branch. I was wondering whether the Minister could tell us now, when will this tax be totally abolished? The Government has talked about the commitment they have made to the people of Manitoba and the business community of abolishing the tax.

We have had some minor adjustments, but the tax is still there. It is still bringing in a lot of money -(interjection)- \$180 million, I am reminded. Even though there has been a raising of exemption levels

so that a great deal, if not most, of the business sector has been eliminated, nevertheless, there are corporations and federal Government agencies paying this which may be very necessary revenue. I am not suggesting that this is not very necessary revenue, but nevertheless this Minister and this Government is committed and has made a lot of noise about this over the years of getting rid of this particular tax, yet it is still here, alive and kicking. How long is it going to stay?

Mr. Manness: Well, Mr. Deputy Chairman, we have made remarkable progress in this area. When we took over there were roughly 40,000 accounts, and today as I sit here there are 2,068 accounts still paying this tax. We have made remarkable progress in wiping off thousands, tens of thousands of firms that otherwise would have been paying this insidious tax that destroys jobs and the will to invest capital. We would like to go further. Unfortunately, at this time, we cannot.

* (2200)

Mr. Deputy Chairman: The time is now 10 p.m. What is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Deputy Chairman: Do I have a motion?

Mr. Leonard Evans: I move that the committee rise, seconded by the Member for Elmwood.

Mr. Deputy Chairman: Moved that the Committee of Supply—Finance now rise, moved by the Member for Brandon East (Mr. Leonard Evans) and seconded by the Member for Elmwood (Mr. Maloway). All in favour? Say aye or nay.

Some Honourable Members: Aye.

Mr. Deputy Chairman: All those opposed?

* (2210)

Some Honourable Members: Nay.

Mr. Deputy Chairman: I say the nays have it. -(interjection)- There has been a request for a formal vote for the motion that the Committee of Finance shall rise. We shall just see if the section of Supply meeting in the Chamber has risen for the evening. If it has not, we will proceed to the Chamber for the formal vote. If the Chamber has risen, we shall have the vote in this room. The Chamber has risen? In that case we will have the vote in here. Let the bells ring. We have to have the bells at least one second until the Whips tell me to shut them off. Let the bells ring. Let us wait them out. We will go till two in the morning now.

Mr. Deputy Chairman: Order, please. There has been a request for a formal counted vote on the motion that the Committee of Supply and Finance now rise, moved by the Member for Brandon East (Mr. Leonard Evans) and seconded by the Member for Elmwood (Mr. Maloway).

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

Yeas 15, Nays 26.

Mr. Deputy Chairman: The motion is defeated. The committee will continue until a motion is brought forward.

We are now in Section (d) Corporation Capital Tax.

* * *

Mr. Steve Ashton (Opposition House Leader): Mr. Deputy Chairperson, I think what has happened tonight indicates some of the difficulties—and I must indicate my disappointment on the first day of Estimates of the Government insisting on sitting past ten o'clock without agreement from the Opposition Parties and running into the type of gray area in the rules that we have run into.

* (2220)

It is very, very unusual to have the bells rung on a vote, as took place in this particular case, when the other section of the committee in the House was not sitting. I am not saying there is no precedent, there may indeed be precedent, but it certainly has not been the regular practice of this House the last number of years or the nine years that I have been in this House.

I do want to express my disappointment that we are dealing with Estimates on this the first day—

Mr. Deputy Chairman: Order, please; order please. Was this on a point of order?

Mr. Ashton: No, you recognized me in terms of discussion of Estimates so I am not raising—

Mr. Deputy Chairman: No reflecting on a vote that the House has already taken.

Mr. Ashton: Mr. Deputy Chairperson, I could reflect on—if there was a breach in the point of order I could not raise that point of order during a division so it would be the first opportunity, but as you may recall I did not raise this as a point of order. I am raising it out of concern.

I know in terms of our caucus that we end up in this situation where here it is 10:30, and I am impressed by the turnout—

Mr. Deputy Chairman: Order, please; order, please. I would like to bring to your attention that we are now dealing with Section (d) Corporation Capital Tax/Health and Post-Secondary Education Tax Levy Branch: (1) Salaries, \$1,610,900.00.

Mr. Ashton:—my point, Mr. Deputy Chairperson, is indeed that this section would have been better dealt with—

Mr. Deputy Chairman: I do not believe I have recognized you.

Mr. Ashton:—at another time as was suggested by the Opposition Members, rather than have us sit here—

Mr. Deputy Chairman: Order, please; order, please. You have not been recognized at this time.

The motion that we voted on is non-debatable, and I would appreciate it if the Member kept it in tune with what we are dealing with.

Mr. Ashton: Mr. Deputy Chairperson, I am not debating the vote. I said I was not speaking on a point of order. I was expressing the frustration of the Opposition that the Government, on the first day of Estimates—and this is the Government that said it was going to continue the procedures, and I am relating it—

Mr. Deputy Chairman: Order, please; order, please.

* (2230)

Mr. Ashton:—to this specific item in the Finance Estimates. This would be better considered by the Opposition and by Government Members if we had at ten o'clock, as agreed to by the Opposition, finished our sitting and come back to deal with this tomorrow.

I would suggest—and I say this openly to all Members of this House—the best way to deal with issues such as this is through co-operation rather than this type of tactic that we see on the Government tonight.

Mr. Deputy Chairman: Order, please; order, please. The Member is not being relevant to what is before us at this time, so I will rule you out of order.

Point of Order

Mr. Jerry Storie (Filn Flon): On a point of order, Mr. Deputy Chairperson, I recognize that you are in an awkward position. However the fact of the matter is that this Legislature operates in a large measure by consensus. We have all agreed—and the Minister of Finance has made the point a number of times—that we have to get back on a regular schedule.

The Government's intention was to introduce a light legislative Session to introduce a budget and to review the Estimates in a timely fashion.

I remind the Minister of Finance and the Government House Leader (Mr. Manness) that can be done only with co-operation, and that means co-operation from all sides. I remind the Minister of Finance and the House Leader -(interjection)- the First Minister (Mr. Filmon) expresses it very well. We can do it the easy way or the hard way.

I remind the First Minister and the Government House Leader (Mr. Manness) that one of the Estimates budgets was reviewed tonight. Executive Council was completed, because we were willing to co-operate.

If the Government wants to continue to control the agenda with an iron fist rather than through consultation, the 240 hours can drag out to be an awful long time.

So if the Government wants to misuse and abuse its slim majority it can try at its own peril, because there are many, many games, as the Minister of Finance knows, that can be played. -(interjection)- The First Minister wants to say it has nothing to do with the issue. I take exception to that. It has everything to do with the issue.

We started off in a co-operative vein. Your Estimates were finished this evening. The Minister of Finance's Estimates could have been finished—

Mr. Deputy Chairman: Order, please; order, please.

Mr. Storie: —and it is only your obstinance, your obstinance and that of the Minister of Finance, that have prevented it.

Mr. Manness: Mr. Deputy Chairman, on the same point of order.

Mr. Deputy Chairman: The Honourable Member did not have a point of order. So if you have another point of order you might want to raise, it will be up

to you, but the Honourable Member did not have a point of order.

Point of Order

Mr. Manness: Mr. Deputy Chairman, on a new point of order, we all recognize that co-operation makes this system work much better. That is why I guess I asked the Members of the House today, the Opposition House Leader (Mr. Ashton), whether or not there was a predisposition towards waving private Members' hour, because we all recognize that 240 hours is a lot of time to chew through. The Members in their wisdom decided not to provide that, and I have no quarrel with them. That was a decision made purposely by them.

The Government, in trying to strive to take us through these 240 hours and to provide the leadership of the process, has basically one call as far as trying to use a maximum number of hours in a day, and that happens to be Monday evening.

I served notice to both House Leaders that I would probably be seeking support from the majority Government position to exceed the ten o'clock sitting hour. I am cognizant that certainly Executive Council was given consideration before ten o'clock tonight, but I say to the Members there is also another department of Government waiting to have its Estimates reviewed subsequent to that within the Chamber.

We do not do it because we like working to midnight, none of us, but there is the people's agenda at stake here, and that is that we are trying to expedite the business of this Session so that it indeed is finished in the month of December, so indeed the Government can do the proper planning that is necessary to do so they can bring back into schedule the proper ordering of the people's business.

Mr. Deputy Chairman, I make no apology for that. I wish we did not have to sit to midnight tonight, but I cannot think of any feasible way we can chew 240 hours sometime before Christmas unless we put in the work.

Mr. Deputy Chairman, I recognize that is not a point of order and I do agree that co-operation does work better.

Mr. Deputy Chairman: The Honourable Minister did not have a point of order, as stated. Now, if we can get on with the business of—the Honourable

Member for Flin Flon. We could continue to be here all evening if we want to continue this.

Mr. Storie: Mr. Deputy Chairperson, I appreciate the Minister's stated objectives. I appreciate what he is trying to do. I remind him, however, that this is the first day of Estimates.

We have already finished one of the items to be considered under the Estimates review—one out of 26 items, whatever the number is. The fact is that substantial progress was made on his own Estimates, and perhaps if there had been less insistence on sitting, regardless of the wishes of the committee or the others involved in the committee, we would also make substantial progress in the days to come.

If the Minister wishes to have it all his way, then he is making it more difficult for himself. We all have responsibilities outside this Chamber, in our constituencies and with our families. To pursue this beyond ten o'clock was unnecessary.

If the Minister wants to insist, he has the majority. Certainly that can be done, but it certainly is not going to facilitate co-operation over the next several months.

Mr. Manness: Mr. Deputy Chairman, I realize we are all out of order, but I think this discussion is very relevant, it really is. It is a discussion that has probably never been held in public before in quite this fashion, but it is relevant.

I acknowledge the fact that one department of Government was passed today. Mr. Deputy Chairman, I have to work within the Rules of the House, and the Rules of the House say that there are 240 hours to be allocated toward Estimates review.

So theoretically 25 departments could have been passed today. If there was one left, the rules still allow for 240 hours of review of that one department. That is all I have to go before, and I indicate to the Member for Flin Flon, all I am trying to do is provide an opportunity for Members opposite to use the 240 hours in their best fashion.

Mr. Deputy Chairman: Neither Member had a point of order. I would recommend that the Members not sit here and discuss points of order all night. I would recommend to the Honourable Members that perhaps this disagreement could be resolved by the three Parties outside of this committee rather than tying up the time in the Estimates.

Mr. Alcock: I would like to make one observation on this. The Minister has asked for significant accommodation outside of the rules, accommodation which both of the Opposition Parties are prepared to—

Mr. Deputy Chairman: Order, please. Are you rising on a point of order?

Mr. Alcock: I am rising on the same point of order that the Minister of Finance raised.

An Honourable Member: He said it was not a point of order.

Mr. Deputy Chairman: Let him go. Go. Continue, please.

Mr. Alcock: The Minister of Finance has made a request for significant accommodation outside of the Rules of this House in order to facilitate the passage of the Estimates within a certain compressed time frame in order to get back on a proper fiscal plan. Everybody who has been involved in those discussions has agreed that that is an appropriate thing to do. Those negotiations are underway.

I think that the Minister of Finance, by choosing to force a decision through at the beginning of the Estimates period, is making a significant mistake. I agree with the Deputy Chairman's recommendation that the three House Leaders should go off to a dark corner someplace and sort this out, that this is not an appropriate forum.

I remind the Minister of Finance that the rules also allow for unlimited time on concurrence debate. I think that we are just getting ourselves headed down a path that is foolish and is not going to allow us to achieve the goals that we all want to achieve.

Hon. Gary Filmon (Premier): I wonder if the Minister could indicate what is his estimate of the cost of the measures that he has implemented in the change to the health and post-secondary education levy with respect to allowing for offsets for training being done in the private sector?

Mr. Manness: Mr. Deputy Chairman, to the First Minister, we have sensed that the revenue foregone because of that measure is roughly \$8 million.

Mr. Filmon: Eight million dollars. Is there a substantial indication that there are private sector employers who would wish to perform training functions and education functions with their

employees and take advantage of that reduction that they will get as a result of those changes to the health and post-secondary education levy?

Mr. Manness: Mr. Premier, when we had our Skills Training Advisory Committee, STAC, representation was made to that committee on several occasions with respect to possibly a training offset being used as against a payroll tax.

* (2240)

As you know, Sir, in our wisdom our Government decided that there was some wisdom in considering that approach. As a matter of fact you and I discussed it as a possibility, indeed made the decision, to include it as part of the tax reform program. Let me say that subsequent to the budget coming down, many, many companies have called me as to when it is that the final criteria will be put into place so they may be able to apply and indeed have their offset as against their payroll tax.
-(interjection)-

Mr. Filmon: There is obviously no desire to discuss the Estimates or to question the Minister on the part of the other Members of the committee, so I am very happy to participate in what I believe is a very important responsibility to the people of Manitoba. If the Opposition Members do not choose to participate in that responsibility then I certainly want to fill the breach, because I believe I was elected to do that, Mr. Deputy Chairman.

Point of Order

Mr. Ashton: Mr. Deputy Chairman, if the First Minister had not resumed to what I assume was a number of questions, he would have found that I did indeed have some questions on the Estimates related to this matter. In fact, I was just going to ask the Government House Leader the cost to the public of sitting—

Mr. Deputy Chairman: Order, please; order, please. The Honourable Member did not have a point of order.

Mr. Deputy Chairman: Now, the Honourable Member for Thompson, your question?

Mr. Ashton: Well, Mr. Deputy Chairman, I find it interesting that the Premier has to come to Estimates to find out what is happening in the Department of Finance. Any time the First Minister

wishes to do that, I suppose, we in the Opposition should be the first ones to—

Mr. Deputy Chairman: Does the Honourable Member have a question?

Mr. Ashton: Well, yes, Mr. Deputy Chairperson, I just did. I wanted to ask the Government House Leader if he can indicate if he has any idea of how much will be raised by the province on payroll tax from the overtime and the levy that will be paid by the Legislative Assembly for the sitting tonight beyond ten o'clock, which I am sure will result in people—

An Honourable Member: That is silly.

