



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

**DEBATES
and
PROCEEDINGS
(HANSARD)**

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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
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	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, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	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, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 22, 1992

After Recess

The House resumed at 7 p.m.

Committee Changes

Mr. Kevin Lamoureux (Inkster): Yes, Mr. Speaker, I would move, seconded by the member for Osborne (Mr. Alcock), that the composition of the Standing Committee on Industrial Relations be amended as follows: Inkster (Mr. Lamoureux) for River Heights (Mrs. Carstairs). That was, one could say, retroactive; that was made earlier today in the Standing Committee on Industrial Relations, on June 22 at 2:30 p.m.

Now, I would move, seconded by the member for Osborne that Industrial Relations again be changed, and be amended as follows: River Heights for Inkster.

I would now move, seconded by the member for Osborne, that the composition of the Standing Committee on Law Amendments be amended as follows: Inkster for St. James (Mr. Edwards). [Agreed]

Mr. Edward Helwer (Gimli): I move, seconded by the member for Niakwa (Mr. Reimer), that the composition of the Standing Committee on Industrial Relations be amended as follows: the member for Turtle Mountain (Mr. Rose) for the member for Riel (Mr. Ducharme). This was for the 2:30 p.m., June 22 sitting

I move, seconded by the member for Niakwa, that the composition of the Standing Committee on Law Amendments be amended as follows: the member for Riel for the member for Turtle Mountain. This was again for the 2:30 p.m., June 22 sitting.

I move, seconded by the member for Niakwa, that the composition of the Standing Committee on Law Amendments be amended as follows: the member for Pembina (Mr. Orchard) for the member for Rossmore (Mr. Neufeld); the member for Brandon West (Mr. McCrae) for the member for Gimli (Mr. Helwer). [Agreed]

House Business

Hon. Clayton Manness (Government House Leader): Mr. Speaker, before I go into Report

Stage, I would like to cancel two committees that had been called for tomorrow morning.

They are, namely, the Standing Committee on Public Utilities and Natural Resources that was going to deal with the five-year plan of the Workers Compensation Board. I am doing that mainly because the minister may very well be in committee tomorrow morning on Industrial Relations.

Mr. Steve Ashton (Opposition House Leader): Yes, Mr. Speaker, I appreciate the situation the government House leader is trying to deal with. We certainly should cancel Privileges and Elections. I think we should have one slot available in the morning, but having been in the Industrial Relations committee, if we do not complete things by tonight, we should be able to complete with an afternoon sitting, although there is some possibility we may be finished tonight and then deal with it, clause by clause, tomorrow.

Mr. Manness: Mr. Speaker, on that point then, I will not cancel anything. I will entertain further discussions with the House leaders, and I will come back to those standing committees tomorrow morning.

Mr. Speaker, then, would you begin to call Report Stages, in the list as shown on page 6, beginning with Bill 10?

REPORT STAGE

Bill 10—The Manitoba Hydro Amendment Act

Hon. James Downey (Minister of Energy and Mines): Mr. Speaker, I move, seconded by the Minister of Highways and Transportation (Mr. Driedger), that Bill 10, The Manitoba Hydro Amendment Act; Loi Modifiant la Loi sur L'Hydro-Manitoba, reported from the Standing Committee on Public Utilities and Natural Resources, be concurred in.

Motion agreed to.

Bill 11—The Bee-Keepers Repeal Act

Hon. Glen Findlay (Minister of Agriculture): I move, seconded by the Minister of Energy and

Mines, that Bill 11, The Bee-Keepers Repeal Act; Loi abrogeant la Loi sur les apiculteurs, reported from the Standing Committee on Agriculture, be concurred in.

Motion agreed to.

Bill 12—The Animal Husbandry Amendment Act

Hon. Glen Findlay (Minister of Agriculture): I move, seconded by the Minister of Highways and Transportation (Mr. Driedger), that Bill 12, The Animal Husbandry Amendment Act; Loi modifiant la Loi sur les L'élevage, reported from the Standing Committee on Agriculture, be concurred in.

Motion agreed to.

* (1905)

Bill 14—The Highways and Transportation Department Amendment Act

Hon. Albert Driedger (Minister of Highways and Transportation): I move, seconded by the Minister of Health (Mr. Orchard), that Bill 14, The Highways and Transportation Department Amendment Act; Loi modifiant la Loi sur le ministère de la Voirie et du Transport, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 15—The Highway Traffic Amendment Act

Hon. Albert Driedger (Minister of Highways and Transportation): I move, seconded by the Minister of Health, that Bill 15, The Highway Traffic Amendment Act; Loi modifiant le Code de la route, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 43—The Farm Income Assurance Plans Amendment Act

Hon. Glen Findlay (Minister of Agriculture): I move, seconded by the Minister of Finance (Mr. Manness), that Bill 43, The Farm Income Assurance Plans Amendment Act (Loi modifiant la Loi sur les régimes d'assurance-revenu agricole), reported from the Standing Committee on Agriculture, be concurred in.

Motion agreed to.

Bill 44—The Milk Prices Review Amendment Act

Hon. Glen Findlay (Minister of Agriculture): I move, seconded by the Minister of Environment (Mr. Cummings), that Bill 44, The Milk Prices Review Amendment Act (Loi modifiant la Loi sur le contrôle du prix du lait), as amended and reported from the Standing Committee on Agriculture, be concurred in.

Motion agreed to.

Bill 47—The Petty Trespasses Amendment Act

Hon. James McCrae (Minister of Justice and Attorney General): Mr. Speaker, I move that Bill 47, The Petty Trespasses Amendment Act (Loi modifiant la Loi sur l'intrusion), as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 53—The Dangerous Goods Handling and Transportation Amendment Act

Hon. Glen Cummings (Minister of Environment): Mr. Speaker, I move, seconded by the Minister of Agriculture (Mr. Findlay), that Bill 53, The Dangerous Goods Handling and Transportation Amendment Act (Loi Modifiant la Loi sur la manutention et le transport des marchandises dangereuses), reported from the Standing Committee on Public Utilities and Natural Resources, be concurred in.

Motion agreed to.

Bill 72—The Law Reform (Miscellaneous Amendments) Act

Hon. James McCrae (Minister of Justice and Attorney General): Mr. Speaker, I move, seconded by the honourable Minister of Finance (Mr. Manness), that Bill 72, The Law Reform (Miscellaneous Amendments) Act (Loi sur la réforme du droit (modifications diverses)), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

* (1910)

**Bill 74—The Law Society
Amendment Act**

Hon. James McCrae (Minister of Justice and Attorney General): Mr. Speaker, I move, seconded by the honourable Minister of Finance (Mr. Manness), that Bill 74, The Law Society Amendment Act (Loi modifiant la Loi sur la Société du Barreau), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

**Bill 80—The Dental Association
Amendment Act**

Hon. Donald Orchard (Minister of Health): Monsieur le président, I move, seconded by the Minister of Finance (Mr. Manness), that Bill 80, The Dental Association Amendment Act; Loi modifiant la Loi sur l'Association dentaire, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 81—The Optometry Amendment Act

Hon. Donald Orchard (Minister of Health): Monsieur le président, I move, seconded by the Minister of Highways (Mr. Driedger), that Bill 81, The Optometry Amendment Act; Loi modifiant la Loi sur l'optométrie, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

**Bill 88—The Homesteads, Marital Property
Amendment and Consequential
Amendments Act**

Hon. James McCrae (Minister of Justice and Attorney General): Monsieur le président, je propose, secondé par le ministre des Finances (Mr. Manness), que Bill 88, The Homesteads, Marital Property Amendment and Consequential Amendments Act (Loi sur la propriété familiale, modifiant la Loi sur les biens matrimoniaux et apportant des modifications corrélatives à d'autres lois), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

**Bill 89—The Family Maintenance
Amendment Act**

Hon. James McCrae (Minister of Justice and Attorney General): Mr. Speaker, I move, seconded by the honourable Minister of Finance (Mr. Manness), that Bill 89, The Family Maintenance Amendment Act; Loi modifiant la Loi sur l'obligation alimentaire, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

* (1915)

**Bill 91—The Liquor Control
Amendment Act (2)**

Hon. Clayton Manness (Government House Leader): Mr. Speaker, on behalf of the Minister of Consumer and Corporate Affairs (Mrs. McIntosh) I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 91, The Liquor Control Amendment Act (2); Loi no 2 modifiant la Loi sur la réglementation des alcools, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

House Business

Mr. Manness: Mr. Speaker, on House business, I was coming across Bill 101 which passed earlier this afternoon second reading. I would refer that committee to the Standing Committee on Law Amendments.

Mr. Speaker: I would like to thank the honourable government House leader for that information.

* * *

Mr. Manness: Mr. Speaker, third readings, would you call Bill 5.

THIRD READINGS

**Bill 5—The Manitoba Advisory Council on
the Status of Women Amendment Act**

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 5, The Manitoba Advisory Council on the Status of Women Amendment Act; Loi modifiant la Loi sur le Conseil consultatif manitobain de la situation de la femme, be read a third time and passed.

Motion presented.

Mr. Gary Doer (Leader of the Opposition): I move, seconded by the member for Broadway (Mr. Santos), that debate on Bill 5 be adjourned.

Motion agreed to.

Bill 6—The Denturists Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Health (Mr. Orchard), that Bill 6, The Denturists Amendment Act; Loi modifiant la Loi sur les denturologistes, be read a third time and passed.

Motion agreed to.

Bill 7—The Real Property Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 7, the Real Property Amendment Act; Loi modifiant la Loi sur les biens réels, be now read a third time and passed.

Motion agreed to.

Bill 8—The Garnishment Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 8, The Garnishment Amendment Act (Loi modifiant la Loi sur la saisie-arrêt), be now read a third time and passed.

Motion agreed to.

Bill 38—The Manitoba Evidence Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 38, The Manitoba Evidence Amendment Act (Loi modifiant la Loi sur la preuve au Manitoba), be now read a third time and passed.

Motion agreed to.

Bill 46—The Jury Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 46, The Jury Amendment Act (Loi modifiant la Loi sur les jurés), be now read a third time and passed.

Motion agreed to.

* (1920)

Bill 48—The Personal Property Security Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 48, The Personal Property Security Amendment Act (Loi modifiant la Loi sur les sûretés relatives aux biens personnels), be now read a third time and passed.

Motion agreed to.

Bill 68—The Public Trustee Amendment, Trustee Amendment and Child and Family Services Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Justice (Mr. McCrae), that Bill 68, The Public Trustee Amendment, Trustee Amendment and Child and Family Services Amendment Act (Loi modifiant la Loi sur le curateur public, la Loi sur les fiduciaires et la Loi sur les services à l'enfant et à la famille), be now read a third time and passed.

Motion agreed to.

Mr. Manness: Mr. Speaker, I am going to ask for the leave of the House to move a number of third readings that we have just passed in Report Stage.

Bill 10—The Manitoba Hydro Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, beginning with Bill 10, with the leave of the House, I move, seconded by the Minister of Energy and Mines (Mr. Downey), that Bill 10, The Manitoba Hydro Amendment Act (Loi modifiant la Loi sur l'Hydro-Manitoba), be now read a third time and passed.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 10?

Some Honourable Members: Leave.

Mr. Speaker: It is agreed.

Motion agreed to.

Mr. Speaker: Order, please. Will the House grant leave to the honourable member for Flin Flon (Mr. Storie)—actually I put the question, it has been agreed to.

An Honourable Member: Yes.

Mr. Speaker: It was agreed to.

Order, please. Will the House grant leave to the honourable member for Flin Flon? Actually, I put the question, it has been agreed to. Does the House grant leave for the honourable member for Flin Flon? We are going to revert? Okay, the honourable member for Flin Flon, by leave.

Mr. Jerry Storie (Flin Flon): Mr. Speaker, I think honourable members will know that I spoke at length when this bill was introduced for second reading, and since that time there have been a number of events which have essentially confirmed my original opinion that although the technical aspects of this bill are supportable, this bill I think raises a series of questions about the government's commitment, No. 1, to a process of open public review of major capital projects that has to be discussed and needs to be discussed in this Chamber.

Mr. Speaker, some three weeks ago, or perhaps more, Manitoba Hydro and their chairperson were before the Standing Committee on Public Utilities and Natural Resources. Of the many issues which were discussed respecting Manitoba Hydro, one of the fundamental areas that was covered extensively was the question of the potential costs and the potential benefits of proceeding with Conawapa. I know that this legislation which is technically only allowing Manitoba Hydro to access additional capital, giving them additional capital authority, the fact of the matter is that Manitoba Hydro, particularly as it moves into a preconstruction period with respect to Conawapa, needs this additional authority. What is of concern I think needs to be laid out very clearly in this Chamber once again.