Mr. Ashton: Well, it is no more silly than the questions by the First Minister who should have known the answers. I do not know the answer to this, and I would like to ask the Minister if he has any estimate of the cost involved with this type of measure?

Mr. Manness: Well, Mr. Deputy Chairman, that is a very good question. I say so because I would think that one of the host Members of a Government that brought in this insidious tax in the first place would have an understanding of the cost. The net cost, of course, to Government is zero because it comes out of one pocket and goes into the other pocket, so in theory, I thought that the Member for Thompson would know that, because I know he was intimate with the taxation policy of the former NDP Government.

Furthermore, I wish that there were other ways, and I know the Member and I are trying to find other ways to prevent us from sitting all around the clock. That is not the desire, yet if there are questions that want to continue for a long period of time, this Minister, in trying to do the right thing on behalf of the people of Manitoba, trying to bring onto schedule again the legislative and fiscal agenda of the people of the province, will work those extra hours to try and bring this thing into cycle.

Mr. Ashton: Well, Mr. Chairperson, I hope the Minister also recognizes the commitment of the Opposition to do exactly that. That indeed is why we expressed the concern about the fact that here on the first day of Estimates rather than operating on a consensus basis we were ending up in a very unreasonable situation. The number of years that I have been in the House, I do not recall the bells being rung, although there may be a precedent in other years on an adjournment motion after ten

o'clock. Apart from some of the points of order and various side discussions in the last period of time, I hope those discussions will be taken seriously, because it is not a question whether the Government is living within the rules or not. Indeed the Government to a certain extent is living within the rules. We are following the rules at this point in time.

The fact is though, if we are going to accomplish what the Finance Minister is suggesting, it is going to require some consensus that goes beyond the rules, not violates rules, it goes beyond the rules, and I think that the Government House Leader should recognize that requires a significant commitment from the Opposition. I would ask that the Government House Leader make the same sort of commitment himself to a consensus.

Mr. Deputy Chairman: What we are discussing at this time is the Corporation Capital Tax/Health and Post-Secondary Education Tax Levy Branch, and we are on line (1) of Salaries of \$1,610,900.00. I would appreciate it if the Honourable Members here present would keep their discussions relevant to this and their questions relevant to it.

Mr. Filmon: Mr. Deputy Chairman, I think it should be put on the record that the only reason that this is considerably different from the operations of former Governments is to say that the New Democrats when they were in a majority Government refused to sit beyond ten o'clock. For their own purposes, it was their view that their responsibilities ended at ten o'clock. -(interjection)-

Mr. Deputy Chairman: Order, please; order, please. I have asked that we keep this relevant, and I am going to keep the line a little bit tighter from here on in.

Mr. Leonard Evans: Mr. Deputy Chairman, I would like to ask the Minister a question about the future existence of the Health and Education Tax Levy, because as I was indicating before the vote I was reminding the Minister that there was a commitment as I understood from his Party and his Government to get rid of this tax. He called it insidious, he used other terms as well to cast aspersions on this particular tax. Nobody likes to have a tax. Nevertheless, it has been a very vital tax for the province, given the fact that expenditures are exceeding revenues. Nevertheless, I want to ask this question: Is this Government, is this Minister still committed to completely eliminating the payroll tax?

I know many thousands of small enterprises no longer pay it. That is not the point. The point is that it is still a major source of tax revenue in the order of about \$180 million as estimated for the year ending March 31, 1991. How long is this tax going to be around?

Mr. Manness: Mr. Deputy Chairman, I cannot answer that question. The commitment to remove it in its present form is still a genuine commitment of the Party and indeed, therefore, of the Government of the Province of Manitoba. The timing over which that may happen I cannot share with the Member, because that is dependent upon many other factors which of course include, amongst some, the revenue increases and other taxation fields.

Mr. Leonard Evans: Mr. Deputy Chairman, it seems to me that the rate, that the tax has been reduced. It is going to take us well into the 21st Century, at the current rate at least, for this tax to be abolished. It is going to be around for a long, long time. In fact, I am quite prepared to predict that it will be around for an indefinite period of time.

* (2250)

Mr. Deputy Chairman, I wonder if the Minister could advise, give the committee more detail on who pays this tax now. He was mentioning some numbers before the break for the vote, but I am wondering more specifically, who is paying? My impression is, it is the large corporations and also Government of Canada agencies and departments, but I wonder if the Minister with his staff could give us more information as to who exactly—how much, for instance, is the federal Government paying and how much are the large corporations paying?

Mr. Manness: Mr. Deputy Chairman, we do not have those numbers available. I can indicate that we can try and give a broad breakout. We will indicate how much the federal Government is paying. We will indicate how much we are paying ourselves, because this is not \$180 million dollars net in the sense that it is coming from outside of Government. It seems to me upwards of \$20 million or \$30 million must be coming through ourself by way of our own agencies.

What the Member is asking then for is, how much is the federal Government contributing? Maybe we can also try and break it out into some broad industry sectors to see, for instance, what the financial services industry is providing and maybe some of the other broad breakouts.

Mr. Leonard Evans: Well, I appreciate the Minister's willingness to provide the committee with that information. We look forward to getting that table from the department.

I am wondering if the Minister could indicate to what extent revenue is brought in from outside of the province. In other words, to what extent is the burden being levied on I suppose federal agencies and national corporations whose head offices are not in Manitoba? In other words, it was always my impression—and I do not have any reports on this or any detailed information, Mr. Deputy Chairman—that one of the arguments for the tax was that it would bring us revenue from agencies and corporations whose head office, whose executive functions were outside of the Province of Manitoba and to that extent it was a net gain for the treasury of this province.

Mr. Manness: Well, Mr. Deputy Chairman, we do not really know that in detail for sure. For instance, the T. Eaton Company has a head office in Toronto, but they pay this levy in support of their employee numbers in this province.

Furthermore, with respect to the federal Government though, there is no way that they have guaranteed that they will continue to pay this tax forever and a day. It seems to me they have acknowledged that they will continue to pay it in the provinces in which it is applied until the end of 1991. That is the only safeguard that we have. So unilaterally the federal Government could walk away from paying their \$30 million or \$40 million in tax.

Right now, we have a situation where reciprocal tax agreements seem to be breaking down as a result of the imposition of the goods and services tax. There is no incumbency on the federal Government to pay this tax. Unilaterally, they could decide after 1991 that they are walking away from it, and therefore, all of their agencies are walking away from it.

Mr. Leonard Evans: Mr. Deputy Chairman, I have noted a news release issued or a comment made shortly after the federal Government consented to pay the Ontario tax. This was with the previous Peterson Government—as I read: The federal Government will voluntarily pay an extra \$90 million in each of the next two years to cover Ontario's payroll tax, according to Finance Minister Michael Wilson. In other words, the Ontario Government has

just now imposed the same tax, one incidentally which has existed for some years in the Province of Quebec, as I understand.

What it means, according to this article, is that the federal Government will pay a tax on the salaries of people who work in its departments and institutions in Ontario. Presumably, that is exactly what they are doing here to the extent that there are more federal employees, there is a greater amount of tax paid and vice versa. As the Minister indicates, there is a reference to Ottawa doing this voluntarily, because under the Constitution of Canada, it does not have to pay provincial taxes.

The reference is made also to the fact that over the past 12 years some provinces have reached voluntary agreements with the federal Government to pay each others' taxes, and usually all Governments have broken even under these deals. At any rate, it says the federal Government has similar agreements with Manitoba and Quebec, as we know, and that Ottawa will review this in 1991.

He also refers to the fact that many provinces, such as Ontario, are adopting payroll taxes. So it would seem to me that there are other provincial jurisdictions that are seriously looking at this as a means of raising revenue. I can understand why, Mr. Deputy Chairman. It simply, as I was referring to in the 1988 Kostyra budget, reveals the very serious debt situation that many other provinces are having.

I would say that this is a tax that is being discovered more and more by provincial Governments for good reason, and that is, they are not securing sufficient revenues or are unable to reduce expenditures in their own particular provinces. At any rate, I am going to assume, therefore, that this tax will be around for some time and the staff will be very busy collecting it for some time.

Just talking about the staff, I would like to ask a question. How many more staff personnel were added because of this particular tax coming on?

Mr. Manness: You are asking staff to go back several years, I believe to '82 and '83 when this tax was implemented. I do not know if they can recall, at that point in time, how many staff were added. We do not have it accurately. I would ask the Member to take as a guesstimate the number 25.

Let me say though, Mr. Deputy Chairman, he says he assumes that this tax is going to be around for a long period of time. I do not know how he can make

that assumption. I am not saying that taxes are not going to be with us for a long period of time; I am not saying that there is going to be some form of another tax that comes into being, but I am saying, as far as the federal Government is concerned with respect to this tax, I think it would be foolhardy for anybody to suspect that the federal Government will be paying this tax in 1992. They may very well be, but I am saying to the Minister, when I go to the meetings of Finance Ministers, I am always forewarned by the federal Minister that this is temporary and it is not forever, that they unilaterally may withdraw their payment under it any time.

Mr. Leonard Evans: I would appreciate it if you could bring a little order and quietness into the House, because it is difficult to hear the answers.

Mr. Deputy Chairman: One second here. Order, please. Any Honourable Members that are standing around just having a conversation, if you could bring it out into the hall so it would stay a little quieter in here, I would appreciate it. Thank you.

Mr. Leonard Evans: Thank you, Mr. Deputy Chairman, for your help. I can appreciate the fact that since this has been around for a few years it may be difficult just to have some of those numbers handy, but I guess I have a reverse question. Given the fact that exemptions have been brought in to eliminate certain small businesses, to what extent has the staff been reduced in the last year or two on that account?

Mr. Manness: Mr. Deputy Chairman, I apologize to the Member. I promise I will listen more attentively if you will repeat the question.

Mr. Leonard Evans: My question is: Given the fact that some small enterprises have been exempted from the tax—and the Minister has quoted different numbers and so on—has the Government, has the department been able to reduce the number of staff in this particular area?

Mr. Manness: Mr. Deputy Chairman, two answers to the question. First of all, staff positions themselves, we reduced significantly. The individuals in question, in many cases, moved over into other tax areas. So that is the full answer to the question.

Mr. Leonard Evans: Maybe the information is available somewhere, but could the Minister tell us how many staff are involved in the Corporation Capital Tax versus the Post-Secondary Education Tax Levy—Health and Education Levy side of it?

* (2300)

Mr. Manness: Mr. Deputy Chairman, I will undertake to find those numbers. From memory—I hope the Member will not hold me to this—approximately half and half.

Mr. Leonard Evans: Those are all the questions I have for now in this particular branch.

Mr. Alcock: First, on the tax credit for employee training, are there provisions in the way this is structured that prevents corporations from simply claiming a credit for existing training programs? How does that mechanism work?

Mr. Manness: Mr. Deputy Chairman, I shake my head in sort of an acknowledging fashion. I say to the Member, that is why we are giving ourselves a few months to ensure that existing training or generic training, to use another term, is not eligible for this type of offset. We want to see specific skills training. We want to see something beyond an introductory course to the office, and we want to make sure that the people who are going to qualify for this are legitimately providing a training into skill enhancement.

So we have a little bit of work to do to define the parameters and the criteria. We will be calling forward again those involved in the Skills Training Advisory Committee. We do not necessarily want to build a major auditing function, yet we will make sure the criteria are in place so that if on a spot basis we go in and do a check we can satisfy ourselves that legitimate, new, different or meaningful training is being provided. Firstly let me say, Mr. Deputy Chairman, the tax has to be paid at 2.25 percent. The 0.3 percent rebate is only offered after we are satisfied that the corporate citizen in question has undertaken and provided the hoped-for training.

Mr. Alcock: If I understood the Minister then, the program is not in effect yet. He needs some time to establish the criteria. When does he anticipate that the program will come into effect?

Mr. Manness: Mr. Deputy Chairman, I will answer that question more fully when Mr. Boschmann is sitting with me. He is more involved in the tax policy area. I would think that we would hope to have it in effect for the taxation year 1991, even though the criteria may not be in place until summer or maybe even later. We must remember the tax has to be paid for the calendar year and then it can be rebated.

Mr. Alcock: So you would have it in place for the taxation year 1991? The \$8 million cost to the

treasury of this represents one quarter of this fiscal year?

Mr. Manness: Theoretically, yes.

Mr. Alcock: Then the annualized costs of this tax are \$32 million?

Mr. Manness: No, the annualized cost is \$8 million.

Mr. Alcock: Help me clarify this, Mr. Minister. You state in the budget that this is going to have a cost to the treasury in the '90-91 year of \$8 million and change, and yet it is not in effect until the '90-91 year. So at best it is in effect for one quarter of the fiscal year.

Mr. Manness: Mr. Deputy Chairman, Appendix C, Budget Paper C, page 2, gives the detail around the credit for training costs. I have talked about two measures, one the provincial trucking and also the credit for training cost. I say it is anticipated that these two changes will reduce payroll tax revenue by about \$8 million annually. I did not make a reference as to the year, and I also said that in 1990-91, if you look it up, the revenue impact would be negligible.

Mr. Alcock: I am looking at Appendix C, page 2. I see the reference to the tax, but I do not see that information.

Mr. Manness: Are you looking at Budget Paper C, Taxation Adjustments?

Mr. Alcock: Budget Paper C, Taxation Adjustments, page 2, Payroll Tax 1990-91, revenue impact negligible. But then what was it—

Mr. Manness: If you come up from the bottom in that same page, second last paragraph which is a single sentence covering two lines, "It is anticipated ...".

Mr. Alcock: Yes. Are you saying here that the \$8 million is negligible as far as a revenue impact or that it will not fall in the 1990-91 year?

Mr. Manness: Mr. Deputy Chairman, I am saying when it is fully in effect, the annualized cost to the Treasury will be \$8 million. In as much as it will not be fully in effect for the 1990-91 fiscal year, there will be no negligible loss in revenue.

Mr. Alcock: So the Manitoba New Small Business tax reduction—the impact on revenue as a result of that?

Mr. Manness: Mr. Deputy Chairman, I think when I introduced it, I said \$1 million. That was in last year's budget. We have no reason to change that estimate.

That indeed is a full annualized cost. I believe we now where probably the full agist is in, and we are probably seeing that lost to our revenues as a result of that measure. It is not a new measure; it is a continuation of one announced a year or two ago.

Mr. Alcock: Do you have evidence of that? I mean, do you have hard evidence that the people have claimed up to \$1 million in tax exemptions as a result of this new tax?

Mr. Manness: Mr. Deputy Chairman, I will probably ask the Member to repeat the question when the tax policy people are here. I think that the answer is probably "no." I do look at the number of remissions statements that cross my desk, that I sign personally, and there are large numbers of them.

I cannot put an estimate to them as to what tax they may have otherwise paid at the 10 percent rate, but I do know there are significant numbers of companies that have applied for the remission under the first year of this program.

Mr. Alcock: Can the Minister tell us how many companies?

Mr. Manness: From memory I would say—I had asked for this information, and I cannot recall it. It seems to me 60, 70, 80 companies—(interjection)—The officials are telling me in excess of 100.

Mr. Alcock: On the payroll tax, it is a situation that existed—actually it was created under the previous Government, but it exists to this day with the payroll tax where Government funded agencies are funded at the 1.5 percent level, where they are charged at the 2.25 percent on payroll tax. Is that a policy decision of Finance?

Mr. Manness: Mr. Deputy Chairman, I do not accept that fact, because I am very well aware of what we do in a general support grant to municipalities and universities where we offer 2.35 percent, a full .1 percent beyond because there is a lag in effect.

I cannot accept his fact that at 1.5—I have no reason to disagree or agree; I just do not know at this point. I will certainly find out in due course.

* (2310)

Mr. Alcock: What the Minister stated, the 2.35 percent, would that be policy, the Government to support publicly funded organizations that have to pay the payroll tax to that level?

Mr. Manness: Well, inasmuch as it is not a statute that I am aware of, it is a policy of Government. We

inherited it from the former Government and have maintained that level.

Mr. Alcock: Would it be fair to say to the Minister that if he were to become aware of situations where that policy was not being applied that they would take steps to correct that?

Mr. Manness: Well, Mr. Deputy Chairman, I will not give the satisfaction that maybe the Member is asking for in that respect. I guess a lot of it has to do as to what your source of funding is. Indeed, if it is pure Government funding and you seem to be under in one hand, I mean the Government ultimately ends up picking up the costs anyway as compared to municipalities that for the most part have their own source of funds and university which, to a lesser degree, takes funds from outside, still though, very highly dependent upon Government funding.

Mr. Alcock: If I understand—I am just allowing the Minister to hear the question. I think he should have lots of information. I get up at five o'clock in the morning you know.

Mr. Manness: Mr. Deputy Chairman, I can provide a little bit more clarity on that answer. I guess the approach that we inherited and that we continue to support is that those agencies and institutions outside of Government for the most part are drawing all of their funding from Government, because indeed if there were shortfalls the Government would be expected to provide all of its funding.

We did not sense an offset was necessary. I am thinking now, even in the sense of universities, I thought they received a general support grant, and they do not. Funding was made up to them in support in the first year as an offset against that additional tax that they had to pay in the payroll sense.

Municipalities though and school divisions which are autonomous organizations which of course raise a significant portion of their revenue on their own, in these cases a general support grant I think was provided to these types of institutions.

Mr. Alcock: Well, now, let me see if I understand that. Organizations were initially charged I believe it was 1.5 percent as their payroll levy, and there was for those organizations that were largely funded by Government and where Government did not have sort of a deficit pick-up provision within their relationship, Government provided a 1.5 percent or the equivalent of a grant to cover the total costs of that particular tax.

When the tax was then raised to 2.25, I am wondering whether or not the Government then established this 2.35 percent policy and, if so, will it be applied to all organizations who fall under that category?

Mr. Manness: Mr. Deputy Chairman, let us go back to the first year when that one and a half percent was in place and subsequent to that. I guess when the former Government decided to increase the levy there was an increase in grant provided to the agencies in support, strictly a portion of which was to be as an offset against this new tax, so in the first instance using one and a half.

During that year I am told that the former Government provided outside of the normal increase to agencies an additional one and a half percent in support of these agencies having to pay the payroll tax.

Mr. Alcock: When the tax was raised from 1.5 to 2.25, was an additional grant in support of that provided?

Mr. Manness: Well, Mr. Deputy Chairman, that was under the former Government, my understanding is that yes, part of the increased support in a total grant that went to the agencies, three-quarters of 1 percent of that total grant increase was to be allocated as an offset against the payroll tax increasing from 1.5 to 2.25 percent.

Mr. Alcock: If the Minister were to become aware of situations where that grant was not paid, given the policy, would he take steps to rectify that?

Mr. Manness: Mr. Deputy Chairman, it is very difficult for me after the fact to make that determination. I mean, I do not think the grant went out to the recipient agencies in two or three parts. It went out as a single grant to cover the increase of requirements for the year and—

An Honourable Member: To change the base to reflect the new tax.

Mr. Manness: —to change—now, whether the former Government, whether they broke it into two or whether they said to an agency, well, here is a 3 percent increase, 2 percent is to cover this and another 2.25 percent is to cover here and three-quarters is to cover here, I do not know. I do not know what was said by the former Government. I do know though that I was led to believe that a portion of that grant was to be in support of the increased levy that was now in place.

Mr. Alcock: Right, and I am not asking the Minister to take responsibility for the actions of the former Government. I am simply asking that given that there is a policy in place to support organizations fully, organizations who are Government funded and have to pay that tax, if he becomes aware of situations where that grant was never paid, where that situation was never rectified, is he prepared to take action to see that the policy is applied equally across all organizations that lean with the Government?

Mr. Manness: Mr. Deputy Chairman, again I repeat, there was no explicit grant provided in lieu of agencies having to pay that particular tax. It was never demarked as such. It was, I am led to believe, to be included in the global figure of increase, whatever that increase was that year, and I am sorry but I do not know what it was.

Mr. Alcock: If a person got such a global increase and had that figure included within it, they would have it in the detail and they would be aware that they had received it.

Mr. Manness: No, they would not be aware that they had received it. They would not be aware of what portion of the grant maybe was in support of it. I do not know what communication the former Government made to it. I know what they would be aware of probably that there was a singular value, a nominal figure of increase that was coming down to them. That was to include two parts probably, the additional levy and the natural increase, but they would still be presented with one figure increase.

Mr. Alcock: Okay, let us look at it in a slightly different way. The Minister states that there is a policy to do exactly that, to bring the support up to a level where these agencies can carry the full costs of the 2.25 percent levy. In fact, he stated earlier that there was a 2.35 percent grant to organizations that were largely Government funded.

An Honourable Member: For good reason.

Mr. Alcock: For good reason, I am not disputing it at all. My question is: Where there are situations where that was not done, that can be demonstrated that it was not done, is the Minister prepared to act to see that the policy is evenly applied?

Mr. Manness: Mr. Deputy Chairman, I am always prepared to look at situations. If the Member can show me cases that he thinks warrant some review, I will look at them. The great difficulty here is that I am not the policy maker that was in place during the

implementation of this levy, nor am I the Minister and indeed part of the administration that decided to increase it and how that increase was communicated. We are short of information.

* (2320)

Mr. Alcock: Well, I would like to thank the Minister for that undertaking. I will take that message back to the groups involved and suggest that they approach him to state their case. I am aware of one set of agencies where that policy was not applied.

Mr. Manness: Let us be honest here. What would have to be shown to me, if an agency, for instance agency X, in that year received 0 percent increase, I would have to be convinced that the Government of the Day was not planning to provide them with basically a three quarters of 1 percent decrease in funding, and that the offset represented a three quarters of 1 percent increase such that the level of support was beyond that which they had, in the first place, considered. I say that because that is the information that, unless I have it at my disposal, Mr. Deputy Chairman, I cannot deal with.

Mr. Alcock: I agree and I sympathize with the Minister completely. I think an agency making that case would want to come forward with signed documentation from a previous Minister or from the department that detailed what their various grants were for, and then they can make their case. If they do not have that kind of information then of course they cannot. I am aware of a circumstance that exists. It has been a problem for some time, and I think the Government should be consistent in the application of such a policy.

I understand the Minister to have said that he is prepared to look at those circumstances, and I will pass that message on. If the agencies choose not to, fine. If they do, I would encourage the Minister to examine it with some care, because it has been a significant problem in this system for some time.

Mr. Deputy Chairman: We are now working on (d)(1)—

An Honourable Member: We have not passed anything.

Mr. Deputy Chairman: I am just asking if you want to. I want to ask if you do want to pass it. -(interjection)- Order.

Another question—

Mr. Leonard Evans: On the payroll tax credit for employee training, I wonder if the Minister can tell

us how many—have there been any applications received from employers so far under this scheme—under this tax credit for employee training?

Mr. Manness: Well, Mr. Deputy Chairman, no formal applications, because there is no process in place to receive it yet, but certainly many inquiries.

Mr. Leonard Evans: Is the Minister and his department going to make some effort to advise employers that this is available?

Mr. Manness: As I said to the Member for Osborne (Mr. Alcock), as soon as we have a criteria developed that we sense does what it is that we are hoping it will do, and it safeguards revenue that we need, and we have some way of tracing whether or not the good principles under the program are being followed, we then will bring that process into place.

Mr. Leonard Evans: Is the Minister telling us he does not really have criteria for applications now? The material, the applications have not been prepared. The advertising has not been done.

Does the Minister not have any idea as to certain criteria he or his department wish to implement in making this a meaningful program? In other words do you have no idea of types of employers you want to include or exclude, or is there going to be absolutely no exclusion? Are you going to emphasize on-the-job training as opposed to institutional training or vice versa?

Mr. Manness: Mr. Deputy Chairman, we have done some thinking in these areas. Yes, we sense that it cannot be offered across the whole spectrum of employers.

To the extent that we can we probably would like to direct it more so into the manufacturing sector. I do not know how successful we will be in targeting it. There are some service related areas that I think we would like to see it come into being, and yet not across the full spectrum of service activity either.

I think although we have not developed a program we have done a little brainstorming on the principles. I can tell the Member that we do not feel a great pressure to rush in a program that is flawed inasmuch as every corporation is going to have to make their remittances next year anyway. Once they have a course in place they then can apply for a rebate in the '91 year.

I guess I am answering, yes, in many respects. I would like to target it somewhat if I can, in-house

training, to the extent that it can be verified and it can be audited, yes, but no, to the extent that it is ongoing pure generic training, just introducing individuals to where the coffee room is.

I mean it has to be somehow put into place properly, and we will take the time to do that properly so I make no apology. Yes, it is not ready to be sold in a communication sense, and it is certainly not ready to be advertised because it is not at that point.

Mr. Leonard Evans: Well, the Minister points to some real difficulties involved in ensuring that this program is meaningful, that there is not a rip-off, more or less.

It is not just a matter of whether the employees are being trained as to which way to head to the coffee shop or whatever. The fact is that many employers now have to train new employees. I am not talking about necessarily institutional training where the employer definitely says, okay, we want you to attend a course in Red River College for 12 weeks, et cetera, so that you can qualify for this particular job we have. I am concerned about the on-the-job training which normally takes place anyway.

So are we going to have employers who normally do this as they bring on new employees now being able to qualify for a credit? It seems to me it is always important to use, whether it be a credit or an outright grant, the money as an incentive to bring on additional training you know or hopefully additional job creation if that is possible. Certainly, we are talking about training, to get additionality here and not to simply pay out money to employers who are engaged in this process in a normal course of events.

Mr. Manness: The Member makes a good point and I can tell him that I am as concerned that tax policies of Government and incentives of Government are not ripped off, do not cause the Government to be ripped off. I mean, it is easy, to use as an example, if Versatile Manufacturing is to buy spaces at Red River Community College, I would have to think that they are in support of either existing staff being retrained or new people being trained. There we would see a benefit. That is an easy case; that is an easy situation, and I have to say that that would apply. It is the in-house training that we are going to have to give a lot of thought to. We fully recognize that and that is why we are not rushing this into being.

Mr. Leonard Evans: Okay, just one last question on this.

You make reference to complementing the Workforce 2000 plan announced earlier in the Speech from the Throne and I gather that is being administered by the Department of Education. What I am concerned about is, to what extent might there be some duplication between an employer getting some advantage of a program offered in the Department of Education? There are quite a few dollars in that department for training and I believe employers can apply for grants. Workforce 2000, Job Training for Tomorrow total budget is \$3 million. I guess what I am asking, will the employers be able to stack that grant and this credit?

Mr. Manness: There will be a fair amount of liaison between the Department of Education and ourselves. I can assure you that nobody will be able to, for the same effort, collect twice. I can assure you that the Department of Education is going to be involved in helping us determine what is criteria that is acceptable, and I am sure at the same time they will be mindful of their process and ours so that there is not redundancy or indeed that there is not a possibility of claiming twice for the same activity.

Mr. Leonard Evans: Yes, okay. I will not pursue this, I will just say that we will be interested in seeing, let us say a year from now, how this is working, how many employers took advantage of it—I mean by taking advantage, I do not mean abusing, but utilize it in an effective way—how many people were trained and where they were trained. Perhaps next year we will have that information. So, fine.

Mr. Deputy Chairman: We are dealing with item 4.(d)(1) Salaries \$1,610,900.00.

* (2330)

Mr. Alcock: Mr. Deputy Chairman, I have a couple of questions on Corporation Capital Tax; however, since they are in part policy, I could deal with them under the next section. I just would not wish to limit my ability to ask questions about those particular items. If the Minister will give me an undertaking that we could deal with them in the next section, I would be prepared to let this section pass.

Mr. Manness: Mr. Deputy Chairman, if they are policy questions certainly we can deal with them. If they are asking specific detail on revenues amassed under this tax, they should be asked now.

Mr. Alcock: In the tax collections under the Corporate Capital Tax line, I get a sense of—what

are the major constituents of that? Who are the major contributors to that?