Mr. Speaker, nothing that happened in the Public Utilities and Natural Resources committee, nothing that was said by Manitoba Hydro at the time, either in terms of what they presented to the Public Utilities Board back in the fall of 1990 or any of their financial projections since that time, have given anyone, certainly on this side, reason to be optimistic about Manitoba Hydro's assessment of the costs and benefits of this project. What we learned in committee, first of all, was that, contrary to information presented to the Public Utilities Board, domestic consumption projected demands in this province continue to decline. Manitoba Hydro now believes that Conawapa would not be needed for domestic use until approximately the year 2015.

* (1925)

Mr. Speaker, that assumes, of course, that Manitoba Hydro is able to achieve its demand-side management targets. The bottom line for the people who are being asked to support this initiative is the legitimate question of how accurate is Manitoba Hydro being in terms of its projection. That is one question.

The second question, which has not been addressed, and obviously could not be addressed, really, at the committee, but which we have to address in this Chamber, is the question of the compensation, the costs, of mitigating whatever environmental damage there might be, both in terms of the construction of another generating station on the Nelson River and in terms of the Bipole III transmission line which is going to traverse really virgin territory, in terms of the province of Manitoba, on the east side of Lake Winnipeg.

Hon. James Downey (Minister responsible for The Manitoba Hydro Act): Are you going to deny the nine communities?

Mr. Storie: Mr. Speaker, the Minister responsible for Manitoba Hydro (Mr. Downey) says—Are we going to deny the nine communities who may benefit from some access that results because of the construction of the Bipole? It is a very good question.

Mr. Speaker, no one on this side has ever suggested that if an environmental decision shows that Bipole III entails no significant environmental damage, if it shows that there is some sort of net economic benefit to the communities along the east side of Lake Winnipeg—if those things can be shown, then clearly we want the project to proceed, in terms of Bipole III.

An Honourable Member: We are not making a political decision—

Mr. Storie: Mr. Speaker, he says—a political decision? That is exactly what we do not want to see.

What we want to see, and what this government, in fact, has promised—the Minister of Energy and Mines (Mr. Downey) is, of course, one of those people who quickly forgets his political promises. This government promised the most open, public review, of this project, of any government. What we are trying to do is hold the government accountable to that promise.

So, Mr. Speaker, when the minister sits and asks the rhetorical question, "Do we want this to be a

political decision?", the answer is, no. The minister should not even be asking that rhetorical question, because his Leader (Mr. Filmon) and this minister promised that it would not be based on a political decision; and we are going to hold the government accountable.

So, No. 1 is we need to know what Manitoba Hydro's actual requirements, domestic requirements, are going to be; No. 2, we have to know that the environmental review process is beyond reproach, that the government has actually taken every conceivable, every possible, step to ensure that this process is rigorous, that it is open, that it considers the whole range of environmental issues that are going to crop up as we continue to advance this project.

Mr. Speaker, the Minister of Energy and Mines (Mr. Downey), who has very little knowledge of history, talks about the fact that this government did no review. Well, first of all, there was no Environment Act until the previous government put one in place, a strong one, to require reviews of this kind. Number two, there was an environmental assessment of the impact of the project.

Mr. Downey: That is not true.

Mr. Storie: The Minister of Energy and Mines is again showing his ignorance. There was an environmental impact assessment done on the Limestone project. It was not done by the Department of the Environment. It was—[interjection] No, no, Mr. Speaker, the members on that side of the House know very little, unfortunately—distressingly little—about what actually took place in terms of the Limestone project. Manitoba Hydro did conduct, in their terms, I believe, a fairly sophisticated and thorough environmental impact assessment.

I predict that the environmental impact assessment that is conducted by the Clean Environment Commission and by the environmental review panel will not be significantly different in terms of the impact and the consequences they foresee with the construction of Conawapa versus the construction of Limestone.

* (1930)

But there was an environmental impact assessment done by Manitoba Hydro, and it was considered by the government in terms of making a decision to proceed to construct the Limestone project.

Mr. Speaker, I am the last one to defend the previous government's, my government's, actions when it comes to environmental legislation. Certainly there were many, many things, environmentally speaking, that we could have done in the 1980s that we did not do, but I remind members opposite that that was then and this is now, that environmental sensitivity was only being heightened during the 1980s.

For this minister to sit here and talk about environmental assessment, their Environment critic did not raise one single question with respect to environmental rule on the Limestone project. This member did not raise one issue with respect to the environment. In fact, those members, those who were part of the Tory opposition in 1982 to 1988, could not even spell environment in the mid-'80s. Now they all walk around pretending they have it emblazoned on their forehead. The Minister of Agriculture (Mr. Findlay) is another one who cannot spell potato. The fact of the matter is that the second thing that the government must do is in respect to the environment.

There is a third thing that the government must do. Before we approve this legislation, before we approve giving Manitoba Hydro additional capital authority, I believe it is imperative for the government to once again have the Public Utilities Board, or give authority to the Environmental Review Panel, to revisit the question of the economics of the sale itself.

When the former Minister of Energy and Mines (Mr. Neufeld), a former Minister responsible for Manitoba Hydro, a fine man as has been said many times in this Chamber since he resigned—the government in the initial case presented Conawapa to the people of Manitoba as being needed for domestic consumption. It was first sold not because of the relative economic benefits that were to be had by this 1,000-megawatt sale to Ontario, it was sold because of the potential need or the ultimate need of Conawapa for domestic consumption.

All of those things have subsequently been thrown out the window. In fact, some time in 1991, the Manitoba Hydro chairperson said, no, we are now doing Conawapa. We are going to build Conawapa for export. What is ironic about this, of course, is that the minister, particularly the First Minister (Mr. Filmon), argued very strongly that we should not be proceeding with the northern States

power deal, we should not be proceeding with Limestone, because we were simply creating economic opportunity elsewhere. We were exporting jobs. Mr. Speaker, what we need to do now is have the government assure the people of Manitoba that the economics of the agreement that they signed with Ontario Hydro is fundamentally sound—[interjection]

The Minister responsible for Manitoba Hydro (Mr. Downey) says—I do not know whether he is talking to me—that somehow I will be sorry. Mr. Speaker, the people of Manitoba want and demand as much certainty with respect to this project as they can possibly get. They have a right to expect that (a) the government knows what the demand is going to be domestically. They have a right to know what the government is going to do to protect the environment. They have a right to know what the government is going to do and what it is going to cost to mitigate any environmental damages that ensue from either the project itself or the building of Bipole III. They have a right to know what net benefit there will be to the province of Manitoba, to Manitoba Hydro ratepayers, from the sale to Ontario Hydro.

An Honourable Member: They know.

Mr. Storie: Mr. Speaker, the Minister of Energy and Mines (Mr. Downey) may want to kid himself that people know. The Minister of Energy and Mines, the Minister responsible for Hydro, knows better than that, because the problem is that there have been significant differences of opinion, there have been significant discrepancies in the rationale for the project to begin with since the Public Utilities Board did their first analysis. All we are asking, and all we were asking and have been asking for, is for this thorough review.

Mr. Speaker, I have said on many occasions that I have been a strong supporter of Hydro development in the province of Manitoba. I have said on many occasions that some of the things that were done when the Conservative government was in power in the 1960s, and the NDP government in the 1970s, were done in haste. They were done without due consideration for the consequences—[interjection]

The Minister of Energy and Mines says: What about Limestone? Well, of course, Limestone is now completed. We know that the relative damage to the environment done by Limestone was, as

Manitoba Hydro predicted in their environmental impact assessment, relatively minor. We can look with hindsight at the Limestone project, as I heard the minister do in committee, and talk in glowing terms both about the need for the project and the benefits to Manitoba Hydro ratepayers. I remind the Minister of Energy and Mines of his own words in committee, when he said that as a result of the NSB sale, Manitoba ratepayers are going to be paying lower rates every year of that sale. The Minister of Energy and Mines—

Mr. Speaker: Order, please.

Point of Order

Mr. Downey: Mr. Speaker, on a point of order, I would ask the member not to put incorrect information on the record. I did not say that—[interjection]. Well, there he said: Why did I not? I rest my case. The member for Flin Flon said: Why did I not? It is an absolute untruth that he is putting on the record.

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

* * *

Mr. Storie: Not only does he not have a point of order, Mr. Speaker, but he is wrong. He is wrong, as he usually is. The fact of the matter is, not only that, the minister talked in glowing terms about how the rates had been stabilized as a result of this sale. Of course, we all know that there is going to be a net economic benefit to the province of Manitoba—all facts. All facts which the member and his colleagues would have disputed and did dispute, sometimes vociferously, from 1984 and subsequently, but the minister and his colleagues have been converted, and not necessarily on the road to Damascus but, in this case, on the road to Conawapa. There has been a conversion, and we are glad, many of us on this side, if not all of us on this side, to see that conversion, because it has taken many of the Tories out of the Dark Ages when it comes to economic development and the relative benefits.

Mr. Speaker, that, of course, does not mean that we should proceed as we have in the past. That does not mean that we should take the same road when it comes to hydro development that we have in the past, and that is what we have been saying all along. [interjection]

Mr. Speaker, the minister says, do not do like we did. Certainly, we have new legislation that we expect the government to respect. The Environment Act lays out a new course of action, a new obligation on government. I believe that the minister will reflect for a moment that the Conservative Party voted for The Environment Act. They have an obligation to fulfill the requirements under the act. So when we stand up and ask them to do that, I do not think we need to hear from the Minister responsible for Manitoba Hydro (Mr. Downey) that somehow we are being disloyal to my constituents, to northerners, to the people of Manitoba. We are simply asking that they live up to their obligations.

* (1940)

Mr. Speaker, the environmental movement, the people who are, I guess, acting as strongly as they possibly can in support of the environment, the people who are pushing the Minister of the Environment (Mr. Cummings), who are urging the Minister of Environment and this government to be as generous as possible with those whose views differ from the government in terms of the timing and the need for and the ultimate benefits of this project deserve to be heard. It may make the government uncomfortable. It may make the Minister of Environment and the Minister responsible for Manitoba Hydro uncomfortable. The fact of the matter is that that is an obligation of the government, and we believe that in the long run, the more information that the people of Manitoba have about the project and its benefits and its costs, the more, I believe, supportive they will be of the project in the long run, the more supportive they will be of other government initiatives, the more supportive they will be of future hydro development on the Nelson River, should some government want to proceed with future hydro development.

Mr. Speaker, development of this nature, of this scope is always a double-edged sword. In any kind of enterprise this large that plays with, that tinkers with, the natural environment has the potential for significant disruption of life, of flora, of fauna, and no one should be taking it lightly.

I believe that while this is the first test of the new Environment Act, the government has to be extremely thorough and open about what are the shortcomings of both the process and the project. If they can meet those three conditions, then we would certainly be more than happy to support not only this

legislation, but the project, as I say, if it meets the test, the economic test, the environmental test, that has been put before it by The Environment Act, by environmentalists and by the people of Manitoba.

They are all legitimate questions and they need to be asked. Thank you, Mr. Speaker.

Mr. Speaker: Is the House ready for the question? The question before the House is third reading of Bill 10, The Manitoba Hydro Amendment Act; Loi modifiant la Loi sur l'Hydro-Manitoba. Is it the pleasure of the House to adopt the motion? Agreed? Agreed and so ordered.

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Hon. Glen Cummings (Acting Government House Leader): Mr. Speaker, on behalf of the Minister of Highways and Transportation (Mr. Driedger), I move, seconded by the—

Mr. Speaker: Order, please. The honourable acting government House leader would like me to call which bill? Fourteen? Third reading, by leave?

Does the honourable minister have leave for third reading of Bill 14, The Highways and Transportation Department Amendment Act? Is there leave? Leave. It is agreed.

Bill 14—The Highways and Transportation Department Amendment Act

Hon. Glen Cummings (Acting Government House Leader): On behalf of the Minister of Highways and Transportation (Mr. Driedger), I move, by leave, seconded by the Minister of Northern Affairs (Mr. Downey), that Bill 14, The Highways and Transportation Department Amendment Act (Loi modifiant la Loi sur le ministère de la Voirie et du Transport), be now read a third time and passed.

Motion presented.

Mr. Daryl Reid (Transcona): Mr. Speaker, I am pleased to rise and add my closing comments on Bill 14, and I know I had the opportunity to speak on second reading of this bill. It is not a large bill by any stretch of the imagination, but it does not mean that the intent of the bill is not serious.

I know, during second reading on this bill, I put my comments on the record and the comments of our party concerning the powers that this bill will give to the Minister of Highways and Transportation (Mr. Driedger). I made mention of the property that his department will now be able to unload, I suppose

one could term in dollar values, which they did not have the power to do before under Order-in-Council. Under the previous legislation that was in place, the minister was empowered by Order-in-Council to dispose of property or assets of his department up to a maximum value of \$5,000, and now that is going to be \$25,000.

I use the examples of how there were certain buildings, residences that were held by the Department of Highways and Transportation, and we looked at some of the Orders-in-Council in past that had been approved where property and homes of a certain size in the order of 1,200, 1,400 square feet were sold for less than \$25,000. So we see that there is a great deal of discretionary power that will be given to the minister by this piece of legislation.