Mr. Manness: Roughly \$72.5 million. The printed estimate this year is \$76.5 million, Mr. Deputy Chairman. I do not know how it will break out this year, but I can tell you last year that the banks contributed—let us talk of last year's. Last year's \$72.5 million came in. The banks contributed as a group \$18.2 million; trust and loan corporations again at the 3 percent rate, \$6.7 million; and the general rate, everybody else at the three-tenths of 1 percent rate, contributed \$47.6 million. Those are the only breakouts that we have.

Mr. Alcock: That \$47.6 million, there is no major grouping within that; that is just a fairly even scattering across.

Mr. Manness: Mr. Deputy Chairman, I do not think we have any other breakouts within that.

Mr. Alcock: Corporate Capital Tax applied to banks and trust and loan companies, is the rate charged here comparable to that in our neighbouring provinces?

Mr. Manness: In these tax tables that I was talking about previously, it seems to me we are at the highest level. There may be a couple of other provinces at our rate, or at least one. The budget, of course, gives all that detail, I believe on page 6 of the Taxation Appendix, and there one can see that the banks capital tax rate is 2 percent in B.C.; it is now 2 percent in Alberta; 3 percent in Saskatchewan like it is here; Ontario, only .8 percent.

Mr. Deputy Chairman: We are now dealing with (d) Corporation Capital Tax/Health and Post-Secondary Education Tax Levy Branch: (1) Salaries \$1,610,900—pass; (2) Other Expenditures \$601,600—pass.

Resolution 56: RESOLVED that there be granted to Her Majesty the sum not exceeding \$9,198,900 for Finance, Taxation Division, for the financial year ending the 31st day of March, 1991—pass.

The hour now being 11:35 p.m., what is the wish of committee?

An Honourable Member: Committee rise.

Mr. Deputy Chairman: All those in favour. Committee rise.

SUPPLY—EXECUTIVE COUNCIL

Madam Chairman (Louise Dacquay): Would the Committee of Supply come to order, please. This section of the Committee of Supply has been dealing with the Estimates of Executive Council. Shall item 1.(b) pass?

Mrs. Sharon Carstairs (Leader of the Second Opposition): Madam Chairperson, when we left at dinner time we were talking about the Western Premiers' Conference, and I would like to go into some detail about some of the statements that came out of those communiqués. I would like to start with the issue of taxation. It appears that the Premier was prepared to sign, along with the other western Premiers, a new communiqué which would indicate some rights on behalf of the individual provinces to go into the field of the collection of taxation in the various provinces. I wonder if the First Minister would like to detail for us what is being proposed by the western Premiers with respect to this entry into this new tax collection field.

Hon. Gary Filmon (Premier): Madam Chairman, the issue that caused the western Premiers to commission this report of the western Finance Ministers was the continued erosion of federal spending in areas of grave concern to western provinces. An erosion of support for health care, for post-secondary education, for Canada Assistance Plan, for Regional Development and, as I and others said during the debate on the Meech Lake Accord, the worry about erosion of federal spending power was not a concern with respect to whether or not the federal Government had the power to continue on its spending commitments, but whether it had the will.

In fact we have seen, over the past decade with federal Governments of two different political stripes, and I will openly suggest that the federal Conservative Government have been just as bad as the federal Liberal Government in seeking ways to get out of existing arrangements, signed agreements, between the federal Government and the provinces, commitments on equalization being capped by first Liberal, then Conservative Governments, commitments on Canada Assistance Plan being reneged on as judged by the courts, commitments on post-secondary and health-education transfers, EPFs, reduced over what had been committed in the past.

So what western Premiers said was that if Ottawa was going to do a poor job in supporting the commitments they ought to undertake for health, for education, for regional development, then we might better look at our own collection system to ensure that we put the money to those priority uses and were able to meet the commitments that we as provinces had.

Our first objective was to get the federal Government to meet its commitments, but failing that, we were going to take control in our own hands to ensure that we had a collection system that could be tailored to better meet our needs. We pointed out that because of the federal Government controlling the income tax system, we in fact were almost denied the opportunity to pass along those savings that were in our last budget to increase the per dependant deductions, because the federal Government did not want to put the changes through in its system.

I say for the benefit of the Leader of the Liberal Party that Quebec has had its own tax collection system for a considerable length of time and that has not denied it from receiving equalization and transfer payments from Ottawa in very, very substantial quantities, so there was no threat at all implied in our seeking of a collection system, no threat whatsoever to our receiving continued equalization and transfers from Ottawa, but rather assurances that we could have greater control over the collection system ourselves.

There have also been technical problems with the current income tax system. I referred to the rigidity earlier, rates and base changes. There has also been the fact that federal changes from time to time have cost us money because they implement changes within their system that have a kickback to us that is negative. There have been slow federal payments on account. They are collecting it for us, and as a result of their slow payment to us we pay a financial penalty.

There is the issue of corporate profits allocation formula that can work to the benefit of lower tax jurisdictions and, obviously, a penalty to us who are higher tax rate jurisdictions. So all of these were issues that were on the minds of the western finance Ministers when they came up with that proposal, but I know from the wording that we were absolutely determined to ensure there was reference in the news release to ensure that all of the federal transfer programs were not in any way to be damaged or

hampered by that proposal to have our own tax collection system.

Mrs. Carstairs: Madam Chairperson, but equally it can be said that the effects on equalization and transfer payments have not been affected in the Province of Quebec any differently than in the Province of Manitoba, even though Quebec has its own collection system. What you are talking about, it would appear, is that Manitoba should have its own collection system and Alberta should have its own collection system and Saskatchewan should have its own collection system. Yet at the present time, we indeed in this province have all the jobs to collect all the taxes for Alberta, Saskatchewan and Manitoba. What kind of new taxation collection system is envisaged here as far as the western Premiers are concerned?

* (2010)

Mr. Filmon: As a matter of fact, I know that the Leader of the Liberal Party was not there, but very specifically we did not make any specific proposal. We said that we were prepared to look at ways in which we could overcome the problem of federal cutbacks and offloading and take control of the collection system to overcome the several problems, which I have laid out for the Leader, and to ensure that we could continue to support those programs which are vitally important to all Manitobans. That if a joint western provinces collection system were the most efficient and most appropriate, we were prepared to look at that. If on the other hand—and I for one do not believe that for a province of our size that it might likely be efficient for one province alone to have its own collection system.

So we were willing to co-operatively explore alternatives within a population base that puts us in a similar category to the population base of say Quebec which has its own tax collection system and can financially and economically justify that collection system. We were willing to explore alternatives but our No.1 objective in reviewing these matters, and is the whole gist of the report, is to demonstrate the unmistakable conclusions about federal offloading that has taken place, federal reductions in transfers that have taken place during the decade of the '80s. That was the basis that I think most clearly demonstrates and gave greater ammunition than we have ever had to the serious problem of offloading of successive federal administrations of two different political stripes and

the effects on all of western Canada, but Manitoba in particular.

Mrs. Carstairs: Yes, but surely the offloading still occurs to the Province of Quebec even though it has its own taxation system. It is not the collection of taxes surely that is going to prevent the federal Government from offloading to the provinces, because one province that does have its own taxation system still deals and suffers from the same kind of offloading principle as all the rest of us do. Surely our Premier has to be concerned about the desire on the part of the Alberta Government and the Saskatchewan Government in any new taxation collection system to want to get some of those jobs which are presently all located in Manitoba.

Mr. Filmon: Madam Chair, it does not follow necessarily that if we go to a tax system for western Canada that we are going to lose jobs in Manitoba. If jobs are the only objective, and we could put forth our own tax collection system and hire a whole lot more bureaucrats and cost our taxpayers more money, we do not want to do that.

Mrs. Carstairs: Madam Chairperson, the Premier is well aware of the fact that we collect the taxes for the first three provinces in the Prairies, in the West, for Manitoba, for Saskatchewan, and for Alberta. Surely he is not asking us to believe that the other western Premiers would be prepared to enter into a tax collection system with Manitoba doing all the tax collection for the three western provinces. I mean, they would not have agreed to this if they did not see some means of job creation for their own provinces.

Mr. Filmon: If the Leader of the Liberal Party had been involved at all with the discussions or had listened, the objective was not to create more bureaucracy and more jobs. The objective was to reduce the overall cost to the taxpayer and make our system more efficient and more effective to meet the needs of western Canadians. Nobody was looking to create more jobs or more inefficiency. Believe me, if you listen to the rhetoric of those Finance Ministers you would know unmistakably that not one of them would be willing to live with a system that created more bureaucracy and more cost.

Mrs. Carstairs: Well, thank you. Let us move into the communique with respect to immigration. Can the Premier (Mr. Filmon) tell us exactly what was meant by the provinces wanting more control over immigration? Exactly what was envisaged by these

western Premiers with respect to immigration control in Canada?

Mr. Filmon: Madam Chair, this is exactly the same debate that I engaged the Leader of the Liberal Party (Mrs. Carstairs) in just two weeks ago when she attempted to misrepresent the motivation behind—I am sorry, I will withdraw that—when she mistakenly represented the motivation behind our position with respect to the federal changes in immigration where I said, when we have an opportunity for additional immigration into this country I would hope that the provinces would get an opportunity to gain, firstly for Manitoba, a greater share of the overall immigration into this country; and secondly, an opportunity to target some of the increase towards opportunities to improve our economy in the long term.

In other words, so that we, in getting people from the various areas of the world who come here, will have people who have perhaps the skills and the background and training to be able to contribute to needs in our economy so that you win two ways: a) you get more people and help to build your economy, b) they are people who have skills that match the needs in our economy for economic growth, therefore, they contribute immediately to the economic growth and c) they will be happy and long term residents of this province because there will be a job for them and an economic opportunity. I see it as a win, win, win, but I would point out that we have said that in our election campaign of this summer and fall, and we steadfastly maintain, that our objective is to ensure that we have some greater influence on that.

I might say that I find this a little bit difficult because I know that Members of her Party in this Legislature have asked the provincial Government, and me personally, to have some influence from time to time on immigration decisions. I have difficulty in her suggesting that there is something wrong with us wanting to have some positive influence on immigration decisions in this country.

Mrs. Carstairs: Madam Chairperson, but you know the Premier (Mr. Filmon) likes to make somewhat loose with facts when it comes to the Liberal Caucus, as he did earlier today when he indicated that all of our staff were at the top range. I asked my research to get in touch with the department and find out just what the status was. In fact two only, of our eight, are at the top level. The other six, some 75

percent, most of them are either halfway through or below that, so the Premier was quite wrong.

Let me also point out that there is no disagreement between the Members of my caucus with respect to immigration policy. We have asked the Premier (Mr. Filmon) on a number of occasions to use his position as Premier to contact the Prime Minister, or indeed the Minister responsible for immigration, to ensure that Manitobans' needs were adequately protected. That, in no way, leads to a conflict on control of immigration policy in Canada.

We believe very strongly that people immigrate to Canada. They come here to a nation, and there should not be 10 immigration policies in Canada; there should be one immigration policy in Canada. I would like to know how the Premier (Mr. Filmon) of this province envisages a nation where one of the fundamental goals must be the establishment of national goals and national directions, how that, quite frankly, can be in balance with 10 immigration policies.

Mr. Filmon: There is no conflict in having one national policy that is sensitive to regional needs. I mean, we have been arguing that through all the constitutional and federal-provincial discussions that we have had in the past, that one national policy can still be sensitive to regional and provincial needs. The reality is that various aspects, for instance, of our medicare program are tailored to the needs of different regions and there are different forms of application and nuances that are different in the various provinces that recognize those things.

That is true of any good national policy, is it should be sensitive to the regional needs. It should be sensitive to the work force needs in a province. It should be sensitive to the kinds of economic activities that are going on in a province, and despite having one national policy, we can certainly acknowledge that some influence by the province can help in ensuring that the decisions that are made with respect to the national policy do benefit the local, provincial and regional needs.

* (2020)

You know, I come from an immigrant family. I come from a family who came to Canada because they saw an economic opportunity here. We are always, and have been—as I said the night that we were in Ottawa—Canadians first, never wanted to be anything else. Part of the reason, I believe, for the satisfaction of, for instance, my father or my

grandparents in being here, was that there was economic opportunity when they came. Therefore, there was not the sense of despair of coming to a region of the country where there was no work and no opportunity and their skills did not fit with the demands and the needs.

I say that I recall talking with Premier Getty as to why they developed their immigration policy for Alberta. He told me about the boom years in the oil fields in Alberta in the '70s in which they simply could not get people coming into their province, immigrants with skills that were needed for the oil industry, booming situation, constant demands for people with technical skills, people with skills and technologies to meet the oil industry's needs at the time.

Here we had an immigration policy that was bringing in tens of thousands of people into the country every year, and a great dearth of people in their industry with jobs that had to be fulfilled and were going unfulfilled year after year after year. They said, is there not some way we can have some influence on a regional basis to help us meet our needs?

As long as other provinces such as Quebec and Alberta have their agreements that allow them to help to target the needs, or at least the immigrants to their needs, I believe that it is important for us to be doing somewhat of a similar job, to be ensuring that we do this kind of targeting, that we do have this kind of influence on the immigrants that are coming into this country so that some of them meet our needs in terms of the skill shortages that we have and the openings that we have for growth in our economy.

If we do not, our economy will suffer and I believe that it just is a common sense approach to suggest that changes that are taking place and these whole policy evolutions are taking place with or without us, and I would like to have some involvement in the final decisions.

Mrs. Carstairs: With the exception of perhaps the Members for Rupertsland (Mr. Harper), Point Douglas (Mr. Hickey) and The Pas (Mr. Lathlin), we all come from immigrant families. The reality is however, that the Meech Lake Accord, which was approved by Alberta, Saskatchewan and British Columbia, all gave immigration powers under the constitution to the provinces, and those three provinces approved it.

When the First Minister (Mr. Filmon) of this province signed a communique he was saying to many people that he too approved that particular section of the Meech Lake Accord which gave control over immigration to the provinces and eroded the federal power over immigration.

Is that indeed what the Premier was saying when he entered into an agreement with the other three provinces in the West and said clearly that we should have that kind of power. I would ask him to remember that under the agreement known as the Meech Lake Accord, that may well have relegated Manitoba to 4.58 percent of the population in perpetuity.

Mr. Filmon: I wonder if the Leader of the Liberal Party would read for me the communique that I presumably signed.

Mrs. Carstairs: Madam Chairperson, I assume that he has his own communique and I am not going to waste the time of the House. I have asked the First Minister very clearly—

Point of Order

Mr. Filmon: On a point of order, I do have the communiques, and I do not have a communique that involves immigration, so would she like to read one to me that I had presumably signed?

Mrs. Carstairs: Is the First Minister saying that in the discussions with the western Premiers, there was no reference whatsoever to immigration?

* * *

Mr. Filmon: I have the communiques of the discussions at Lloydminster. I have the communiques of the 14 releases at Portage la Prairie. They do not contain references to immigration so I would like to know what she is talking about.

Mrs. Carstairs: The media certainly reported discussions on immigration. That is what I was interested in discussing with the Premier. -(interjection)- Well then, if he wants to discuss his campaign announcement, then put it into that context. Is the campaign announcement of the Premier a recognition that he and his Party would accept a constitutional amendment on immigration which would give powers to the provinces and therefore weaken the control of the federal Government over immigration policy in Canada?

Mr. Filmon: During the campaign I said that we would like to negotiate administrative arrangements that would allow the province the opportunity to have some influence over federal immigration decisions in the context that I have stated at some length earlier this evening. Nothing more, nothing less.

Mrs. Carstairs: If we can go now to the issue of the environment, which we touched on briefly with respect to Rafferty and Alameda dams, can the Premier explain to us the communique which made reference to the environment and the working together to come up with an environmental policy which would allow the federal Government and the provincial Government to work co-operatively in doing reviews, particularly, environmental assessments? Further, what effect does he believe that will have on provinces not directly affected by a project such as the Oldman River in Alberta but which could, in fact, impact in perhaps not as clear a way because the waters are downstream and, therefore, while there is no direct connection, there is an indirect connection?

Mr. Filmon: Madam Chair, I will state precisely what was recommended and suggested by the First Ministers because, I think, I generated most of the discussion and initiative on this particular issue.

Ultimately, after raising this issue at the Premiers' Conference in Quebec City it was given to—no, first I guess it was at an FMC in the fall of 1988 and then follow-up in Quebec City in August of '89—it was given to Manitoba to lead the discussion and draft the essence of the agreement that was to be entered into between the federal Government and among the provinces.

We in Manitoba anticipated that what had happened at Rafferty and Alameda would in all likelihood repeat itself in Manitoba's context perhaps with the review of Shoal Lake. In that context, we foresaw the possibility of Ontario, Manitoba, and the federal Government all having an arguable interest in any project that had to do with the Shoal Lake watershed. Trying to then resolve whose standards and laws will prevail and whose process will prevail would become a nightmare. A nightmare for each Government and a nightmare for the environmental protection interest of each jurisdiction. A nightmare for the proponent. A nightmare for the opponents of the project.

I said, and I have repeated this every time I have been interviewed on the subject and every time it

has been an issue for public discussion, that as far as I am concerned we picked the highest standards. The objective is not to reduce standards. The objective is not to make the process—to make it easier for somebody to get a project approved, the objective is to apply the most rigid and restrictive standards regardless of which jurisdiction may have those.

*(2030)

The objective is to apply the most rigid and thorough process regardless of which jurisdiction might have that process. The objective is to have the analysis meet all the tests that any of us may want to put forward as individual jurisdiction, but have one process and one set of standards instead of three different processes and three different sets of standards, so that the person does not have to go through the same review three times through three different sets of standards. That is not reasonable, and that is not what we want.

We want to have the highest standards and restrictive regulations apply, and we want to have the most restrictive process apply. All we have to do is harmonize it to the top level and then agree to get on with the process rather than have somebody go through it three times.

Mrs. Carstairs: Madam Chairperson, well, I like what I hear when we talk about harmonizing to the top level. How does the First Minister (Mr. Filmon) therefore anticipate that he is going to be able to harmonize it when we have a federal Government who is already talking about the fact that these environmental impact assessment studies can be done at the same time that projects are being built, when certainly the highest standard would have to be that the project must have a thorough environmental impact assessment before any construction, even any preliminary construction had been begun?

Mr. Filmon: Let us understand one thing and that is that if we are talking about specifics, are we talking about a Rafferty-Alameda-type project?

Mrs. Carstairs: Repap, Conawapa, James Bay, pick your province, pick your project.

Mr. Filmon: The point is that if we put together this kind of process then we eliminate the need to decide which process work is more restrictive or requires a more thorough analysis, which standards and regulatory requirements are most restrictive. They are the highest possible to be achieved. We

eliminate that by deciding that ahead of time. We pick the highest levels and we make those our standards to be applied to this project. We pick the most restrictive and thorough analysis and we make that the analysis that will prevail on this project. Then we set one panel with one set of standards that has already been agreed to and they are the highest, most restrictive. We go through it once rather than going through it once provincially, then being told you have to do it again federally and then maybe, as in the case of Shoal Lake, where we may have a third province involved. We cannot, I do not think, credibly do that to any proponent, whether that be a public sector or private sector proponent.

Mrs. Carstairs: Madam Chairperson, but I think if we go back and we take a look at Rafferty-Alameda, what happened was that the project was built literally before the federal Government decided to seek its most recent injunction. I mean Rafferty is completely built. It is ready to go on stream. All they have to do is dump the water. We still have not had the environmental impact assessment study.

What is the Premier's (Mr. Filmon) direction going to be if the standards, which the federal Government set as their highest standard, are standards which say that we can carry on and conduct environmental impact assessment studies while a project is going on, because we have already watched in Rafferty-Alameda the incredible pressures on both the federal Government and a provincial Government as you move closer and closer and closer to the completed date of construction and the impact assessment never gets done?

Mr. Filmon: With respect, that is not what happened under Rafferty-Alameda. Under Rafferty and Alameda the provincial Government carried out its own environmental assessment, its own process and then applied to the federal Government asking for the process to be licensed. The federal Government looked at it and said, well, we are satisfied that a proper review has been done, and they issued the licence. Then people challenged under their federal guidelines that had not heretofore been used—they were brand new and had not been used—and went to the federal court and said, look, they did not match these guidelines. They did not do the assessment that they had a responsibility and obligation to do. They were wrong in issuing that licence. We appeal to you as a federal court to force the federal Government to carry out its responsibilities. The federal court said, we agree.

They did not carry out their responsibilities as a federal Government. We want them to stop the project and to do a federal review and analysis, a proper federal environmental review as their guidelines require them under their regulations.

If this whole thing had been agreed upon ahead of time, what should have been done was that the federal Government and the province sat down and said, before a shovel was turned, we want to decide who has jurisdiction. If there is joint jurisdiction, as ultimately I think most people would recognize there was, then we are going to use the highest standards. If the federal standards are higher, they will prevail. If the federal process is more thorough, it will prevail, and we will go ahead with it.

You know if we were to look at Manitoba, let us say Repap, I do not know if there is a federal interest in that. They will have to review the project and see whether or not there is sufficient federal interest in that project for their guidelines to be triggered, but many people believe that our standards and our process is more thorough and more restrictive than the federal process is.

It may be that when people match those standards and match the processes that they find that our process is indeed more restrictive and more thorough than the federal Government, but that will be known ahead of time so that a proponent will not have to go through a complete review and a complete public analysis and then be told well just a second, there is a federal interest here. You are going to have to go through another one. That will be known ahead of time.

The federal Government might even put people on the panel so that there is a joint interest in the review panel. The federal Government may well, indeed, put their own analysis and in an environmental sense before the panel to make sure that the restrictions as to effluence and everything else are adhered to, but it will be one review. That is as it should be.

Mrs. Carstairs: I just have one final question in this area and that is: Is the Premier now prepared to commit that when environmental impact assessment studies are done in the Province of Manitoba again they will include an entire project and not a part of a project?

Mr. Filmon: With respect, if the Leader of the Liberal Party is referring to Repap in this case—is she? -(interjection)- okay. What happened—and I have

the clipping from the Winnipeg Sun—was that when it was announced that Repap would go through the review of the entire series of phases, phase one and phase two, rather than simply accept licensing for phase one, she criticized it saying we had hoped to have the results from phase one in order for us to do the analysis of phase two. That was her precise response to that.

* (2040)

So I do not know if she has changed her mind now. If she has then that is fine. We will accept that change of heart, but the reality is that it depends on the individual circumstances. That is a judgment that the Clean Environment Commission will have to make as to whether or not somebody intends to be operating under a certain regime and certain circumstances for a period of time that makes it worthwhile for the analysis to be done on that period of time.

It may be that in a particular project Repap had very little intention to go on to Phase 2. I mean it may be that they said there may be a Phase 2, but that Phase 2 may or may not happen. It depends on how much money we make over the next five years. It depends on any numbers of circumstances, the world markets, whatever, then I think that you are forced with having to go with an analysis of Phase 1, do the Phase 1 review and public hearings, make your judgment on Phase 1 and leave Phase 2 until such time as it may happen, because there may be some doubt as to whether it does happen.

I might say to you that when Repap signed the agreement, the Phase 2 aspect of it was not a sure thing. They indicated that was their plan, but there were certain penalties in there and certain restrictions in the agreement that they might not proceed with Phase 2. I take it as a positive sign that they have said they want to go through Phase 1 and Phase 2 and get a commitment on the entire development, because I think that shows their commitment to the \$1 billion investment and the additional job creation and so on.

I think in the Repap instance that the whole analysis is the better analysis, but I do not think that we can make that kind of judgment. We have to judge each individual project on the special circumstances that it contains.

Mr. Gary Doer (Leader of the Opposition): I just have some questions I would like to ask the Premier. Could the Premier please outline his policy on

individual Cabinet Ministers' accountability to Government policy?

Mr. Filmon: I think the Member knows well that every Cabinet Minister has to support Government policy, votes for Government policy in all instances, and does not have the latitude to vote against the Government. That does not mean that from time to time—and I well recall the Member for St. Boniface differing from his Party on specific Government policy from time to time, and others, and having both Ed Schreyer and Howard Pawley accept his right to give his own opinion, sometimes right in this Legislature, other times out in public fora. Those things have happened in every administration that I am familiar with in this province and in the country.

Mr. Doer: In terms of Government policy, the Premier alludes to a matter in federal jurisdiction. In terms of Government policy, the last time an NDP Cabinet Minister disagreed with Government policy as it affected the Cabinet decision-making was Sid Green, and he resigned from Cabinet over private school funding.

My question to the Premier is: Can a Member of the Treasury Bench disagree with the Premier's policy on user fees for health care and still be allowed to stay in Cabinet? Can a person who prepares a budget as a Cabinet Minister and is part of a Government that makes an election promise on a particular policy, can a Member of the Cabinet disagree with that policy that is right within the budget in a Budget Address?

Mr. Filmon: I do not know what it is like in the Member Opposite's caucus or what it was like in the Cabinet in which he was a Member for a short period of time, but I have never, almost never, seen an issue of any substance come before a Cabinet in which there were not differing opinions. There were always differing opinions, but ultimately a decision is made which is a consensus decision of the Government, of the Cabinet. That becomes the policy of the Government, and that is the policy that every single Member of Cabinet supports regardless of which side they took in the discussions that led to that decision.

That does not mean that they may not still share an opposing opinion on that particular issue, but they support what the Cabinet does and they support the Government policy. They vote for it, they defend it, and they implement it—period, paragraph.

Mr. Doer: Madam Chairperson, I have no problem with vigorous debates in Cabinet. I have absolutely no problem with dissent in Cabinet, but the principle of Cabinet rule is that you leave that dissent within the Cabinet room, or if you cannot publicly support the policies of the Government, you have the option of resigning. My question to the Premier (Mr. Filmon) is: Has he now changed those traditional British parliamentary rules that we operate under on Cabinet rules, for his Cabinet to be able to not only speak out against a Government policy in a Budget Address but also to go on an open-line show and promote a policy against the Government's position? Is that the new rule we have under the Premier's jurisdiction?

Mr. Filmon: Madam Chairman, we are talking about situations in which people have their own personal views. As long as they are stated as their own personal views and as long as it is stated absolutely clearly that they support Government policy and will not only vote for it—should that become the case as in the case of the budget—but implement that policy without question. What we are talking about is an openness, an independence of opinion that did exist in every Government that I have seen in this province.

I tell you that the former Member for St. Boniface, Larry Desjardins, did from time to time express some very, very different views about what was happening with respect to French language policies in this province and the Government and expressed them even in this Chamber. Even at the time that we were in serious debates about the French language issue, he was openly saying that he disagreed with the Government on certain aspects of it.

Mr. Doer: If you will check the record, he often said that we perhaps were not going fast enough far enough, Madam Chairman, in a piece of legislation, but he never said he was opposed to the Government policy. He never -(interjection)- Well, I guess the Premier is establishing a new set of rules. So that means, and if I ask the Premier (Mr. Filmon) the question, that means that the Member for Rural Development can go out and speak in favour of user fees tomorrow and the Premier would not have any sanctions at all against that.

Mr. Filmon: During 1977, Sid Green openly indicated his opposition to the Northern Flood Agreement that had been negotiated and developed by the Schreyer administration. During the election campaign of '77 as well he spoke against it saying

it would be a huge mistake for the Schreyer Government to sign that agreement. He literally campaigned against his own Party on it, but he had also said so on public fora throughout the province and in the Legislature that it was an error while he was a Member of that Cabinet. He never resigned from that Cabinet on that issue as I know that the Member knows.

This is not something that is that new and unusual. I know what point the Member is trying to make, and he is not making it very well. The reality is that when somebody makes a statement of this nature that is not, in my judgment, a particularly big deal, to have a personal opinion that varies somewhat from the Government policy and to keep beating that horse over and over again in the interests of getting some attention in the media, you know, he is obviously not making it and I do not think that it is something that I want to give him any more satisfaction on.

* (2050)

I have told him what is the position and he can try and twist it anyway he wants but I have said openly, it is not a matter of Government policy because the Government policy is stated publicly, in writing, and is being implemented in accordance with the Government policy on multiculturalism. It is the personal opinion of the Member for Rossmere (Mr. Neufeld) and he is entitled to his opinion. I disagree with him. The Government policy obviously is contrary to that, and he will implement Government policy at every time he has that decision to make.