Also, this legislation gives the minister, his department, the opportunity to lease property that is not currently in use by his department. We think that is a good section, Mr. Speaker, and that it will give those in the rural areas of our province the opportunity to use that land, particularly in farm-use applications.

This bill also goes toward changing the sections of the act relating to where the previous methods of measurement were measured in feet for clearances along highway rights-of-way, and of course, that has been changed to reflect the metrification of our country, and this act changes that in that sense.

We have had the opportunity in committee to put our concerns on the record, and I know that the minister has listened to that advice at that time, Mr. Speaker, and we are prepared to pass this bill on third reading.

Mr. Speaker: Is the House ready for the question? The question before the House is third reading of Bill 14, The Highways and Transportation Department Amendment Act; Loi modifiant la Loi sur le ministère de la Voirie et du Transport. Is it the pleasure of the House to adopt the motion?

Some Honourable Members: Agreed.

Mr. Speaker: Agreed and so ordered.

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Mr. Cummlngs: Bill 15.

Mr. Speaker: By leave? Does the honourable acting government House leader have leave for third reading of Bill 15, The Highway Traffic Amendment Act? Is there leave? Leave. There is leave.

Bill 15—The Highway Traffic Amendment Act

Hon. Glen Cummings (Acting Government House Leader): I move, by leave, seconded by the Minister of Highways and Transportation (Mr. Driedger), that Bill 15, The Highway Traffic Amendment Act (Loi modifiant le Code de la route), be now read a third time and passed.

Motion presented.

Mr. Daryl Reid (Transcona): Mr. Speaker, there are just a few comments, and I will be very brief in my comments. I know the members opposite are in a rush to have this legislation passed.

During second reading of this bill and debate, Mr. Speaker, I had the opportunity to put our concerns on the record with respect to this legislation. We thank the minister for recognizing and giving service veterans of our province the opportunity to have the registration fee for their private, personal-use, light-duty trucks waived, as has been the practice for passenger cars, and the minister included that in this piece of legislation.

This legislation also exempts the passengers travelling under the care and custody of peace officers in our province from having to wear seat belts. I know we raised this with the minister in second reading and that we raised it with the minister during committee hearings. The minister has agreed to notify all of the law enforcement agencies in the province of Manitoba that we hope that they will continue to use, at every available opportunity, seat belts to secure the passengers travelling in vehicles that are operated by peace officers. We hope that the minister has sent that information out to the various law enforcement agencies in the province.

* (1950)

The legislation itself deals with motor carrier safety standards and repairs, and there have been changes to that as well, and we noted during the Estimates debate that the minister has made some changes to represent the new National Safety Code dealing with transport vehicles in our province. It appears that the minister has also increased staff in that sense to undertake the necessary inspections. Of course, we are aware that the federal government is undertaking a study to review the effects of deregulation on the transport sector as it impacts upon the various companies operating in our province.

Outside of that, Mr. Speaker, it is a fairly straightforward bill, and with that, I will conclude my comments.

Mr. Speaker: Is the House ready for the question? The question before the House is third reading of Bill 15, The Highway Traffic Amendment Act; Loi modifiant la Code de la route. Is it the pleasure of the House to adopt the motion?

Some Honourable Members: Agreed.

Mr. Speaker: Agreed and so ordered.

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Hon. Clayton Manness (Government House Leader): With leave of the House, will you call Bill 11, please, third reading?

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 11, The Bee-Keepers Repeal Act? Leave? Agreed.

Bill 11—The Bee-Keepers Repeal Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Agriculture (Mr. Findlay), (by leave) that Bill 11, The Bee-Keepers Repeal Act (Loi abrogeant la Loi sur les apiculteurs), be now read a third time and passed.

Motion agreed to.

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Mr. Manness: Mr. Speaker, will you call for leave of the House, Bill 12?

Mr. Speaker: Does the honourable government House leader have leave of the House for third reading of Bill 12, The Animal Husbandry Amendment Act? Leave? Agreed.

Bill 12—The Animal Husbandry Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Agriculture (Mr. Findlay), that Bill 12, The Animal Husbandry Amendment Act (Loi modifiant la Loi sur l'élevage), be now read a third time and passed.

Motion presented.

Hon. Glen Findlay (Minister of Agriculture): Go for it.

Mr. John Plohman (Dauphin): Well, the Minister of Agriculture says, go for it. He does not know that

maybe he can be defeated tonight. He will not talk like that once he loses the vote, Mr. Speaker, would you not say?

We have spoken on a number of occasions on this bill during the second reading debate and, as well, during the committee, indicated our opposition to the principles contained in this bill. The bill is basically a confirmation of a decision that was made last year by the Minister of Agriculture in his Estimates, when he privatized and removed the four services that were being offered through the department and in fact turned them over to the private sector.

We opposed those moves at that particular time because we believed, Mr. Speaker, that they were being done for philosophical reasons, not for the reasons stated by the minister.

The minister, with all earnestness, repeated those reasons time and again in this House that we was privatizing the services, namely the Semen Distribution Centre, the Soils Lab, the Feed Analysis Lab and the Veterinarian Drug Centre, for the purposes of saving taxpayers' dollars, creating opportunities for the private sector, including jobs in the private sector, and, of course, better services for the farmers throughout the province. Now, those were the alleged reasons for this privatization.

Now, one year later, we see the results of what the minister has done, and we will see the evidence mount every year to the contrary, I would assert. I believe the information is clearly there. The minister would like to have strong evidence that he was right. He would like to lay before the Legislature and before the Estimates all the evidence that showed that he was right.

Well, I asked questions on three of the four, Mr. Speaker, and all of the information that was shown to us at the time—and we did deal with all four, actually, because when dealing with the Soils Lab, we also dealt with the Feed Analysis Lab. We found, first of all, that the number of tests were down, the costs per test were up.

As a matter of fact, the minister gave contradictory statements in this House, Mr. Speaker, because, when in Question Period, he said one of the benefits was that the tests went down from \$26 to \$20; in Estimates, he said they went up from \$20 to \$26. So I think he should get his facts straight. Quite clearly, the testing costs went up, as explained in

Estimates, by some 30 percent this year because of this minister's privatization in soils tests.

Now, when dealing with veterinary drugs, what we are finding here, Mr. Speaker, is that the markup that was put in place by the co-operative of veterinarians who took over was double for these drugs. The markup doubled from 6 percent to 12 percent. So we had an increase there that was passed on to the consumers, those being the farmers who need these veterinary drugs.

Overall, we say that the minister's—well—experiment in privatization here failed on all counts, because he did not save any significant dollars for the taxpayers of Manitoba. He did not provide better services. As a matter of fact, the usage in the soils test, for example, was down substantially last year; the costs went up. So he—[interjection]—well, now he is blaming it on the weather. Now, this is the Conservative minister; he is going to blame it on the weather.

Now, Mr. Speaker, in addition to that, he actually lost jobs. The public sector jobs, if added up before the privatization, and the private sector jobs added up after, you put them all together, we are down about one job out of this. So much for the minister's job—well, he always says, well, not bad, eh, not bad. This is for a job creation effort on his part—a job creation. He only lost one job. Now that, by any Conservative yardstick, is success. They only lost one job. [interjection]

You lost two jobs? Oh, now he says he lost two jobs. You see, what we have is a prime example of what Conservative ideology does in terms of implementation, even when it is not done with common sense in mind. What it does is it fails on all counts.

Mr. Speaker, we have opposed this bill because the minister did not accomplish what he said he was going to do. As a matter of fact, he went counter to what he said he was going to do. He went backward, and so we cannot support that kind of initiative in this House. It is really a counterinitiative, and we would oppose this bill even at third reading at this time, because it implements partially that decision. All of those private decisions—it really applies to one of those, and that is the Semen Distribution Centre.

We will be watching this closely, because we believe that in all of those areas, Manitobans and farmers of Manitoba would be worse off as a result

of what this minister did for ideological reasons, for philosophical reasons, not to save taxpayers' dollars, not to create job opportunities. He may have believed it at the time; certainly he has now seen the evidence. He did not succeed at that, so we oppose this bill.

I might add that if the minister had been completely upfront about it, he would have been able to bring this bill in last year, when he was actually undertaking the privatization. He did not want to give us a forum to create any controversy over at that time. He held this back for another year, after the privatization has been completely implemented so that we could not raise the havoc about it at that time. He pulled back and did it a year late. This minister is known for that.

He did it with another bill as well, The Income Assurance Amendment Act with GRIP. He did not even have a provision to make payments for GRIP. The Minister of Finance (Mr. Manness) had to go after him, get after the Minister of Agriculture (Mr. Findlay), to get a fund set up, so they could have separate funds for GRIP, because he did not even have the foresight for that. So there we have another example, where the minister is doing it one year too late insofar as introducing legislation to go with the actions that he undertakes.

The Minister of Finance knows that; he is shaking his head now. He knows that the Minister of Agriculture has been tardy, and I am sure he is going to have a talk with him later and tell him, now look, when he implements changes in the department, when he makes cuts, let him get the legislation in here at the same time or introduce the program. Let him introduce the enabling legislation at the same time, not go for a year breaking the law and, of course, then finding out a year later that they have broken the law and now they have to implement some retroactive laws to make up for it.

This is the kind of thing that was done. I know the Minister of Finance (Mr. Manness) is fed up with the Minister of Agriculture (Mr. Findlay) and those kinds of slack approaches to legislation. I am sure he is going to have a good strong talk with him. I can just see it written all over his face that he is just not going to put up with this again.

Now, the Minister of Agriculture thinks it is funny. By no means, is this funny. This is a serious issue, a serious oversight, to put it nicely, for the Minister of Agriculture on this. We want this on the record,

because the government will have to answer for its shoddy management over the next couple of years, when we approach the next election.

Of course, it is important to have it on the record that they were told and they were given the information, the facts, and we recognized what they did. When we go to the people, we will be able to tell them that we told them so at the time. Mr. Speaker, with that, we will oppose the passing of this bill, as we have in the other stages of this bill.

Mr. Speaker: Is the House ready for the question? The question before the House is third reading of Bill 12, The Animal Husbandry Amendment Act; Loi modifiant la Loi sur l'élevage. Is it the pleasure of the House to adopt the motion?

Some Honourable Members: No.

Mr. Speaker: No. Okay. The honourable Leader of the Opposition, on division?

Mr. Gary Doer (Leader of the Opposition): On division, please.

* (2000)

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Mr. Manness: Mr. Speaker, would you call Bill 43, with leave of the House.

Mr. Speaker: Is there leave for third reading of Bill 43, The Farm Income Assurance Plans Amendment Act? Is there leave? Leave. It is agreed.

Bill 43—The Farm Income Assurance Plans Amendment Act

Hon. Clayton Manness (Government House Leader): I move, seconded by the Minister of Agriculture (Mr. Findlay), that Bill 43, The Farm Income Assurance Plans Amendment Act (Loi modifiant la Loi sur les régimes d'assurance-revenu agricole), be now read a third time and passed.

Motion presented.

Mr. John Plohan (Dauphin): Mr. Speaker, I want to indicate some difficulties we have had with some of the principles surrounding this bill as well, although we recognize that this bill is necessary and that farmers need to get paid under GRIP because of the low prices that they have experienced over the last number of years, even though we have pointed out to the minister that his program, as developed last year and with only some amendments this year, is inherently unfair in its application.

The minister, during the Estimates process, did emphasize the fact that farmers were receiving large amounts of dollars. I think he is talking around \$320 million as the figure over the first year of this program, and that is significant.

But what we pointed out to the minister on numerous occasions and in some detail during the Estimates, it was not the global amount that we were arguing with insofar as its effect in the first year. We know of course that this is going to dwindle because of the rolling average, that in fact it results in lower support payments every year, but we are arguing and taking issue with the government on the basis of the way that it impacts on individual farmers, the inequitable way that it impacts on one farmer across the road from another farmer and one region of the province to another region.

The minister tends to throw up his hands and say, well, gee, I cannot do much about that. Yes, he can. [interjection] Did the minister say the idea was good? [interjection] IPI, okay. The average will allow farmers to move up to a better coverage level over a period of time. However, initially because he based this whole program on crop insurance data which he admits was flawed data—and he knew it was flawed. That is why he undertook a major review of crop insurance in this province to try to, we hope, make it more fair.

But what he did was he brought in this program and made the basis of it the flawed crop insurance data and did not allow individual farmers to put forward their own records that in many cases could be verified at least as well as crop insurance data so that they could demonstrate their long-term average.

So, in fact, he applied it in a discriminatory way with people who were in crop insurance getting higher benefits than those who were not. As a matter of fact, it resulted in some differences between farmers equally as good across the road from each other being covered for perhaps on 1,000 acres, perhaps \$30,000 less, a tremendous amount, the whole margin of profit.