Mr. Doer: Did the Premier (Mr. Filmon) ask the Minister to retract his statement so that the Government could be operating in a consistent way with their policy and their Ministers of Cabinet?

Mr. Filmon: The Government is operating in a consistent way and there is no variation from Government policy on this matter.

Mr. Doer: Did the Premier ask the Minister to apologize for taking a position in his Budget Address that was contrary to the policy of Government in terms of multicultural policy?

Mr. Filmon: Madam Chair, I do not report on personal discussions that I have with my Members, and I will continue to follow that practice.

Mr. Doer: Madam Chairperson, why would the Minister then not retract his statement, if the Premier did raise it with him?

An Honourable Member: He said that he does not make his conversations public.

Mr. Doer: Madam Chairman, this is a fairly serious item, and we wanted to address it in the Premier's Estimates because if he reads back Hansard he will find that he said two things in Hansard from the answers he has given in the House just over the last 15 minutes. He will find that he said that everybody has to follow the policy of the Government and an individual is entitled to not follow the policy of the Government.

Point of Order

Madam Chairman: The Honourable First Minister, on a point of order.

Mr. Filmon: On a point of order, I said I recognized that people had individual opinions, but they had to follow the policy of the Government.

Madam Chairman: The Honourable First Minister does not have a point of order.

* * *

Mr. Doer: Madam Chairman, is it the policy of the Government that a Minister of the Crown can go on an open-line show and advocate a policy that is contrary to the Government in a clear public forum?

Mr. Filmon: Madam Chairman, the individual involved was stating his own personal opinion, not the policy of the Government. He said so openly. It is his personal opinion. It is not my personal opinion. It is not the policy of the Government.

Mr. Doer: Madam Chairman, but he was introduced on the show as the Minister of the Conservative Filmon Government for Energy and Mines (Mr. Neufeld). He is a clear Member of the Cabinet, sworn to fulfill the duties of Cabinet, an oath of office. How can the Premier (Mr. Filmon) square the circle that you are on the one hand a Member of Cabinet and behold to the policy of Government and on the other hand, Cabinet Ministers cannot only disagree with Government but publicly promote a position that is opposite to the stated policies of the Premier and Cabinet.

Mr. Filmon: Madam Chair, this is a democracy. Time after time after time when there is a group decision made there are some people who disagree with that decision, but they come into this House and they vote with their Party.

That is the difference between what we are doing here and what some splinter groups are advocating, which is that you have no responsibility whatsoever to your Party, that if you do not like the decision made you opt out.

This is a democracy and the democratic process prevails. The fact of the matter is that when a decision is made each and every individual supports that decision, while they may still hold their contrary opinions.

Mr. Doer: The Premier articulated a position in a democracy in a political Party, but he knows full well that there is added responsibility and expectation on a Member of the Cabinet.

That is why we take, whoever is assigned to those jobs in Cabinet, an Oath of Office, pledging allegiance to that responsibility. I just wanted to know whether the traditional rules of Cabinet solidarity, and it is a term that is used quite often, have been changed indirectly through the action of the Minister of Energy and Mines (Mr. Neufeld)?

Am I to assume then—I ask my original question—that any Member of the Treasury Benches can, except for the Minister of Health (Mr. Orchard), disagree with the Premier, for example, on user fees in the health care system, which was a promise the Premier made? Can there be no consequences for any Member of the Treasury Benches to disagree with that policy; is this sort of the new era?

Mr. Filmon: Madam Chair, what the Member is saying is that—and I heard the Member for Crescentwood (Mr. Carr) allude to it—you do not talk about it publicly, that you may disagree, but you do not say anything about it.

This is an open Government. I have a Member who felt that he had to unburden himself of his personal views on an issue, while stating clearly that he supported Government policy, that he would vote for a Government policy, support the budget and so on. He stated a personal opinion, a personal opinion, I might say, that may be shared by people on that side for all I know.

I have known many instances in which I knew full well from private discussions with Members of previous administrations, NDP administrations, that Members of their Cabinet disagreed with the Government policy. Now, were they being less open, were they being less honest by not saying it publicly, I do not know. I do not know what point the

Member feels that he has here and that he has made here. I see none quite honestly. I repeat that the individual expressed a personal opinion. He said unequivocally that he supported Government policy and would vote for Government policy. Government policy is as it has been stated by us in our published policy on multiculturalism, has been restated many times in this House by the Minister of Culture (Mrs. Mitchelson), by myself, and there is no question as to what Government policy is on the issue.

Mr. Doer: Well, we agree to disagree. It will be an interesting debate as time goes on, I suppose, Madam Chairperson.

I have another question to the Premier: Does the Government have a mechanism to deal with wage settlements in the public sector?

Mr. Filmon: We have the same mechanism that every Government has had. It is called the free collective bargaining system.

Mr. Doer: Then I am to assume under the free collective bargaining process the Government approved the Workers Compensation settlement?

Mr. Filmon: Madam Chair, that is a Crown Corporation at arm's length from Government, and that matter, to my knowledge, did not come before the Cabinet table.

Mr. Doer: Madam Chairman, I am quite surprised that there is no mechanism for the Cabinet to have some "fairness in negotiations," I would say is the term. The Government has made statements about settlements potentially under the cost of living next year in the public sector, yet it settles its first contract into the '91 year, the '92 year. The Premier (Mr. Filmon) knows that precedents are fairly important in collective bargaining and sets it with COLA clauses.

Mr. Filmon: We did not.

* (2100)

Mr. Doer: Well, the Premier is a little testy on that, Madam Chairman. So the Premier has no mechanism of ensuring that what happens at one Crown corporation is not going to prejudice their negotiations at another Crown corporation, that will not prejudice their negotiations with the public sector. Generally, he has no system at all, I would assume, to ensure some equity in terms of settlements in the public sector.

Mr. Filmon: Madam Chair, we do not control the settlements made at the University of Manitoba, at Brandon University, at the University of Winnipeg, in the school divisions throughout this province, we do not in many, many areas of the public sector that are, if not totally, funded by the Government, largely funded by the Government, because of the relationships that we have with those sectors, which put them at considerable arm's length in some cases. We do not have a direct control or an indirect control over their salary settlements.

The reality is that we have steadfastly taken the position that one of the things that got the former NDP Government in deep difficulty, in fact ultimately saw them lose the 1988 election, was their determination to politically manipulate and control all of the decisions within their Crown corporations.

They saw themselves setting rates, manipulating rates in Autopac so that they artificially kept them down for a period of a couple of years because of election and political considerations, and then having to jack them up very substantially for a couple years. That got them into great political hot water, saw them in fact, through the Minister, even determining what issues and what matters should be put into financial statements and how they ought to describe their massive, growing losses in the Reinsurance Division of MPIC. That ultimately popped out into the public arena and again totally discredited their management and their political manipulation of those corporations.

We have determined steadfastly that we would let the Crown corporations be operated at arm's length on business principles that would be set by policy of the Government, and the management decisions and ultimate determinations made, under aegis of the boards of directors, by the management of the corporation.

We would further remove them so that rate-setting processes were the subject of Public Utilities Board hearings, that capital project reviews were the subject of Public Utilities Board hearings, so that we would keep this arm's-length relationship, Madam Chairman. For all of those good and valid reasons, there is not an attempt on our part to influence decisions that are management decisions in a free collective bargaining process between management and its employees.

Mr. Doer: Madam Chairman, but the Premier (Mr. Filmon) has quite remarkably, I think, given us a

"policy" of his that could lead to a great deal of difficulty. I would ask the Premier then, if he gets a settlement, say in the Agricultural Credit Corporation, of 10 percent a year, does he not think that may prejudice his negotiations in the school sector where you have arbitration, or does he not think it may be unfair to have a settlement at 10 percent a year in say, crop insurance, and have zero percent a year in agricultural credit? Does he not think that Cabinet Ministers should have some general ability to ensure that the employer's side is dealing in an equal way or fair way or not prejudicing himself in other arbitration boards or it is just willy-nilly?

Mr. Filmon: Madam Chair, Crown corporations are communicated with with respect to how difficult the economic circumstances are that we face, the position of the Government as it is stated in both the Throne Speech and the budget, of the massive challenges that we face. Those Crown corporations obviously are encouraged to as much as possible harmonize their own dealings so that they meet Government policy or that they meet Government objectives. At the same time, we do not go the step of setting firm top-line guidelines.

If we did, I would suggest that, to avoid the kind of event that the Member is talking about, we would have to apply those guidelines to every public sector agency within the aegis of Government and that would include teachers. There would be no sense in setting a limit for all Crown corporations and not applying that limit for settlement to teachers or to university professors and staff. We would have to go the full bore.

Mr. Doer: So there was no direction at all or it was the Government policy to allow cost of living which other groups could look at in the Workers Compensation, and if you set general directions for the Crown corporations for the '91 year, '92 year.

Mr. Filmon: Is the Leader of the Opposition suggesting that we ought to set firm limits for all those who come under the public sector purse in this province, that we ought to go out and set those limits, and say that no settlements above certain levels will be allowed?

Mr. Doer: No, Madam Chairperson, my advice to the Government is to deal equitably with all your employees and deal -(interjection)- No, you know full well that when you establish a precedent in one particular area of Government involvement, that it

has a dramatic effect on other areas of Government involvement. One should know that before that happens.

But the Premier has answered my question. There is no system in place, and that is obvious from the discrepancy between the comments of the Minister of Finance (Mr. Manness) when he presented his budget and some of the settlements that have been achieved. I am not disputing what the Government has done, I just want to know whether they had any system to get there.

Obviously, they do not, and they will obviously bear the consequences.

A further question to the Premier is: Did the Government review the criteria for arbitration that were agreed to by the doctors for the '91-92 and '93 year and are they consistent with the criteria that would protect equitable settlements in the public sector and the public spending for the Province of Manitoba in the Premier's opinion?

Mr. Filmon: The answer is yes, and in my opinion, yes. Madam Chair, I want to just say that I am surprised the Leader of the Opposition (Mr. Doer) is advocating that there ought to be one price, one limit for all unions. I would say to you that there will be many, many particular bargaining units, nurses for one, who would disagree that they ought to be held to exactly the same level of increase as the MGEA employees, as CUPE employees, as other people in this province.

In each and every case, I think that the employer, the relevant employing authority, has an obligation to review comparative data as to who is being more favourably treated. If one group, for instance, is getting 20 or 30 percent more than their counterparts across the country, then they may not be entitled to any increase or a decrease. Whereas, if another group is getting 15 or 20 percent less than their counterparts across the country, they may be entitled to a more generous increase. Those are the decisions that will have to be made by the relevant employing authority each and every time to be fair.

You cannot be fair by saying, because we are in tough times, everybody gets 2 percent even though one group may be 20 percent below the national average and another group may be 20 percent above. That is totally ridiculous. I can understand why the Leader of the Opposition would have difficulty, when he was in Government, in injecting

some fairness into a system that is blind justice as that is.

* (2110)

Mr. Doer: Madam Chairperson, I was not suggesting that at all. I would just like to think that the Premier (Mr. Filmon) has admitted he did not know what was achieved at Workers Compensation. It had not been approved at Cabinet. A couple years of COLA signed obviously has implications for the public sector. It is obviously opposite to what the Minister of Finance (Mr. Manness) said in the budget speech. I just wanted to know whether it was a conscious decision or an unconscious decision. I found out it is an unconscious decision, and that is all I wanted to know.

My further question to the Premier is: What is the predicted impact on the public purse of the settlement with the doctors in the '91, '92 and '93 years?

Mr. Filmon: Madam Deputy Speaker, it was—I just want to correct the Leader of the Opposition (Mr. Doer). That settlement that he is talking about at the Workers Compensation Board was not an unconscious decision. It was a conscious decision of the Board of the Workers Compensation Board and the management therein. With respect to -(interjection)- No, it was not approved by Cabinet. That does not make it an unconscious decision.

With respect to the doctors' settlement, nothing is able to be predicted without knowing the economic circumstances that will prevail at the time in which an arbitration award will be made. It may well be that with a soft economy, such as we have projected for this coming year with growth projected to be just under 1 percent in the Province of Manitoba, the doctor settlement may well be very much less than inflation, because one of the prime factors that we have in there is the Government's ability to pay.

Mr. Doer: I am glad the Premier (Mr. Filmon) predicted the growth under 1 percent. Last week, the Minister of Finance (Mr. Manness) was giving us the Royal Bank numbers but -(interjection)- Thank you.

Madam Chairperson, my further question to the Premier is: We had suggested to the Premier last year that the style of the Minister of Health (Mr. Orchard), a rather confrontational style, was not very good for bargaining and partnership with employees, and that I think it resulted in the

Government having to change their position on arbitration, given the sort of emotional insults of the Minister of Health to the doctors, calling them liars. That is not a particularly useful kind of tone, and I know the Premier (Mr. Filmon) would probably agree with that privately, but he cannot admit that and undercut his Minister.

Having said that and that is history, and the agreement is different than what the Premier said in this House about arbitration, I would ask the Premier, does he feel the style and the kind of confrontation that has already existed between nurses and the Minister of Health (Mr. Orchard),—we have had a demonstration in front of this building asking for the nurses union to be part of the bargaining or the advisory committee of Government, and refused by the Minister of Health.

We have had a very major confrontation between the nurses union and the Government on pay equity, which has soured relations. Does he think the Minister of Health has the ability to arrive at a co-operative arrangement and a settlement, or are we going to have a continuation of the confrontation and the conflict that is personified and following the Minister of Health with his relations with the vital link in our health care system, the nurses of this province.

Mr. Filmon: Madam Chair, the fact that there are demonstrations on the grounds of this Legislature by people, is not unique to any Government. I can recall when the Member opposite's colleagues were in Government that we had demonstrations. The families and workers of Manitoba Developmental Centre held a demonstration. Muriel Smith was called on the steps to answer for her maltreatment of the people at that institution, and the changes that were being proposed with respect to the nursing training course at that institution, and so on.

I can recall, of course, the largest demonstration in the history of this province, maybe the second largest, was that over Autopac, in January of 1988. That was against the former NDP administration, so I do not think that having demonstrations at this Legislature is anything more than an indication of political outcry on particular issues, and it may be a big, or not a big issue.

With respect to the nurses protesting lack of representation on the health care advisory network, I believe there were at least two nurses on that advisory network, including the former Dean of

Nursing at the University of Manitoba, and at least one other, I believe, Joyce McFarlane is a registered nurse, and is also on the Health Advisory Network.

So you know, you get arguments as to whether or not the union should have somebody on, versus whether it should be somebody from the profession, and those are things that we are prepared to stand and debate and discuss, but I do not think that they are life threatening, and I do not think that they are the stuff that Governments are defeated on, and certainly those kinds of demonstrations that the Member referred to did not result in the defeat of our Government, and I think that he is unwise to make too much of them.

What was his question? Oh yes, with respect to confrontation in your style. I mean, I do not know whether it is the fact that there are these major groups out there with a great deal of public clout, in some respects, that you end up having these confrontations with Ministers of Health, but one of the former NDP Ministers of Health, Mr. Desjardins, reminded me when we were going through our discussions with the doctors, that I ought to take a look at some of his old clippings, some of the serious confrontations that he had, and the real bitterness which, I think, still exists in that profession for Mr. Desjardins.

I happen to think that Mr. Desjardins—and I with a great deal of affection roasted him a little bit on Saturday as he was inducted into the Manitoba Sports Hall of Fame—I happen to think that he was a pretty solid person and in many respects non-partisan in the way in which he dealt with people, not a political person. He really had a little bit of each of the Parties in the Legislature within his make-up. One thing he was was a person firm in his convictions, so firm that when he got into a hard debate and a very tough exchange with people, perhaps he let his anger get the best of him. There were some very bitter confrontations between him and the medical profession. I did look at some of those write-ups in the newspaper and in fact they were worse than I had remembered them in some cases, some of the full page ads that they ran against him.

Secondly, of course I can remember his successor, Mr. Parasiuk, telling doctors, in the midst of the dispute that led up to an eventual settlement in the middle of the 1986 election campaign, that if the doctors did not like it they could leave the

province. I think that is the ultimate insult both to the medical profession and to the people of Manitoba.

An Honourable Member: They took his advice.

Mr. Filmon: Yes, they did. Many of them regrettably took his advice and left the province. If the Member is trying to make the case that somehow the Member for Pembina (Mr. Orchard) is more confrontative than his predecessors, I suggest that the facts do not accord with that assertion.

Yes, confrontation ultimately is to be in my judgment avoided, but it may be a necessary consequence if people's demands are greater than what the Government can afford to comply with.

* (2120)

Mr. Doer: The Premier mentioned a couple of incidents of demonstrations. Perhaps those were demonstrations that did express the public mood, and perhaps we were not on the correct side of either issue. I would therefore not toss away the opinions of the nurses so lightly, Madam Chairperson. I think the Premier raised a couple of issues that I think you should note. There were ultimate consequences for the Government. Sometimes you have to take a number to get a demonstration out here lately, but I do not necessarily believe we can therefore go on all of them. They are like planes over O'Hare airport waiting to land sometimes with this Government, but there are some that are very significant.

I mentioned the nurses. We did have the great fortune of having an agreement with the nurses and settled in every year we bargained with them. I happen to have the distinction of being involved the last round in settling that contract, Madam Chairperson, and it is not that easy. I would suggest to the Premier that I am glad that he has confidence in his Minister of Health (Mr. Orchard). I think that he is a great fighter, and I think he is a great debater. I am not so sure he is a great conciliator or a great negotiator and is therefore capable of working out a partnership with that very important group. The Premier has made his judgment and the proof will be in the proverbial pudding, but I wish the Government well and the nurses well in their important negotiations.

My advice was put him in charge of federal-provincial relations, sick him on Mulroney and keep him away from our nurses. The Premier did not take my advice there, and far be it from me to -(interjection)-

We have some other questions we want to raise on smaller but very important items in the Premier's Estimates. I have some questions on Health and some questions on bilingual public service. I would just like some questions on Health, one or two questions on Health, and then I will move on to the bilingual public service, and then we will move it back.

We are very concerned at the level of funding in the preventative area for the Department of Health. We are also very concerned that this Premier sometimes will answer questions of how many paper clips there are in the Department of Highways, never answers a question on Health in this Chamber.

I would ask the Premier: Does he feel he has a good handle on the Department of Health, in terms of the direction it is going, because if he reviews the Estimates, the more residual components of Health are doing quite well in some areas of their funding, but the preventative community-based health is less than inflation and has indeed flattened out in the health care Estimates?

Does he have a good control over his Minister of Health (Mr. Orchard) and his Ministry of Health in terms of where it is going and where it is going for the Province of Manitoba, or does he really leave the Minister of Health to his own devices as it appears in the Chamber when we ask questions?

Mr. Filmon: In the interests of perhaps stimulating more debate, Madam Chair, I am going to pass out the lists of staff and salaries that the Leader of the Liberal Party (Mrs. Carstairs) asked for earlier. I will send three copies across if I may.

Madam Chair, I will say that a great deal of information passes by me as Chair of the Treasury Board and as Chair of Cabinet. I attempt to gain as thorough an understanding of each and every portfolio as I possibly can. Certainly my briefing book carries information on key issues in every Government department, but I think that the Member will concede that, by and large, it is not just the Minister of Health who I rely upon to answer his own questions. He will probably note that the Minister of Agriculture (Mr. Findlay) answers most of his questions, too. He will probably note that the Minister of Education (Mr. Derkach) answers most of his questions, too, and so on and so forth.

I attempt to be a delegator. I attempt not to get into the fray on a lot of these issues, but I could tell the

Member for Concordia (Mr. Doer) that he very skillfully, and I think very deliberately, asks almost all the questions about all the departments of me, as leadoff questions in the House each and every day.

I do not know whether he is doing that to attempt to embarrass me, or surprise me, or test me, or all of the above, but the reality is that I should not be answering a lot of those specific questions for individual Ministers. Sometimes I am prepared to play his game and other times I am not.

With respect to Health, where we get into oftentimes a debate about some very specific issues within a very large issue-oriented department as opposed to dollars, cents and budgetary matters, that I would have some knowledge of through their Treasury Board process, I am letting the Minister debate issues with the Member for Concordia, because I think it is appropriate that he should.

Mr. Doer: Madam Chairperson, the Premier (Mr. Filmon) will note his own questions, when he was Leader of the Opposition, were normally to the Premier of the Day. In the past, I do not believe that was a game then. I just assumed as rookie, as a neophyte, as new Member -(interjection)- Well, the Premier just used the word "games." The questions are normally from the Leader of the Opposition to the Prime Minister in the House of Commons, or generally, to the Premier of the Day, and he knows that is "not a game," but really the traditions of this parliament. I know he knows that because he practised it, because I have read his questions to the former Premier Pawley. I will not pursue that any longer except that I note that health is the largest department in Government and it has the most policy implications. It has the most implications, Madam Chairperson, for reform of budgeting.

Two areas that I have raised with the Premier today have the biggest implications for his budget next year. One of them is policies in relationship to compensation, the other policies are in relation to health, so I raised issues that he has some discretion over because he does not have a lot of discretion over the 1 percent growth next year unless he can stimulate the economy. I have raised questions with him that will directly impact on us in our budget potentially next year, and that is why I raised them, because I know that those present the greatest challenges to any Government.

It does not matter what your political stripe is; those are the issues that you have some discretion over. If you do not have any authority over those issues or any idea of where you are going in those issues, you have an expenditure side that you have responsibility for but do not have authority for. You have a revenue side that you have already said is 1 percent next year and the equations there are not that good for the Province of Manitoba. I will move off that point. I have made it.

I will ask the Premier, as Minister responsible for French language services, how many public employees are bilingual in the public service, what the status of the French language services is in the Province of Manitoba in terms of advancing services to the public in Manitoba?

Mr. Filmon: I apologize to the Member for Concordia, but Mr. Turenne who is the co-ordinator of French Language Services Secretariat is not available this evening and so I cannot give him those figures directly. I can provide a full report about it, because it was the information that I think I probably put on the record last time we had this debate.

You know, the numbers of positions that were identified as being bilingual required and bilingual preferred, in each instance more than half of the positions that were identified by that rather large survey that was a joint effort of the Government of Manitoba, the Manitoba Government Employees' Association, the Civil Service Commission and the SFM, are filled. I believe that in one category there were between 350 and 400 bilingual required and there was something in the same range, 350 to 400 bilingual preferred. In both instances we were over 50 percent filled. I think, in one of the categories we were something like 65 percent filled in terms of those positions.

As I am sure the Member knows, the objective is that they will be filled through attrition each time the position comes up rather than move people out of that position, although we are encouraging people who are in a position that is so designated to take French language training, and a number of them are doing that. There is more, I think, of a demand recently for French language training within the public service in Manitoba. We are sort of consciously attempting to, in key areas, add to our bilingual capability. As a for instance when we had one change, Leah Goodwin moved out of Executive Council as a communicator. She was replaced by Kathleen Hache who is bilingual and gives us that

capability. So, we are trying to fulfill some of these requirements.

* (2130)

My own secretary, Betty Bilyk, is actually becoming quite competent, as a number of members of our Executive Council staff are becoming quite competent with respect to French language services.

The whole thing is moving forward, as I indicated to the SFM annual meeting on Saturday, probably not as quickly as many would like to see it move, but we are moving reasonably toward the objectives laid out in the policy that I enunciated to the SFM a year ago this week. That is the best summary I can give, but I will give—if we happen to complete my Estimates before tomorrow I will give it in writing in the numbers that the Leader of the Opposition has asked for.

Mrs. Carstairs: I would like to go back in a few areas that I have a few questions to ask on some grounds that we have covered, and I will try to cover it relatively quickly.

I would like to return briefly to the issue of Cabinet solidarity. I suppose what I find most difficult is not just that this individual speaks so openly about his personal views, which are in direct contradiction with Government policy, but that he has also been appointed by the First Minister as the Deputy Critic of Culture, Heritage and Recreation, which leads one to question how he can possibly stand in this House and defend the policy when the Minister is not here, when he is quite obviously totally opposed to this policy.

Mr. Filmon: Madam Chair, if he were the critic there would not be a problem. He is the Acting Minister, which he has been since May of 1988. None of those Acting Minister positions were changed because of the rationale I gave in making absolute minimum changes to the Cabinet in anticipation of making more major changes after this Session is over. I just simply did not want to go and start shuffling all of these responsibilities and I have indicated very clearly that shuffling will take place afterwards.

Mrs. Carstairs: The tragedy is, that as the assistant or the replacement Minister if you will, he has not learned anything over the last two years presumably, that has changed his mind about the Government's policy since he is obviously diametrically opposed.

He also is responsible in his own ministry for a variety of issues which reflect very much on the statements that he has made. For example, we have raised questions in the past with regard to French services at Manitoba Hydro. This is the Minister responsible for Hydro, through his responsibility as Minister of Energy, and he sees through his comments of German versus French, that there is no special obligation to the Francophone community in the Province of Manitoba.

How can he be implementing services within the French language area if he quite frankly does not even understand that there is indeed a special constitutional relationship between the Francophone community and the Province of Manitoba?

Mr. Filmon: I am glad that the Member for River Heights raised that particular point, because it makes my point much better than I could. When I announced the policy last year I said it applied to the major Crown corporations and that they would immediately embark upon an implementation plan for implementing French Language Services in their area of the public sector.

Without question, Manitoba Hydro has been the most aggressive and the most thorough in fulfilling the mandate and requirements of French Language Services. They went immediately to bilingual billing format. They had a display at the SFM Annual Meeting, Saturday, with several of their bilingual staff and the co-ordinator of their bilingual implementation program there to answer questions. Their services throughout, certainly, the language services designated areas of the province are already in bilingual format. They are responding to inquiries and so on.

The SFM said that all of our Crown corporations should be like Manitoba Hydro because it is No. 1 in their estimation in terms of its implementation of the language services policy.

Mrs. Carstairs: They certainly were not saying that a year ago when a tear-off section of a Hydro coupon, you will remember, was in one language only. Can the First Minister (Mr. Filmon) also indicate if that is equally true in the area of pay equity? Is there an aggressive pay equity program being conducted at Manitoba Hydro?

Mr. Filmon: Yes, Madam Chair.

Mrs. Carstairs: The issue of French Language Services in the Government as a whole—can the

First Minister tell us if services are becoming more and more available at the phone level with respect to a variety of Government departments? By that I mean when people do phone into departments, are they now able to access someone who can take their complaint or take their concern in French as well as in English?

Mr. Filmon: It varies across the Government to be quite frank because one of the agreed-upon commitments of this policy implementation, and I think that the Member for Concordia (Mr. Doer) can confirm that the MGEA did not want to have a policy that saw us remove hundreds of people from their positions and replace them with bilingual capability, that it was to be done on an attrition basis. As people moved out of designated positions, they would then be replaced with bilingual capability.

Having said that, it is coming along reasonably, but it is not perfect and we cannot assure that people will get the service that they are looking for in bilingual format when they phone in to a Government department.

Mrs. Carstairs: Madam Chair, I was pleased to receive this list this evening with respect to the employees of the Executive Council. I do want to raise a serious question, because I am prepared to make the same kind of commitment for our staff. We have, all of us, seen turnovers in our staffs. I notice the Premier's staff from the list of December 1988 to the one that is given today and there is some 36 percent turnover in people. That is quite understandable.

We have watched people switch in jobs from one particular position to another. Is the Premier prepared to look at the possibility that when that switch takes place, from one position to another position, that those individuals, provided that switch also means a substantial salary increase—not when there is a lateral move but when in one case from an executive assistant to a special assistant—that instead of starting them halfway through the range or three-quarters of the way through the range that we could, in this time of stress and strain economically, try and start them if possible at the beginning of the range?