Mr. Speaker, the minister has to remember that farmers were placed in a precarious position. In the first year they were placed in the position because they were being told by the federal government—and this minister did not clarify things. As a matter of fact, I believe he supported the federal pressure tactics, that if farmers did not opt into this program,

that in fact they could forfeit any eligibility for additional cash payments that might be approved in future years. As it turned out they never did receive a cash payment for 1990, and then in November of 1991, last fall, there was a lobby led by the Premier of Saskatchewan, Roy Romanow, and our Leader Gary Doer was participating.

As a matter of fact, the Minister of Agriculture (Mr. Findlay) was led, kicking and screaming, along with that lobby. When he finally got off his seat and started to tell the federal government that the farmers of Manitoba needed this cash payment to make up the shortfall from the previous year because it never happened, the minister did, in fact, join in with that lobby and we were pleased that he ultimately did that because there was some discussion that this government in Manitoba would not even support it.

The fact is, we know, by the minister's silence over the months before that, in fact, he did not want to put pressure on the federal government to come through what was fair on an acreage payment for farmers based on the inadequacies of the previous years. That was a terrible shortcoming on the part of the minister.

The program then was put in place under great pressure. As a matter of fact we saw in Risk Area 12, the farmers were promised by this minister in writing, promised in writing, he will not do it again because he knows he has a partner there, a federal one, and he cannot move that partner around too well. He cannot make him do what he wants, so he is not going to put it in writing next time, but he put it in writing and the farmers signed up for the privilege. He said none of them opted out. They all joined the program. Is that not great? Must be a great program, right?

Well, the reason was there was a lot of pressure and then they were even told that this minister would ensure that if their coverage was not fair that a committee would be set to study it, and if they found it was not fair it would be implemented retroactively for that year. He did not do it when the report came in, but he blames the fact that the report came in late, and therefore he did not want to do it—oh, it is six months late.

The minister should have kept his word on that. He could not deliver on that one, and he was worried about other retroactive, about the precedent that would be set and I guess that is why he backed out

ultimately realizing that he made a huge mistake when he promised this retroactivity. But the thing is, the fact that he did that resulted in more people signing up that would not have otherwise.

Let him not congratulate himself and pat himself on the back so vociferously with this program. There are many instances of unfairness. We want to say to the minister that he can find an excellent program, one that is based on realistic costs, one that is based on the records that farmers had so they could be implemented. He could have ensured that those who were hardest hit in southwest Manitoba, who were devastated over the last number of years, and who were getting lower coverage now than they even did last year, then it was only about two-thirds the cost of production.

So the minister has left those who are hardest hit, who are most in need, out in the cold with this program. We told him that, Mr. Speaker. We said that in southwest corner they should be putting in a provision. Now they are asking for 50 percent of their coverage to be at the area average, and the minister has not even responded to that.

* (2010)

So I say there are many inadequacies in the program. We have urged this minister to address those. We continue to do that. We believe that it should be based on cost of production, that this is a bureaucratic program that could have had the same benefits for the farmers of Manitoba and western Canada if they would have eliminated all the bureaucracy and just ensured that farmers receive their cost of production for a certain amount of production at the elevator. That kind of a program would be much easier to administer than this one. This has provided a lot of jobs, just like NISA, for a lot of bureaucrats, and it has also resulted in a lot of frustration for a lot of farmers, but it is the only thing we have. We are in opposition, and we have to do the best with what we have here.

If you look at Saskatchewan, they also inherited a program that came from Devine, who was absolutely desperate about getting elected. So what he would have done in that last year to try and buy the votes of the farmers and everyone else in Saskatchewan was just absolutely unthinkable. He did that in many areas. That is why we see the tremendous mess that they have inherited in Saskatchewan. It is a terrible mess. It is kind of ironic to see the Conservatives in this province

talking about what good managers there are, and we see next door exactly what kind of managers they are when they are let loose as they were under Grant Devine.

So, Mr. Speaker, we will again indicate here that the minister is passing a bill a year too late. When he finally did not have a proper provision, a legal method of paying the farmers, he had no choice but to bring this bill in a year late. He should have brought it in at the same time, as I mentioned earlier. He should have done that with the other bill. So he faced the music at the time he was introducing the program instead of a year later.

Now the minister wants me to sit down. I think maybe I should reiterate these things. I think what we have done in this House is shown to the minister many inadequacies of the program that he tends to congratulate himself about every opportunity he has.

We want to simply point out to him that he has a tremendous responsibility to ensure fairness under this program. He has not done that to the extent that he could have in the first two years. He has an opportunity with the signatories committee, as he likes to say is responsible for all of these decisions, to rectify that situation. We know he can actually plug into that signatories committee.

He likes to say, oh, it is kind of arm's length; they are looking after things. But we know he plugged in on lentils pretty quick, and we know he can plug in when there are inadequacies in the program. He just has to believe them first, and he has to be committed to them. Once he is committed to them, we know he can do something about it with that signatories committee. He can try really hard to ensure that this committee will be influenced in its decisions to act quickly for equity and fairness for farmers in Manitoba. He is not doing that. I think he finds it convenient to blame it on the committee and to back off, either that or he does not believe firmly in some of the things that have been suggested to him to rectify the inadequacies and inequities in the program.

I think he should still look at that and undertake to deal with that issue, particularly as it applies to southwest area farmers now. They still need that help, and they need it right now. So we would urge the minister to do that, Mr. Speaker, as this bill passes third reading. Thank you.

Hon. Glen Findlay (Minister of Agriculture): Mr. Speaker, I would like to just comment very briefly on the comments. [interjection] The member for Dauphin (Mr. Plohman), he is very concerned about the producers of southwest Manitoba, as we all are, and I hope that through the crop insurance review process, another process can be identified to deal with them.

I would also like to remind the member that back in 1989 with the drought program, we specifically focused on putting the money into southwest Manitoba. Mr. Speaker, both he and the member for Swan River opposed me at that time.

Mr. Speaker: Is the House ready for the question? The question before the House is third reading of Bill 43, The Farm Income Assurance Plans Amendment Act; Loi modifiant la Loi sur les régimes d'assurance-revenu agricole.

Point of Order

Mr. Gary Doer (Leader of the Opposition): I do not think the Minister of Agriculture (Mr. Findlay) should criticize a former member in this Chamber who cannot speak for himself. I am very, very ashamed—

Mr. Speaker: Order, please. The honourable Leader does not have a point of order.

Mr. Speaker: Again, the question before the House is third reading of Bill 43, The Farm Income Assurance Plans Amendment Act; Loi modifiant la Loi sur les régimes d'assurance-revenu agricole. Is it the pleasure of the House to adopt the motion?

Some Honourable Members: Agreed.

Mr. Speaker: Agreed and so ordered.

Committee Changes

Mr. Doer: I move, seconded by the member for Dauphin (Mr. Plohman), that the composition of the Standing Committee on Law Amendments be amended as follows: Radisson (Ms. Cerilli) for Kildonan (Mr. Chomiak); and Broadway (Mr. Santos) for Wolseley (Ms. Friesen). [Agreed]

Mr. Speaker: Is there leave for third reading of Bill 44, The Milk Prices Review Amendment Act? Leave. It is agreed.

Bill 44—The Milk Prices Review Amendment Act

Hon. Albert Driedger (Acting Government House Leader): Mr. Speaker, by leave, I move, seconded by the Minister of Agriculture (Mr. Findlay), that Bill 44, The Milk Prices Review Amendment Act (Loi modifiant la Loi sur le contrôle du prix du lait) be now read a third time and passed.

Motion agreed to.

Hon. Clayton Manness (Government House Leader): Mr. Speaker, would you call Bill 47, with leave of the House.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 47, The Petty Trespasses Amendment Act? Leave. It is agreed.

Bill 47—The Petty Trespasses Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Environment (Mr. Cummings), that Bill 47, The Petty Trespasses Amendment Act (Loi modifiant la Loi sur l'intrusion) be now read a third time and passed.

Motion agreed to.

Mr. Manness: With leave of the House, Mr. Speaker, Bill 53, would you call it please?

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 53, The Dangerous Goods Handling and Transportation Amendment Act? Leave?

Some Honourable Members: Leave.

Mr. Speaker: Leave, it is agreed.

Bill 53—The Dangerous Goods Handling and Transportation Amendment Act

Hon. Clayton Manness (Government House Leader): I move, seconded by the Minister of Environment (Mr. Cummings), that by leave Bill 53, The Dangerous Goods Handling and Transportation Amendment Act (Loi modifiant la Loi sur la manutention et le transport des marchandises dangereuses), be now read a third time and passed.

Motion presented.

Mr. Gary Doer (Leader of the Opposition): I move, seconded by the member for Dauphin (Mr. Plohman), that debate on Bill 53 be now adjourned.

Motion agreed to.

Mr. Manness: With leave of the House, would you call Bill 72?

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 72? Is there leave?

Some Honourable Members: Leave.

Mr. Speaker: Leave, it is agreed.

Bill 72—The Law Reform (Miscellaneous Amendments) Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Highways and Transportation (Mr. Driedger), that by leave Bill 72, The Law Reform (Miscellaneous Amendments) Act (Loi sur la réforme du droit (modifications diverses), be now read a third time and passed.

Motion agreed to.

Mr. Manness: Mr. Speaker, with leave of the House, would you call Bill 74?

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 74, The Law Society Amendment Act? Is there leave?

Some Honourable Members: Leave.

Mr. Speaker: Leave, it is agreed.

* (2020)

Bill 74—The Law Society Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Environment (Mr. Cummings), by leave that Bill 74, The Law Society Amendment Act (Loi modifiant la Loi sur la Société du Barreau), be now read a third time and passed.

Motion presented.

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, I move, seconded by the member for Swan River (Ms. Wowchuk), that debate on Bill 74 be adjourned.

Motion agreed to.

Mr. Manness: Mr. Speaker, with leave of the House, would you call Bill 80.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 80, The Dental Association Amendment Act. Is there leave?

An Honourable Member: Leave.

Mr. Speaker: Leave. It is agreed to.

Bill 80—The Dental Association Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, with leave of the House, I move, seconded by the Minister of Agriculture (Mr. Findlay), that Bill 80, The Dental Association Amendment Act (Loi modifiant la Loi sur l'Association dentaire), be now read a third time and passed.

Motion agreed to.

Mr. Manness: Mr. Speaker, with leave of the House, would you call Bill 81.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 81, The Optometry Amendment Act? Is there leave?

An Honourable Member: Leave.

Mr. Speaker: There is leave.

Bill 81—The Optometry Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, with leave of the House, I move, seconded by the Minister of Highways and Transportation (Mr. Driedger), that Bill 81, The Optometry Amendment Act (Loi modifiant la Loi sur l'optométrie), be now read a third time and passed.

Motion agreed to.

Mr. Manness: Mr. Speaker, with leave of the House, would you call Bill 88.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 88, The Homesteads, Marital Property Amendment and Consequential Amendments Act? Does he have leave?

An Honourable Member: Leave.

Mr. Speaker: Leave. It is agreed to.

Bill 88—The Homesteads, Marital Property Amendment and Consequential Amendments Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, with leave of the House, I move, seconded by the Minister of Environment (Mr. Cummings), that Bill 88, The Homesteads, Marital Property Amendment and Consequential Amendments Act (Loi sur la propriété familiale, modifiant la Loi sur les biens matrimoniaux et apportant des modifications corrélatives à d'autres lois), be now read a third time and passed.

Motion presented.

Mr. Gary Doer (Leader of the Opposition): I move, seconded by the member for St. Johns (Ms. Wasylycia-Leis), that debate on Bill 88 be adjourned.

Motion agreed to.

Mr. Manness: Mr. Speaker, with leave of the House, would you call Bill 89.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 89, The Family Maintenance Amendment Act? Is there leave?

An Honourable Member: Leave.

Mr. Speaker: Yes, there is leave.

Bill 89—The Family Maintenance Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, with leave, I move, seconded by the Minister of Agriculture (Mr. Findlay), that Bill 89, The Family Maintenance Amendment Act (Loi modifiant la Loi sur l'obligation alimentaire), be now read a third time and passed.

Motion presented.

Mr. Gary Doer (Leader of the Opposition): I move, seconded by the member for St. Johns (Ms. Wasylycia-Leis), that debate on Bill 89 be adjourned.

Motion agreed to.

Mr. Manness: Mr. Speaker, with leave of the House, would you call Bill 91.

Mr. Speaker: Does the honourable government House leader have leave for third reading of Bill 91, The Liquor Control Amendment Act (2)? Is there leave?

An Honourable Member: Leave.

Mr. Speaker: There is leave.

Bill 91—The Liquor Control Amendment Act (2)

Hon. Clayton Manness (Government House Leader): By leave of the House, I move, seconded by the Minister of Highways and Transportation (Mr. Driedger), that Bill 91, The Liquor Control Amendment Act (2) (Loi no 2 modifiant la Loi sur la réglementation des alcools) be now read a third time and passed.

Motion Presented.

Mr. George Hickes (Point Douglas): Mr. Speaker, I would just like to put a few comments on record here because I have had a lot of positive comments on this bill. It has been an effort that has been brought about by very concerned people of Winnipeg, but it also has an impact right across Manitoba. When this bill was first introduced, I had a lot of calls from constituents and various organizations, and they were very pleased to see this come forward. [interjection] The Minister of Northern Affairs (Mr. Downey) says, table them. Well, it is pretty hard to table telephone calls.

If he was in at the committee meeting, he would have seen the people who were there, the individual who gave a presentation, there was a letter which came forward from the Point Douglas Residents' association. I was at a meeting in Point Douglas when there were about 50 to 60 people who were there at that meeting and they praised the Minister of Consumer and Corporate Affairs (Mrs. McIntosh) for bringing forward this bill, not only for bringing this forward, but for listening to the people and for consulting with the people who were in charge of the Liquor Control Commission, and consulting with the Chinese community that it had a direct impact on.

It showed the people that when there is a will, there is a way. The people are saying now: What happens to Lysol? This deals with cooking wine which was a problem but will now be rectified. Now

they are saying, the other problem that we have is Lysol. Does that fall under this bill? That was never brought forward, never clarified, and the other thing that individuals were saying, and saying very clearly and with a lot of conviction, they were saying: What happened to the antisniff bill? That is the other half of it. If you deal with high alcohol content, then how do you deal with sniffing nail polish, sniffing glue, and sniffing gasoline? You can just take a walk down Main Street and you will see individuals holding paper bags, and the sad part of it is it involves a lot of young children. That is the sad part of it.

The individuals who phoned and came forward were saying, well, the government and the committees dealt with half of the problem. What happens to the other half? In fact, if you watched the news over the weekend, there was another death that came about by a person abusing sniff. So that raised the awareness again of the activists and the interest groups. They are saying, well, if it passed through the House and nothing has happened for over two and a half years, how can we be sure that this bill will get proclaimed?

* (2030)

I guess that is what we all kind of wonder too now, because the other half of the problem was the whole sniffing problem. Nothing had ever come about it. It passed through all the readings and everything else, but over two years now it has not been proclaimed. How many more individuals have to lose brain cells, ruin their whole lives, ruin their careers? How many kids have to be affected before the government wakes up and says these two bills go side-by-side? One without the other is only a half measure. When is this government going to wake up and see that when you deal with a problem, you deal with a whole problem? Half measures are not good enough.

The Minister of Consumer Affairs was able to bring this through and consulted with people to bring it through, and we have nothing but praise for her. The community individuals, the activists have worked so hard to try to at least save some individuals' lives or save some children's lives or also individuals to save their careers.

They are saying, why can the Minister of Health (Mr. Orchard) not proclaim Bill 91, the antisniff bill. I wonder, too, why not, because they go hand-in-hand. It is a golden opportunity. The

minister cannot say, well, I do not know what will happen, because the Minister of Consumer Affairs has already shown the way, how to do it and how to do it properly, and how to work with organizations. It is not only her bill that brought this forward. It is the citizens out there who were lobbying the minister and took time out of their careers and their families to meet with the minister and she gave the time to meet with them. That is what they are saying now, the people are saying: Where is the other half? We have half a pie; let us have the whole pie, because it is the same problem for a lot of the individuals, whether it is nonpotable or if it is potable or if it is sniff. That is what they are saying.

So what I tell them is talk to the Minister of Consumer Affairs and maybe she can talk to the Minister of Health, and maybe she can educate the Minister of Health to maybe listen to some of the people.

An Honourable Member: I doubt it.

Mr. Hickes: Oh, he might. That way, the whole problem, hopefully, will be solved. The police are very happy with this bill.

Just in closing, I would just like to commend the minister for her efforts, for passing something that has been long overdue. I just hope that she can have some effort on the Health minister to proclaim Bill 91, because that is what the people want next. They want the whole problem fixed, not only half a measure. With that, we are ready to pass third reading.

Mr. Speaker: Is the House ready for the question? The question before the House is third reading of Bill 91, The Liquor Control Amendment Act (2); Loi no 2 modifiant la Loi sur la réglementation des alcools. Is it the pleasure of the House to adopt the motion?

An Honourable Member: Agreed.

Mr. Speaker: Agreed and so ordered.

Committee Changes

Mr. Edward Helwer (Gimli): Mr. Speaker, I move, seconded by the member for Niakwa (Mr. Reimer), that the composition of the Standing Committee on Industrial Relations be amended as follows: the member for Niakwa for the member for Portage la Prairie (Mr. Connery). [Agreed]

Mr. George Hickes (Point Douglas): I move, seconded by the member for Interlake (Mr. Cliff Evans), that the composition of the Standing

Committee on Privileges and Elections be amended as follows: Brandon East (Mr. Leonard Evans) for Thompson (Mr. Ashton), for Tuesday, June 23, 1992, for 10 a.m. [Agreed]

* * *

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I am going to be calling the motion to go into Committee of the Whole to consider bills referred.

I move, seconded by the Minister of Environment (Mr. Cummings), that Mr. Speaker do now leave the Chair and the House resolve itself into the Committee of the Whole to consider and report on matters referred, and they are the bills listed on page 5.

Motion agreed to, and the House resolved itself into the Committee of the Whole to consider and report on matters referred (Bills 92, 94, 95, 96), with the honourable member for Seine River (Mrs. Dacquay) in the Chair.

COMMITTEE OF THE WHOLE

Bill 92—The Provincial Auditor's Amendment Act

Madam Chairperson (Louise Dacquay): The Committee of the Whole will come to order to consider Bill 92, The Provincial Auditor's Amendment Act (Loi modifiant la Loi sur le vérificateur provincial).

Does the honourable Minister of Finance wish to make an opening statement?

Hon. Clayton Manness (Minister of Finance): No, Madam Chairperson.

Madam Chairperson: Does the Finance critic for the official opposition wish to make an opening statement?

Mr. Leonard Evans (Brandon East): Just a comment, Madam Chairperson. This does not seem to be a controversial issue whatsoever. As I understand, the Provincial Auditor has requested it. It is a matter to enable them to do their job without possible legal action being taken against them, as I understand it. We have no objection to the bill. It seems like a good move, so we would be prepared to see it pass.

Madam Chairperson: Does the honourable critic for the second opposition party wish to make an opening statement?

Mr. Reg Alcock (Osborne): No.

Madam Chairperson: Okay, we will proceed to consider Bill 92, clause by clause.

Clause 1—pass; Clause 2—pass; Clause 3—pass; Clause 4—pass; Preamble—pass; Title—pass. Bill be reported.

Bill 94—The Statute Law Amendment (Taxation) Act, 1992

Madam Chairperson: The Committee of the Whole will now give consideration to Bill 94, The Statute Law Amendment (Taxation) Act, 1992 (Loi de 1992 modifiant diverses dispositions législatives en matière de fiscalité).

Does the honourable Minister of Finance wish to make an opening statement?

Hon. Clayton Manness (Minister of Finance): Madam Chairperson, I would like to indicate to members two items of note. Firstly, the other day, when I was reading my speaking notes, I deliberately skirted around the issue of some of the environmental protection measures. If members went through the volume of information that I provided, they would have come across the specific detail associated with those announcements. I would like to, at this point, indicate what those levels are for the record.

* (2040)

Madam Chairperson, in the Budget Address I noted that work was proceeding on the extension of environmental protection taxes to tires and disposable diapers. These will be implemented by amendments to the retail sales tax, which is part of this, which introduced a \$3 per tire charge to be in effect from August 1, 1992, until June 30, 1993, and also, we are proposing to remove the present sales tax exemption for disposable diapers.

I do not know whether those two items or announcements come as any great surprise to any of the members of the House, but I wanted to provide that information for the record. Certainly, the legislation that I have tabled and which makes up, in part, Bill 94, will give effect to those changes.

Also, Madam Chairperson, I wanted to indicate that because of some discussions that we had with the community last week and also some information that has come forward from Ottawa, particularly as it impacts—and I have forgotten just what specifically those measures are—some of the tobacco area and

the right to go after those who do not provide proper notice at the border.

Indeed, if an individual comes in and they underreport, we will give authority to the federal government to collect up to the proper amount, and secondly, there was an issue dealing specifically with Canada Post and I think tobacco coming in by way of the mails.

What I am trying to get at is, Madam Chairperson, it was because of these two events, unrelated, that I have seen fit to bring in nine amendments dealing with The Statute Law Amendment (Taxation) bill.

I shared the notes, or at least I sent copies of the proposed amendments to both Finance critics, and I hope they have had an opportunity to digest same. With those few comments, Madam Chairperson, I am prepared to consider Bill 94.

Madam Chairperson: Does the critic for the official opposition wish to make an opening statement?

Mr. Leonard Evans (Brandon East): Madam Chairperson, this bill, of course, is an omnibus type of bill, a collection of various amendments to existing legislation. It is not one that lends itself to an opening statement on a particular theme. We are quite prepared to just go into this legislation section by section, not that we have major concerns with everything here.

I would simply start, if we could, on the first section, therefore, which is The Corporation Capital Tax Act, if this is appropriate, and simply ask why—there seems to be a fair amount of amendment. I am surprised that this would not be the subject of a separate bill.

My opening question to the minister therefore is, why is this in Statute Law Amendment? Why would this not be a separate bill, unless I am—I have not had that much of a chance to study all of this, but there seems to be a fair amount of detail at least. In fact, we have passed some bills or are in the process of passing some bills that are only a fraction of this and they are separate bills. Here we have it in with The Statute Law Amendment (Taxation) Act.

I guess I am asking a procedural matter. That is one question. The other one is: What is the thrust of this whole part 1, The Corporation Capital Tax Act? What is the general intent of that part?

Mr. Manness: Madam Chairperson, the member brings up a good point. I can tell him for the record

that although governments may be tempted from time to time to slide under the guise of a Statute Law Amendment bill, whether it is taxation or otherwise, some substantive information, I can indicate to him that I do not think we have put any great undue pressure and certainly Legislative Counsel has, in my view, almost the final word on what comes into an act like this.

Let me say with respect to Bill 94, The Corporation Capital Tax, other than including some definitions which now allow—for instance, on page 1 the definition of "commission", because of course, Bill 95 sets up the whole commission aspect, and of course, we are giving a definition of what the commission is so that indeed it can hear appeals with respect to the corporation capital tax.

Page 2, as the member can see by way of his notes are clarity with respect to definitions. Then at the bottom of page 2, basically leading from 3 to 5 are definitions and empowerments associated with the general anti-avoidance definitions that we are putting into place.

I would say to him, as I announced in the budget, what we have indicated is that we are going to try and provide some greater degree of uncertainty with respect to those accountants who would try to find ways around government taxes. What we are doing here, not only in this particular act, but in the other two—mainly retail sales tax and payroll tax areas—you will see exactly the same wording. We are giving effect, or at least we are trying to, by way of legislation, provide rules that will somehow discourage anti-avoidance practices. So what he sees here is what has been required in this one taxing authority to give government that type of empowerment.

Madam Chairperson: Order, please. I think, procedurally, I had asked if the honourable member had an opening statement. I believe the honourable member for Osborne (Mr. Alcock) does wish to make a brief opening statement and, procedurally, we generally then revert and ask the questions as we go clause by clause. Okay. [interjection] I am sorry. It was my mistake. I should have interjected and recognized the honourable member for Osborne.

Mr. Reg Alcock (Osborne): Thank you, Madam Chairperson. I have no opening statement.

Mr. Leonard Evans: I thank the minister for the explanation. I gather there has been some

problem, and there is a potential problem as well in the future. So we would support this particular measure. I gather this is also applicable to—did he say two other parts? Was it The Gasoline Tax Act, and The Health and Post Secondary—that same argument applies to Part 3 and which other part? Part 4.

Madam Chairperson: We will begin to consider the Bill 94, clause by clause. Part 1: Clause 1—pass; Clause 2—pass; Clause 3(1)—pass; Clause 3(2)—pass; Clause 4—

Order, please. I have been advised by Leg. Counsel that the honourable Minister of Finance wishes to move an amendment to Clause 4.

Mr. Manness: I certainly do thank Leg. Counsel. Madam Chairperson, I move

THAT clause (c) in the definition "avoidance transaction" in the proposed subsection 11(1), as set out in section 4 of the Bill, be amended by striking out "to obtain the tax benefit, or" and substituting the following:

- (i) To obtain the tax benefit,
- (ii) To reduce, avoid, or defer a tax or other amount payable as tax or in respect of tax under any other Act or increase a refund of tax or other amount in respect of tax under any other Act, or
- (iii) both (i) and (ii);

[French version]

Il est proposé que l'alinéa c) de la définition de "opération d'évitement", au paragraphe 11(1), énoncé à l'article 4 du projet de loi, soit amendé par substitution, à ". . . l'obtention de l'avantage fiscal n'étant pas considérée comme un objet véritable;" de ",à l'exclusion:

- (i) de l'obtention de l'avantage fiscal,
- (ii) de la réduction, de l'évitement ou du report de l'impôt ou d'un autre montant payable à titre d'impôt ou à l'égard de l'impôt en vertu d'une autre loi ou de l'augmentation d'un remboursement d'impôt ou d'un autre montant à l'égard de l'impôt en vertu d'une autre loi,
- (iii) des opérations visées à la fois au sous-alinéa (i) et au sous-alinéa (ii);

Madam Chairperson, I am moving that in both official languages.