Mr. Filmon: What the Member will notice is that the ranges overlap so that in fact the top of one range is part way into the next range and, as a consequence, what we have adopted as an informal policy, but is being relatively uniformly applied

unless somebody can prove extenuating circumstances, is that in moving from one category to the next, if they go from an EA to an SA, they get the equivalent of one increment and one increment only for that move. Recognizing that it is a promotion, they should get one increment, but they are not being given two or three which may have been the case in previous times, not necessarily from our administration but from across the board kind of thing where people moved and moved into huge increases. We have tried to be very, very careful about that. The odd one has slipped by us, but that is what we are suggesting as the policy that we want to follow.

* (2140)

Mrs. Carstairs: Well, I thank the First Minister for that, and I can assure him that we will, as much as possible, abide by exactly that same within the Liberal Caucus and the Leader's staff as well, so that we can, in fact, do our small bit, and it is a small bit in the overall scheme of things, to make sure that Government expenditures are kept down.

Finally, to the First Minister, the issue of Natives in the Province of Manitoba, I understand that one of your staff persons, Bob Ramrattan, is to be transferred over to an Urban Native Strategy as a major policy analyst for the purpose of further development and implementation of the Urban Native Strategy. I have no difficulty with that transfer. It seems to me that they would need someone of that calibre as a senior Government analyst. What I want to ask the Minister, if it is possible for him to answer, is when do they hope that the final development and implementation of that strategy will be completed?

Mr. Filmon: I am sorry, could I ask for the question to be repeated?

Mrs. Carstairs: What is the time frame that they hope that the final development and implementation, hopefully implementation, what kind of a time line are they looking at? I mean, we have been waiting for the urban strategy now for some time, and I guess I believed that it was really in the final development stage, only I now find that there has been somebody transferred from your department to do that final development. When is it now anticipated that we will get an urban strategy?

Mr. Filmon: As the Member knows, there was a report that was done by a consultant on this issue that led to consultations with the various groups

within the aboriginal community in and around the urban setting and others. The implementation phase, we believe, ought to include a commitment from both the federal and civic Governments since it is really urban Natives—Natives being a federal responsibility—the city, with the urban setting having, in our view, a very key role to play. The consultations are ongoing with those two levels of Government, so that there should be a co-ordinated and jointly-funded effort come out of this policy that is ultimately agreed upon.

I think that it is safe to say as well that there are educational elements to it and that there ought to be some private sector involvement with respect to training and employment initiatives and all sorts of things.

The strategy, to be effective, should include all of these people, and the consultations with various groups are ongoing. I would like to see it done a lot faster myself. It has been one of my disappointments that we have not been able to get into an implementation phase of the Urban Native Strategy, but regrettably, I guess, the answers are difficult, the problems are complex and perhaps the costs, to do an effective job, are a little beyond our own resources to fund. So we have worked very hard at bringing other people into the tent on this, including the federal and civic Governments, including the private sector.

Mrs. Carstairs: I am pleased that the Premier mentioned the educational component, because I was distressed to go through the Education Estimates and to discover that inner city education and Native education both received cuts. If we are going to come up with any kind of Urban Native Strategy, then education is going to have to be a very important component of that strategy. To see cuts in those kinds of programs would indicate that we are perhaps moving backwards in this particular area.

I am pleased with the Premier's indication that there is going to have to be an increase in the contribution. I also recognize that contribution to education cannot just be provincial, that there is going to be required some federal education monies if, in fact, there is going to be the kind of educational experience that is required in the inner city, much of which, of course, is Native education.

Is there a co-ordinated effort going on in this Urban Native Strategy not just with the Northern

Affairs Minister (Mr. Downey), but also with the Minister of Education (Mr. Derkach) and with the Minister of Urban Affairs (Mr. Ducharme) so that effective co-ordination can lead to a policy which will work?

Mr. Filmon: The intent is that there will be. I think that the Member may know, if she knows Mr. Ramrattan, that he comes out of the Department of Education initially, and that his area of effort was in some of our aboriginal communities. He did work as a teacher in the past.

With respect to Education and Training, I am told that the only area of shift that may imply a reduction, and that it is not a reduction, is the phase-down of some of the programming under the Core Area Initiative that was planned for over the five-year basis. In other words, resources were put in different areas over the five-year basis. I see in the area of Native Education, under page 43 of the Estimates of Education and Training, that it increases—according to these Estimates—but again they are not mine to explain or defend. I leave it for further discussion with the Minister of Education in his Estimates.

Yes, the areas of Urban Affairs and Education will be involved with the development of that Urban Native Strategy, and with the implementation phase it ought to include programming that affects both of their portfolios, if it is to be effective.

Mr. Doer: Just one last brief question to the Premier. Has the Premier, or Executive Council, entered into any consulting agreements with Advance Planning, or Government Policy Consultants, or a Mr. Brown, as they have in past fiscal years? If they have, can the Premier indicate the amount of those contracts?

Mr. Filmon: I understand and I will get—I do not know who Mr. Brown was—(interjection)—oh, okay, all right, I know.

GPC, no; Advance, no; and Brown, no. No funding or contracts with any of them in these Estimates. Mr. Brown is Mr. Rod Brown, a teacher at an inner-city school who was doing some writing for us, specifically for me, as a matter of fact, on some speech materials. We referred to that in previous Estimates but that was a one time shot.

* (2150)

GPC, the Member knows the principles involved and, no, they do not have a contract with us this year and neither does Advance, whatever their name was. That was a one-time shot on a recruitment

basis for a position to replace Cliff Scotton. He will remember the debates on that, and they did not get any further contracts.

Mr. Doer: I guess we will continue to monitor the Minister of Finance's (Mr. Manness) release of those contracts. A bad year for the big blue machine I see from Ontario. That is unfortunate, but fortunate for Manitoba taxpayers. I was just curious to see—they will probably change their names, we will have to find out. I just wanted to know the status of those consulting contracts.

I would just like to make a couple of concluding comments and would be prepared, subject to the approval of the Leader of the Liberal Party (Mrs. Carstairs), just to pass the Estimates tonight as we indicated to the Premier. He is busy, and we have had some discussion of the areas under his responsibility.

We thank the Premier and his staff for appearing today. We have raised a number of concerns. I do not want to go over the statement I made to start with; we agreed and disagreed on a number of major issues, which is understandable.

The federal-provincial relations—we have had a very healthy debate in terms of how we are conducting federal-provincial relations and the bottom line results of our activity with the Ottawa Government.

I think all of us have had a very healthy debate on the western Premiers' meeting, and again, we agree to disagree in terms of the results, particularly in the area of subsidies from other western Premiers that are going to cost Manitobans jobs and cost Manitobans jobs last week. We have disagreed with the Premier on his strategy on Rafferty-Alameda and that will be an ongoing debate in this Chamber.

We have raised the issue of Cabinet policy on solidarity, and again, we agree to disagree. We think in a democracy there is the ability to have dissent; we also think that fundamentally a Cabinet Minister is a Cabinet Minister is a Cabinet Minister. They are sworn to uphold the Government policies, not to advocate against them. We have had that debate here again today.

I would again ask the Premier to consider his Health Minister (Mr. Orchard). We have raised concerns about his style, not his debating style, but his management style in the health care system. The stakes are fairly high with our nurses and our health care partners. We would also raise questions

about the priorities, money for residual health and the traditional health and very little money for preventative and community based health, which we think is essential in the 1990s for reforming our health care system.

So, Madam Chairperson, I could go on and on and on, but I did so in my opening comments. We are certainly prepared to pass the line-by-line Estimates of the Premier. We thank him and his staff for the attention and some of the answers they were able to give us through the last couple of hours.

Mrs. Carstairs: While we have enjoyed this Session, we have some grave concerns as my colleague to my right has indicated. The new era of federal-provincial relations has entered the twilight zone.

We are somewhat happier with the present state of aggressiveness on the part of the Premier, than his attitude which he took back in 1988, and which was that the Minister of Finance (Mr. Manness) was wonderful and the Prime Minister was even more wonderful and we have discovered that they are not very wonderful at all in a variety of experiences.

The Liberals also are gravely concerned about Ministers making statements which are in direct contravention to Government policy, particularly when they then go out of their way, as the Minister of Energy (Mr. Neufeld) did, to go on an open-line program and to reiterate their personal views and in some respects even strengthen those personal views in direct contravention of Government policy. It sends a very mixed message to the people of Manitoba as to what the Government policy is, and I think that is unfortunate. I think the Government is missing, quite frankly, a major opportunity to correct that misinformation when they do not at least get an apology from the Minister.

We also challenge the Premier (Mr. Filmon) to be concerned about discussions with the federal Government with respect to a harmonization of environment policy, because indications of the federal Government are that they do not set the high level of standards that the Premier has indicated today that he is prepared to set and which we applaud, quite frankly. Their indications that they are quite prepared to have environmental assessment impact studies conducted while a project is going on does not bode well for the future of the environment in our nation and even in our province should they have a senior decision-making capacity.

I look at the James Bay project right now where, quite frankly, the Province of Quebec has decided to go ahead and build the roads to put a lot of the infrastructure in place long before that environmental impact assessment is done, and we know that once they have gone that far down the slippery slope it is going to be very hard to stop the horses from going into the final lap, if you will, of the track. That is what we must be very careful to ensure does not happen to projects in the Province of Manitoba or in provinces like Ontario or Saskatchewan by which we could be adversely affected.

I think we also must be cautious when we join with other western provinces with respect to agreements on issues such as taxation, because the problems are not the same, and I indicated in my opening remarks that the taxation problems of a Newfoundland and a Nova Scotia and a New Brunswick and a P.E.I. and, to some degree, a Saskatchewan are much more similar than the taxation problems of a British Columbia or an Alberta. We should not accept the regionalization of this country as an acceptable goal, because it is not an acceptable goal, and I would ask him to listen to some of the more eloquent musings recently of Clyde Wells who has indicated that he has grave concerns about the regional approach that is being taken to our national Constitution. I think that many Manitobans would agree, as the Premier himself did earlier, that Manitobans feel very strongly that they are Canadians first and that they are Manitobans second and that they are Westerners perhaps third in that list of one-two-three. They want to make sure that there is a strong Canada for our children and our grandchildren.

Like the Leader of the Opposition, I am prepared to now pass the Premier's Estimates.

Mr. Filmon: In a totally non-partisan way, I thank the Leaders of both Opposition Parties and other contributors to the debate for the comments that they made. In summing up the very relevant statements as to the identification of the very severe challenges that are ahead of us, if in the reporting or if in the review of what I have said at any time I have left the impression that we want to balkanize this country or we want to regionalize our approach, I just say that that is not what will be done by our administration, it is not what I would do. The fact is that we will pick our allies, depending on the issue and there will be times in which we will have more

in common with provinces that have equalization as one of their key needs, and that is one of our key needs.

That is why we made our ultimate decision on the GST issue, and Lord knows I would have loved to jump into a court challenge on the GST if it were not for the very clear legal advice we were getting from our constitutional law people that said that this was tied in to the federal Government's taxing authority, was tied to the federal Government's spending authority with respect to provincial areas, and that we are in fact on the opposite side of the issue with respect to Alberta, British Columbia and Ontario on this one.

There are other issues that we could go over, but the Member makes the good point and that is that ultimately what holds this nation together is a collection of common interests and they are not always regional, but on things like GATT, and things like the transfer payment issue, and the offloading issue and other things, a lot of commonality amongst the western position.

So we will keep looking for ways in which we will co-operate. I think Members opposite know I have a lot of admiration for Clyde Wells and find it very easy to co-operate with him on issues that we agree with in principle because he is a great person to have on your side, he articulates the case very well and is very strong in his defence of what he believes is right. We found him to be a great ally in Ottawa over Meech Lake and I am sure that there will be other issues that we will find common interest with.

* (2200)

If I can just go to one other point, and that is with respect to how we deal with the federal Government and I, with a certain degree of good humour, accept the point about Ottawa and the position we find ourselves in, invariably on opposite sides of issues from Ottawa in recent times. You know, there is an old saying: Fool me once, shame on you; fool me twice, shame on me. We give everybody the opportunity to demonstrate how they want to deal with us and if we find that we are not being dealt with in good faith, then we certainly will stand for Manitoba's best interest first and foremost and take as strong a position as we have to in order to achieve our goal on behalf of Manitobans.

If I can say one final thing, because the issue has been raised about staff and about their availability and willingness to participate. I want to just say that

the Leaders of the two Opposition Parties have had an opportunity during the last year to get to know many of my staff on a very direct basis. We spent a lot of time rubbing elbows and shoulders in the week in Ottawa and I think that the Members opposite will agree with me that we have in Executive Council, a very loyal and committed staff who have a great sense of duty and responsibility to this province because some of them are political appointees and many others are not.

It is hard to separate the sense of duty and responsibility that we are getting from both sides because I can say that they are all equally committed and I could not ask the kind of commitment we are getting out of them. In many cases they have demonstrated they are prepared to work seven days a week and long hours, 70 hours a week or whatever it takes to get the job done and I salute them as having enabled us to come through some very, very challenging and difficult times in the past short while, but I know that there are equally difficult and challenging times ahead and I feel that, with their loyalty and their commitment, we will indeed be able to meet these challenges, and I have nothing but thanks and admiration to extend to the staff for the support they have given.

Madam Chairman: Item 1.(b)(1) General Administration, Management and Administration: Salaries—pass; item 1.(b)(2) Management and Administration: Other Expenditures—pass.

1.(c) Intergovernmental Relations Secretariat: (1) Salaries—pass; item 1.(c)(2) Intergovernmental Relations Secretariat: Other Expenditures—pass.

1.(d) Government Hospitality—pass.

1.(e) International Development Program—pass.

1.(f)(1) French Language Services Secretariat: (1) Salaries—pass; 1.(f)(2) Other Expenditures—pass.

At this point we request that our Minister's staff leave the table for the consideration of item 1(a)—pass.

Committee rise. Call in the Speaker.

IN SESSION

Mr. Speaker: The hour being after ten o'clock, this House is now adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

Legislative Assembly of Manitoba

Monday, November 5, 1990

CONTENTS

ORDERS OF THE DAY

Concurrent Committees of Supply

Finance	767
Executive Council	795