* (2050)

Mr. Alcock: Could I just ask the minister a question?

This entire bill flows from the actions taken by the government, some reference in the throne speech, mainly the budget, to put that into law.

At this point, we come along with a very healthy set of amendments. I have no question about the intent of this amendment, and I have offered my support to the minister in what he is attempting to do in tightening up the act, but why is it that we are into such a lengthy package of amendments this late in the process?

Mr. Manness: Madam Chairperson, as I indicated in my opening remarks, three of these amendments are identical, I am led to believe, this one and two others. There are nine amendments; three of them are identical. There are two that mirror these.

What we found out in discussions last week, when we took out the proposed legislation to the community, some said, well, if you, for instance—and this is anti-avoidance and the associated companies ruling—and it is how specifically in this case, in The Corporation Capital Tax bill, what happens if our company has decided to use the associated companies or split up our corporation into several and we have done it not because of corporation capital tax, but because of other reasons, like payroll tax.

We would say, well, yes, we really came at you on this act but it is not there. So what this amendment is doing, is saying, regardless of in what area you have done it, if we have found it in the corporation capital tax area, we can take the general empowerment here and apply it within all the tax areas. That is why this same type of wording will be found in those same other three parts that I talked about, also in the retail sales tax area and in the payroll tax area—is that more or less correct?—so there are three amendments of the nine that are identical.

Motion presented.

Mr. Manness: Madam Chairperson, I move

THAT section 16 of the Bill be amended by adding the following after the proposed subsection 2(6):

Waiver of subsection (3) by minister

2(7) Notwithstanding subsection (3), the minister may, on application and in accordance with such criteria as may be prescribed, waive in whole or in part the application of subsection (3) in respect of

any corporation for such period of time as the minister considers appropriate.

I move same, in both official languages.

[French version]

Il est proposé que l'article 16 du projet de loi soit amendé par adjonction, après le paragraphe 2(6), de ce qui suit:

Dispense de l'application du paragraphe (3)

2(7) Par dérogation au paragraphe (3), le ministre peut, sur demande et conformément aux critères réglementaires, dispenser une corporation de tout ou partie de l'application du paragraphe (3) pour la période qu'il juge indiquée.

Mr. Alcock: Madam Chairperson, could the minister just explain the intention of giving the minister this authority?

Mr. Manness: Madam Chairperson, I will read from my notes:

This is an amendment to the payroll tax act. In 1991, amendments were made requiring associated corporations to share the \$600,000 exemption. Those amendments were intended to address the situation where businesses had split into separate corporations to avoid the payroll tax. The amendments that were made, however, surpassed the government's intention by capturing businesses which operate as two or more corporations purely for business reasons.

For instance, Madam Chairperson—and I digress from my notes—let us say a car dealership in location A wants to run a hot dog stand in location B, 500 miles away, 300 miles away. The intent was never, of course, to rule against that type of split. That was done purely on business reasons. They are obviously two different, in essence, operations.

This amendment will allow regulation to be made setting out their criteria under which the 1991 association corporation rules will be waived by the minister in an appropriate case. The criteria will take into account such factors as the organization of separate corporations due to diversity of business operations, separate locations and financing opportunities.

It is not the government's intent to stop entrepreneurs from developing new, distinct businesses that otherwise would not attract payroll tax.

Madam Chairperson, unfortunately, the only way I can get around the harsh decisions that would flow

out of last year's amendment would be to allow some discretion, some common sense, for the minister and/or the department, given criteria that will be laid out in regulation.

Point of Order

Mr. Leonard Evans: On a point of order, are we still not on Part 1?

Madam Chairperson: No. We have passed all of Part 1, all of the clauses contained under Part 2, and we are now proceeding through Part 3. The amendment under consideration is for Clause 16 of Part 3, for reference purposes, page 10 of the bill.

Mr. Leonard Evans: Madam Chairperson, I was hoping we could go by parts, and having discussed Part 1, then we could go on to Part 2 and Part 3, just to expedite it. I did not realize you were not calling the parts, you were just calling the section numbers. I guess it does not matter, but it does in a way, because we discuss one part at a time. Then, having agreed to Part 3 or 4, you could routinely pass the sections. So I was waiting for you to call Part 2 while I was doing some other reading.

At any rate, I had a question on Part 2, The Gasoline Tax Act, Clause 2(23)(b).

Madam Chairperson: Is there leave of the committee for the honourable member for Brandon East to ask the Minister of Finance (Mr. Manness) a question on Part 2, which has already been passed? Agreed.

* * *

Mr. Leonard Evans: Well, it is a very simple question. One of the major intents of this amendment is to reduce taxes on aviation fuel. I was wondering if the minister could comment. This will decrease the tax revenue by \$1.4 million, but what benefits does he really expect to get from this?

I mean, maybe he explained earlier on why he is doing it, but I am not quite clear what economic benefit there is to the province from this particular measure, which will lose \$1.4 million to the treasury.

*(2100)

Mr. Manness: Madam Chairperson, what we are trying to do, after major consultation, not only with Winnipeg 2000, with the Winnipeg Chamber of Commerce, is trying to provide some economic development incentive to the airlines industry to once again establish Winnipeg specifically as a major centre for either freight or cargo, given the fact

that we are so ideally located. We are told that one of the main disadvantages of Winnipeg vis-à-vis other centres is the tax that is applied as against aviation fuel. We are further told that we were uncompetitive.

What is happening is that because of differences of fuel, tax included, Ontario or Toronto versus Winnipeg, many large airlines will find an economic benefit in tankering fuel, in loading fuel at the Toronto location, for instance. Even though they are dropping into Winnipeg and even though they are having to obviously carry that additional weight, have greater inefficiencies associated with that, there is still a greater advantage, or there are greater economics associated with tankering, loading beyond what they normally would in Toronto, rather than taking on fuel in Winnipeg.

So one can imagine, if you are trying to build an infrastructure around air freight and you are trying to develop an industry which again is going to, because of logistics in place and all of the other factors, cause freight to maybe come into Winnipeg and, during the night, in large measure, go onto our trucks and begin to roll down the highways and move into the U.S., indeed if you believe that globalization is here, and there is an opportunity for freight and manufactured goods that are produced anywhere but yet are being assembled for the purposes of transferring either to the eastern part of our continent or indeed are going to another continent, that the location that that might be done in is Winnipeg.

Well, you have to provide some advantages or remove some of the disadvantages. It has been shown to us that one of the real disadvantages is the total cost of fuel. Now we believe that by moving it down by this amount—I am talking it, meaning the aviation fuel tax—it will be a signal to that industry to locate in Manitoba.

I am not saying that this may not be the final decrease. There may very well have to be a further decrease if indeed we believe that there is additional benefit to be attracted, if we make sure that this is a competitive factor. There are many other competitive factors, not the least of which is our location, not the least of which is our airport, can take in these large cargo planes and very quickly expedite the movement of freight off of the plane onto trucks and moving down the roadways to their ultimate markets. That was the intent of this measure.

Mr. Leonard Evans: Well, I appreciate the intent, but as the minister himself indicated, there are so many variables at work here, so many variables that will affect these decisions, and it would seem to me that it would be very difficult to measure the impact of this tax reduction. I do not know how you measure. I mean, there could be an increase in traffic, but it could be because of other reasons, getting out of the recession, some other changes in airline policy, or whatever.

So I do not know really how the minister and his department proposes to measure the impact of this tax relief. Obviously, it is not going to discourage; it is obviously going to encourage. There is no question about that. The logic is there, but the degree of the tax relief remains a question mark, to the degree to which the tax relief provides the required or hoped-for incentive to have the business expand. It leaves a lot of question marks.

Mr. Manness: Well, Madam Chairperson, the member is right in part. I mean, I do not think we could ever model this, do a recession analysis and determine whether or not this factor in itself, in isolation, could provide the necessary stimulus. I do not know what weight you could give to it, but I am mindful of the request made by several people, business people in our community, who have nothing to gain personally but who believe that if Manitoba, and Winnipeg particularly, is going to maintain their role as a transportation centre, that we have to do something.

Members across the way, of course, have been challenging us everyday to show us the economic plan. This is an element of the economic plan. I can tell the member, this is a very deliberate move. This is a signal to the industry. Look at Manitoba. The members can say, well, right now, who would the application reach? Obviously we think of our main carriers, CP and Air Canada, but the reality is, for the number of stops they make here, both of those major Canadian companies are buying very little fuel in relative terms.

So we sense that not only is there an opportunity for them to take on more fuel here if we become more competitive, but also the large carriers like UPS, Federal Express and several others, that this is a place that we would like to entice them to. One way we can do that, of course, is to look at the total cost structure of locating here, and this is an important element.

Mr. Leonard Evans: As I said, I can understand the logic of it, but I would just comment, unless the minister can tell me otherwise, I would gather then that the tax relief would apply to all air carriers operating in Manitoba, whether they are a national or international carrier moving through here, or whether they are intraprovincial, within the province. So to the extent that we are dealing with intraprovincial or within province carriers, to that extent, these carriers are getting a windfall from this tax relief. Am I correct?

Mr. Manness: It is hardly a windfall. I mean, in the jurisdictions to the east, I know if anybody flies along the border and they want to take on fuel, small airlines, and they want to take fuel in Dryden or Kenora, I can tell you they pay three cents a litre, and if they are against the Saskatchewan border, and they want to move into that jurisdiction to take on fuel, I think they pay less there too.

In my view, it is a mute point whether or not they are going to receive a benefit because I would claim that a lot of them are not taking on fuel here right now. I mean, this tax area does not bring in an awful lot of money right now.

Mr. Leonard Evans: Well, it is true. You could, presumably, pick up in neighbouring jurisdictions where the tax may be lower. I do not know what the rates are, but nevertheless, there are operators who are based in Winnipeg. They fly in northern Manitoba back and forth—unless this does not apply to them. I thought it did.

Mr. Manness: Madam Chairperson, I want to share with the member and indeed members of the House a story that I heard, and this is a true story. Northwest Orient that flies into our province has not bought, I understand, a litre of fuel here, virtually a litre of fuel for several years. Somebody was in Minneapolis coming to Winnipeg, and they called forward four volunteers to give up their seats. They were going to reward them with, as usual, not only a free ticket to somewhere else, but by putting them up for the night and a considerable inducement.

The person who related the story to me was surprised to see when they took off the ground that there were four empty seats. It is not that they were being bumped. It was not that they were being overbooked, and he asked why. Well, Northwest Orient had taken on so much fuel and obviously had some heavy cargo, so much fuel because they would not replenish in Winnipeg to go back. It was

to their advantage, to their economic advantage, to pay \$1,000 or \$1,500 for four people not to be on that plane. I think that speaks volumes, quite frankly.

Mr. Leonard Evans: That is a very revealing, interesting story, but that was not the point I was making before though. I was talking about Winnipeg-based carriers operating within the province.

Let me ask the minister then, this is my last question, will this measure now induce Northwest, since the minister mentioned this as an example, to now pick up fuel in Winnipeg, instead of bringing it in from Minneapolis or wherever?

* (2110)

Mr. Manness: Well, the short answer to that is no with respect to Northwest Orient. I do not think they pay any more than a fraction of a cent in Minnesota, but still in the sense that we have other attractions, particularly in the cargo area, we sense that as long as we can begin to show the signal and that we have something for the Minister of Industry, Trade and Tourism (Mr. Stefanson) when he goes not only to our Canadian carriers, but elsewhere to try and sell Winnipeg, that this is another element that he can carry in his quiver with respect to selling our province and our city.

To that end, to the extent that we are becoming more competitive, that we are reducing this rate, I think there is a meaningful story to tell.

Mr. Leonard Evans: I just want it on the record, we are not opposing this. I am just questioning the effectiveness of the measure. I wish that we have lots of success with it, but I am a doubting Thomas at this point.

We have already passed Part 2, so we can go on now, please.

Motion agreed to.

Madam Chairperson: Shall Clause 16, as amended, be passed? Clause 16, as amended, is accordingly passed.

Clause 17—pass; Clause 18—pass; Clause 19—pass; Clause 20—pass; Clause 21—pass.

Mr. Leonard Evans: In passing Clause 21—or 21 has a bearing on some new legislation that has been brought in, I believe, in this session. That is the Tax Appeals Commission. I am just reading here, the new procedure will benefit taxpayers by enabling their appeal to be reviewed independently from the

staff and the department. This particular section, or whatever, is being passed in conjunction with the new legislation that, I guess, we will be considering later this evening. Is that correct?

Mr. Manness: Yes.

Mr. Leonard Evans: Okay, thanks.

Madam Chairperson: Shall Clause 23 be passed?

Mr. Manness: I would like to move an amendment in this section. I move

THAT clause (c) in the definition "avoidance transaction" in the proposed subsection 26.1(1), as set out in section 23 of the Bill, be amended by striking out "to obtain the tax benefit, or" and substituting the following:

- (i) to obtain the tax benefit,
- (ii) to reduce, avoid, or defer a tax or other amount payable as tax or in respect of tax under any other Act or increase a refund of tax or other amount in respect of tax under any other Act, or
- (iii) both (i) and (ii);

[French version]

Il est proposé que l'alinéa c) de la définition de "opération d'évitement", au paragraphe 26.1(1), énoncé à l'article 23 du projet de loi, soit amendé par substitution, à "— l'obtention de l'avantage fiscal n'étant pas considérée comme un objet véritable;", de ", à l'exclusion:

- (i) de l'obtention de l'avantage fiscal,
- (ii) de la réduction, de l'évitement ou du report de l'impôt ou d'un autre montant payable à titre d'impôt ou à l'égard de l'impôt en vertu d'une autre loi ou de l'augmentation d'un remboursement d'impôt ou d'un autre montant à l'égard de l'impôt en vertu d'une autre loi,
- (iii) des opérations visées à la fois au sous-alinéa (i) et au sous-alinéa (ii);

I would so move in both official languages.

Mr. Leonard Evans: Sorry, Madam Chairperson, it is not on this particular section, but it is on this part. It is a point that should be discussed for a minute. It is still on the part that we are under. That is the fact that we have set up a Tax Appeals Commission or there will be a Tax Appeals Commission. That commission is for taxpayers to appeal against the decision made by the department. But now, I gather from 22(1), beyond that, the taxpayer can then

appeal the decision made by the Tax Appeals Commission. It seems therefore that the minister will be a post-Tax Appeals Commission person. Is that correct? It seems rather unusual. Here the department makes a decision and you have set up a mechanism for an appeal, so that happens. But now, as I read this, you can then go beyond that commission, if you do not like its ruling, and go through the department and appeal to the minister.

Mr. Manness: Well, it depends from where you are basing your argument. Right now, any tax filer has an opportunity to appeal directly to me as the minister. That is the method and the process that has been in place for a long period of time. Taking into account what other jurisdictions are doing and the fact that the federal government over the last few years has instituted a tax appeal mechanism, we sensed that there was probably some legitimacy in providing a tax appeal system, one that was based on a minimal process.

We are not going to elect a board, a quasi-judicial board. What we contemplate doing on an infrequent, periodic basis is bringing in a former tax officer who has strong knowledge and background within our taxation fields to sit in an impartial position to try and lend some counsel with respect to the difference of views as between the department and the tax filer.

In our view, this mediation process in some respects will go some distance to reduce the number of appeals that ultimately come to the minister. In the sense that the aggrieved party feels that a ruling has not come out favourable to their end, they can then still appeal to me. That is the old system, and if they are not happy with my decision, ultimately of course, not the department, but indeed the tax filer has the right to go to court. That is the process that we are implementing.

Mr. Leonard Evans: I was not asking for an explanation of the setup of the commission. I do not disagree with that and it is a good idea. I just thought that it was a bit unusual that having now set up an appeal mechanism, which is fine, then you still have the additional stage of appealing the appeal body's decision to the minister.

Motion agreed to.

Madam Chairperson: Shall Clause 23, as amended, be passed? Clause 23, as amended, is accordingly passed.

Clause 24(1)—pass; Clause 24(2)—pass.

Part 4, The Income Tax Act.

Mr. Leonard Evans: Madam Chairperson, I wonder if the minister could explain the impact of this particular amendment proposed in Part 4 which has a bearing on mutual fund trusts. Could he briefly just tell the committee what impact this particular amendment will have?

* (2120)

Mr. Manness: Madam Chairperson, for some period of time now, the application of the net income tax as dictated by the federal government—if the member can remember, the former government when they applied to Ottawa for a flat tax probably would have preferred to see its location on the tax form in a different position than it was, somewhat akin to where Alberta has it. Saskatchewan and Manitoba had to apply its 2-percent flat tax as against net income. There were some anomalies because of that. This is one of them, and I have a vague understanding of it, but I can tell him even of a better one. I can tell him of a situation where a farm, because we have to deal with this, and we provide remission because of it.

In actuality, there are many farmers who are forced off the land, and they are forced to sell their property by a forced sale. You have a bizarre situation where even though they have made no money, the land that they have sold has been evaluated because when they bought it, it was valued maybe at \$100 or \$200. It is now at \$400 or \$500. It is a forced sale. There has been a capital gain, and the capital gain does not accrue to them because the security has been sent to the bank and yet they are the ones under The Income Tax Act who have the capital gains. We have many situations where farmers who have gone broke have lost their land and everything they have, have had a \$5,000, \$8,000, \$10,000, \$20,000 income tax bill because of the application of the net income tax. We have granted remission.

What we are trying to do in this area because of the fact of where it is taxed, we are trying to provide some relief for trust by bringing in this area where indeed maybe the inappropriate place of the flat tax is within our tax laws at this point.

Madam Chairperson: Clause 25—pass; Clause 26(1)—pass; Clause 26(2)—pass; Clause 27(1)—pass; Clause 27(2)—pass. Shall Clause 27(3) be passed?

Mr. Leonard Evans: This has reference, I believe, to the Budget Address of this year where reference was made to a tax credit for manufacturers. Am I correct in this, and is this the reason? Are we now implementing a policy decision made or announced in the Budget Address of the minister earlier this session?

My question is, this whole section which deals with manufacturing and investment tax credit, is this the follow through of the policy announcement made in the Budget Address delivered by the minister earlier this year whereby, I believe, this is the occasion where he announced a particular type of investment tax credit? It is page 19 of the explanation.

Mr. Manness: Madam Chairperson, I think the member is referring to the essence of Section 28. Again, this gives effect, of course, to the manufacturing investment tax credit. I am sorry. I was so busy looking at page 18, dealing on Clause 27, and I did not hear the member's question again. So he may want to—

Mr. Leonard Evans: I think the minister answered the question. It relates to the proposal outlined in the Budget Address earlier this year. In other words, this is not another tax. It is the same one that was referred to. Thank you.

Madam Chairperson: Clause 27(3)—pass; Clause 28—pass.

For reference purposes of the committee, we are now on page 26 for consideration of Clause 29, Part 5, The Insurance Corporations Tax Act.

Mr. Leonard Evans: Which document are you looking at, Madam Chairperson? You are looking at the bill itself, are you? Okay. I am sorry. I have been looking at the [interjection] They collated this. So, I am sorry, what did you just call? Part 5?

Madam Chairperson: Part 5, page 26, and the clause to be given consideration is Clause 29.

Mr. Leonard Evans: Is this the section where we are referring to—oh, I guess it this is the definition of insurance which then relates later. I have some concern about Blue Cross and what is happening there. I guess this is a definition that simply relates to a later section. Is that correct?

Mr. Manness: No. These clauses and the consequential amendments that flow thereafter give full effect to the removal of the exemption that Blue

Cross once had with respect to premiums to do with the premium tax.

Mr. Leonard Evans: Yes, I am not sure whether I heard the entire explanation of the minister, but there is reference here to the Blue Cross. Just reading from his own notes, on page 26: This change in the consequential amendment to The United Health Services Corporation Incorporation Act in Part 12 of the bill removes the exemption from tax on insurance premiums that were previously available to the Blue Cross, and then to accommodate administrative difficulties faced by Blue Cross, this provision will take effect on August 1, 1992, rather than July 1.

What my question is—so there is an impact on Blue Cross—what is the impact? Does this mean that the premiums—will Blue Cross be forced to increase premiums as a result of this?

Mr. Manness: Madam Chairperson, they may very well be forced to do that. I do not know what margins they have in place now, but this decision was made, because in a number of areas under their purview, they were in direct competition with private carriers who had applied to the premiums an insurance tax.

The government sensed, to level out the playing field, that it was only fair that they be brought into a competitive position taxwise. Now there is no way that the government wants to impose upon Blue Cross a status of a taxable corporation. We still want to see it maintain its uniqueness in respect to remaining a nonprofit corporation, because certainly it provides coverage in a number of areas that other insurers do not. We recognize the commitment they are making within the health field in trying to do some systems development. Let me go on the record as saying that on behalf of all the government of Manitoba, at least, we are appreciative of those efforts in the sense that a number of their plans, their group plans, are competitive products with group insurance plans put into place by private providers. We sense that they should be applicable to the same premium tax. That is indeed the essence of the legislative change before us.

* (2130)

Mr. Leonard Evans: We are not too happy with this particular amendment, Madam Chairperson. Can the minister give us some idea of what additional revenue will accrue because of this change? In other words, what burden is being put

on Blue Cross, which is, as he himself explained, a nonprofit organization benefiting thousands of Manitobans? In effect, he is concerned about a level playing field with the profit-making insurance companies, but he is hurting a nonprofit agency which is there to help Manitobans. So, in effect, Manitobans, those who deal with Blue Cross, are ultimately going to have a burden put on them. They are going to have to end up paying higher rates, but I do not know to what degree, so I am asking the minister: Just what type of a burden is this on the Blue Cross organization?

Mr. Manness: Madam Chairperson, I do not have my budgetary document with me. That certainly is in one of the appendices of the budget that says what additional revenue will flow because of this tax measure. Again, it is not substantive in terms of millions of dollars, but what we are saying is that in their tax areas, where they are directly competing with private providers—and I am talking now within the group plan areas—indeed regardless of whether they are nonprofit or not, they are going to have to pay the same premium tax.

I remind the member opposite that there are significant surpluses enjoyed by Blue Cross, and some would say, well, that is to all of our benefit. The reality is, tax law does not work that way. I mean, a nonprofit organization is not supposed to build up any surpluses, any reserves. If they do, then, of course, they theoretically, under federal income tax law, would lose their nonprofit status. So this has been an area that has been brewing for some number of years. I understand there are only three provinces left that do not impose an insurance premium tax on nonprofit such as Blue Cross, and we felt that given the circumstances, it was important to level the playing field.

Mr. Gary Doer (Leader of the Opposition): Yes, I would like to ask the Minister of Finance: How much money does Blue Cross contribute to research in health and other preventative health care projects in the province of Manitoba?

Mr. Manness: Madam Chairperson, I do not know whether Mr. Bittner shared in a quantifiable way that number or not. Certainly, we did talk about the contributions they have made and are making towards a systems development so that we can better capture the costs associated with providing health care. We are mindful of the contribution and to the extent that a lot of their noncompetitive products, in a sense, hopefully will not be in any way

harmed by this move, that they still will have excess funds to direct towards that good end. That is our understanding.

Again, we have discussed this in great detail. What we have tried to do is provide a level playing field, but in no way, do we want to see the status of Blue Cross in its nonprofit basis harmed. I can tell members that nonprofit organizations and Blue Cross in almost all other provinces of Canada are subject to this tax.

Mr. Doer: Did the government receive the amount of money that the nonprofit organization Blue Cross has contributed on a yearly basis over the last number of years to health research, health projects, to disease prevention and other projects in the province of Manitoba that have been funded through nonprofit subsidiaries of the Blue Cross organization in Manitoba and therefore applied to health care in the province? Did they take these into consideration when they made their decision?

Mr. Manness: Madam Chairperson, we have taken a lot of these particular factors into decision. Not all of them, of course, can be measured. It is hard to do a balance sheet on this.

I know one of the competitors, for instance, Great-West Life, the tremendous contributions it makes to this community in a whole host of areas, and I dare say in health care also, an incredible contribution in a number of areas to the community and to the province. We have not, for instance, tried to do the balance sheet to see who contributes more, who contributes less in what fields, but I am saying in the sense that a significant portion of the Blue Cross activities in direct competition with those that are paying, those companies who are themselves not paying it—or if they are paying it, are billing into the premium structure—I would say that it is a fair move to make.

Mr. Doer: Did the minister consult with the Manitoba Society of Seniors, and do they support the taxation changes that he has proposed?

Mr. Manness: Well that is the most ridiculous question I have ever heard. I mean, if the Minister of Finance is going to consult with those who he is going to impose an increased tax on, I can tell him what the answer will be 10 times out of 10.

An Honourable Member: No you cannot.

Mr. Manness: Yes, I can, 10 times or maybe 12 times out of 10, what the answer will be if there is going to be an imposition of a greater tax. The

answer will be, no, no, no and no, and another eight times of, no. That is the reality.

That is why we have something called a budget and a deadline, because if we were to consult, we never would raise the necessary revenue needed—and I am talking about taxation, the additional taxation measures. Certainly since we announced this, we have had extensive consultations with Blue Cross to try and mitigate as to the impact, certainly on a timing basis.

Mr. Doer: Has the government done an overall review of both the actions of the federal Conservative government and their own government on the impact on seniors' lives? In other words, do they make these decisions in isolation from other decisions? The minister said that he thought if he would have consulted with seniors, they would have said, 10 times plus eight times, no.

Have they conducted an overall review? You have drug costs going up dramatically, you have changes in those kinds of programs both federally and provincially, you have changes dealing with many provisions dealing with seniors. Surely, this is one of the groups going to be hardest hit. Is there an overall review of the impact of government budgetary decisions on seniors, or is there no review whatsoever?

Mr. Manness: Well, Madam Chairperson, the member is wrong. Seniors are not going to be impacted the most on this unless, in his mind, he conjures up the image of those seniors who are using travel insurance under Blue Cross to go and spend a significant portion of the winter outside of the province.

I say to him, a much greater portion of the portfolio, Blue Cross—the premiums in support of the group insurance programs and, indeed, of the Blue Cross that we use as members in our dental plans; indeed, as parents of family who take supplementary insurance related to accidents that our children may have on the playground or anywhere else—these are also large subscriber area fields of Blue Cross.

So when the member says, did we consult with seniors?—in fairness he should say, well, did you consult with the parents of children? Did you consult with all of the civil servants within the province who derive some benefit from Blue Cross by way of their dental programs? I mean, he, for his

own political end is trying to direct it purely to seniors. Certainly, Blue Cross has activity with a much greater number of people than just the seniors in society.

Mr. Doer: Madam Chairperson, you know, let the Minister of Finance make his own leaps of logic, but please do not expand them to other members of this Chamber. [interjection] Well, having negotiated the dental plan with the former Premier Lyon years ago, and fully conversant about who got the plan through tendering, I am fully aware of the details of the plan, and I am fully aware of the politics of who did not get the plan. I can tell the minister lots of interesting stories about that interesting bit. [interjection] I just went back to the old tendering system.

Madam Chairperson, I just want to ask another question to the Minister of Finance, has he reviewed how much money Blue Cross invests in credit unions in Manitoba, rural Manitoba, city of Winnipeg. Has he got any numbers of the percentage of their investment portfolio that is invested (a) in Manitoba and (b) invested in rural Manitoba through credit unions? Did he factor that into his decision-making process?

Mr. Manness: Madam Chairperson, that was not shared with me, but I must indicate that I did not ask either, and that is a new issue to me.

* (2140)

I can indicate that if that is the basis on which he would rest an argument not to remove the exemption on the insurance premium tax that was in place and if he is saying then that this should be factored in, I wonder what weighting one would give to that.

I mean, again, we are talking about a tax on Blue Cross, in a sense aligning what will happen in Manitoba with all the provinces except Ontario—all the provinces in Canada except Ontario. It will bring in, yes, \$0.57 million in '92-93 and \$0.7 million annually, not a large amount, maybe. It is a large amount to me. But I say to him that, specific to his question, I did not ask nor was I provided with that information.

Madam Chairperson: Shall Clause 29 pass?

Some Honourable Members: No.

Madam Chairperson: All those in favour, please say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Chairperson: In my opinion, the Yeas have it. Clause 29 is accordingly passed.

Mr. Manness: Madam Chairperson, let me say for the record at least that it was not unanimous.

Madam Chairperson: Clause 30—pass; Clause 31—pass.

Is it the will of the committee that I group clauses on pages? There are 97 clauses to this bill, and my understanding is that there are no further amendments for some time.

Mr. Leonard Evans: I would suggest that we do it part by part, and that is why I was confused a while back when we proceeded with section numbers. My preference is to have a discussion on the part and then pass it.

Madam Chairperson: Part 6, The Liquor Control Act. For reference purposes, page 27 of the bill.

Mr. Leonard Evans: Okay, briefly then, can the minister advise what additional revenue will accrue to the province through this agreement entered into or about to be entered into with the Government of Canada in collecting provincial alcohol fees at the border?

Mr. Manness: Madam Chairperson, I am looking for a signal from up above. It seems to me it is a nominal amount. It certainly is not a million dollars, I do not think. It is some portion of a million dollars.

Mr. Leonard Evans: Yes, just a detail question, Madam Chairperson. When will this come into effect or has it?

Mr. Manness: July 1, '92.

Madam Chairperson: Clauses 32 and 33—pass; Clauses 34 and 35—pass.

For reference purposes, page 29 of the bill, Part 7, The Mining Tax Act.

Mr. Leonard Evans: Again, Madam Chairperson, I wonder if the minister could just give us a very brief explanation. What is the thrust of this particular part?

Mr. Manness: Madam Chairperson, there are certainly in the first two pages or so, definitions, and that is for the purpose of a number of areas, particularly to give effect to our new mining tax holiday, so we can more properly define such terms

as "new mine" and also "project", "rehabilitation" and "progressive rehabilitation" and "closure plan."

It is all to provide in the first section those definitions, so that we can ensure that when we provide incentives toward a new mine, significant millions of dollars for anybody who comes forward, that it does not mean that they are simply going to be able to take an existing orebody which may have been mothballed or something, and now by way of opening it under this legislation, garner for themselves a significant tax.

So we are trying to give much greater definition to the terms, so that we are still in control, and if the taxpayers of the province do provide incredible tax relief, that it is done within the strictest of conditions.

That is the first part. The rest of this basically lays out what it is we are hoping to do in this incentive of a new mine.

Mr. Leonard Evans: I gather, Madam Chairperson, the minister is concerned that the legislation or the intent of the policy is not abused and that corporations fulfill the intent of the government.

The government wishes to entice or enhance exploration, but you want to entice or enhance bonafide exploration and try to get around legal maneuvers where companies may get some benefit from the legislation without actually bringing forward mining development.

Mr. Manness: Madam Chairperson, I could not have said it better myself. The member has got it hammered right on the head.

Mr. Leonard Evans: I have one final comment in passing. It just seems strange that here we have, in this particular Statute Law Amendment bill, pages 29 to 43, which is what—14 pages. That is a lot in my judgment for Statute Law Amendment legislation. It is not, I do not believe, in keeping with the tradition of this type of legislation. It would seem, therefore, it could have been a separate bill.

Mr. Manness: Madam Chairperson, I only say that it gives effect to the taxation measures that were announced in the budget. The greatest element of what we have seen before us, of course, or the greatest elements are definitions and also the formulas.

Mr. John Plozman (Dauphin): Madam Chairperson, I imagine the tax acts could also be separate bills, although it is standard procedure in

terms of what has historically been done here. Normally, in Statute Law Amendments dealing with other matters, they are very, very small, minor amendments—housekeeping really. They are much more sweeping when it is involving taxation.

I wanted to ask the minister just to clarify these amendments to give effect to the tax holiday that he talked about—if he is paying attention.

Mr. Manness: Well, Madam Chairperson, I am advised by—sorry?

Mr. Plohman: Madam Chairperson, I was in the middle of a question.

* (2150)

Mr. Manness: I am sorry—my apologies.

Madam Chairperson: I am sorry. I thought you had finished.

Mr. Plohman: I would ask him whether this has been borrowed from other acts that are currently in place, so that really it is not something that has been developed for this particular purpose but taken from other legislation. I notice, for example, that the minister mentions clarification when production begins consistent with long-accepted federal legislation.

Is this basically something that has been done in the federal legislation, and this is consistent with that for all parts or just for that aspect?

Mr. Manness: Madam Chairperson, I am advised that it is just for that aspect. I can tell the member, with respect to the definitions and all that, that is pretty well our own writing. We have learned a lot from the Ontario experience because certainly as we read it from some distance, there was some going around of the intent of the provision of the benefit. We have tried to tighten that up considerably.

I know the Ontario government was just absolutely blown away when they provided some type of relief and tried to stimulate some development of new mines. In essence, they just took existing orebodies—[interjection] That is right, that had been virtually mothballed, and they opened them and, of course, they had tremendous tax savings. So we have spent considerable time developing our own definitions. But to the extent that we can borrow in some specific areas from the federal government, to make our task easier, we have.

I would like to point out, Madam Chairperson, with respect to the member's comment, it has been the Manitoba practice for years now that substantive tax issues have been included within The Statute Law Amendment (Taxation) Act.

Mr. Plohman: Madam Chairperson, that is exactly what I was saying when I was being so well ignored by the Chairperson and the minister. So the minister is saying here in this bill that mining companies will not be able to take advantage of this tax holiday unless they explore for and find and develop from scratch a new mine.

Mr. Manness: Well, Madam Chairperson, the short answer is, yes, but we still will allow some leeway—in that if we are convinced that there is an undeveloped orebody that has been identified, and now because of this incentive it is going to be developed, we will provide the relief. If it is an area that has been held back because of other market circumstances, and now the major has been waiting for this just to rush in, no, we can deny it under this legislation.

Madam Chairperson: Clauses 36, 37(1), 37(2) and 37(3)—pass; Clause 37(4), for reference purposes for the committee, page 31—pass; Clauses 37(5), 37(6), 38(1) and 38(2)—pass; Clause 39—pass; Clauses 40(1), 40(2), 40(3)—pass; Clauses 40(4), 40(5), 41, 42(1), for reference purposes, page 36—pass; Clauses 42(2), 42(3), 42(4), 42(5) and 42(6)—pass; Clauses 43(1), 43(2), 43(3)—pass; Clauses 44(1), 44(2), 45(1)—pass; Clauses 45(2), 45(3), 46(1), 46(2)—pass; Clauses 47 and 48—pass.

Part 8, The Motive Fuel Tax Act.

Mr. Leonard Evans: Madam Chairperson, it seems to me that the most important clause in this particular part is Clause 2(28)(h), amended, which reduces the tax rate on diesel fuel for railway locomotives by a penny per litre, from 13.6 to 12.6, effective July 1 of this year, and thereby decreasing the revenues to the province by \$1.6 million.

Obviously, this is in response to the lobbying by the railways. I would like to ask the minister, how does this rate of 12.6 per litre now compare with the other provinces, and particularly Saskatchewan. Are we now lower than Saskatchewan, the same or higher than that sister province?

Mr. Manness: Madam Chairperson, from memory, we were lower before. It seems to me Saskatchewan was at 15.5 cents a litre. I do not

have my tables with me, I apologize for that. Certainly if we were not, we are now. We certainly are lower.

I pointed out to the member, the reason we did it is because the railways still employ, I am led to believe, 10,000 people in the province of the Manitoba. The member can say that they brought forward a lobby, and in this case maybe it was a little bit effective. I do not know whether or not this is going to preclude the corporate offices, head offices of our national railway companies, from reaching decisions that are going to impact negatively on western Canada, specifically Manitoba. But I say to the member, I take very seriously, very seriously, what is happening as far as the logistics and the transportation patterns of freight moving across this country.

I sense that nobody in the national context is dealing with the transportation policies that are necessary to try and keep at a status quo level many of our national carriers. What we try to do in this budget is by way of a signal, even though it cost \$1.6 million, and although in itself probably does not reflect an awful lot to the bottom line of our national rail carriers, we try to show them that we are at least one jurisdiction that is listening to their arguments, because I think they have some serious arguments to make.

Governments have jumped all over the railway companies in a tax sense for several years now. I believe that they are making decisions that are hurting collectively all of us at this point in time.

Mr. Leonard Evans: Well, Madam Chairperson, I think the minister is alluding to the fact that this is probably more symbolic than effective, because surely that is a small amount of money in terms of the operations of the railways in this province. Regrettably, it seems to me—and maybe it is a positive signal to the railways, fine—I really do not think it is going to do much because there are two factors that concern me and that are at work. One of which is the fact that the present government, with its CEO Deputy Prime Minister, namely Mr. Don Mazankowski, from Alberta, who is determined, it seems to me from experience, to move a substantial portion of CN railway operations from Manitoba to his home province of Alberta, for all kinds of reasons, to the city of Edmonton in particular.

We have had examples of many employees being transferred and there is threat of additional transfers

in the future. I doubt very much whether this particular move will have any impact on that whatsoever. Mr. Mazankowski, who is really the CEO of the federal cabinet, has had a very effective role, played a very effective role in moving railway employees out of this province, in our opinion at least.

The other point I want to make, Madam Chairperson, is that there is such a thing as the Free Trade Agreement. The Free Trade Agreement, if anything, is going to cause more north-south traffic, and to some great extent, I believe that it will diminish the role of Winnipeg in the national railway system.

Well, we have a lot of objections to the Free Trade Agreement in terms of job loss in this country, and I believe that this is one factor in diminishing Winnipeg's historic role as a transportation centre. We are seeing our role as an aviation centre, as a trucking centre, as a railway centre being diminished. Regrettably this is occurring, and one of the factors, in my judgment, that is contributing to this diminution is the free trade deal which is going to cause, throughout this country, more north-south traffic at the expense of east-west.

* (2200)

Winnipeg has played a critical role in transportation because here we are squeezed in between the 49th Parallel and Lake Winnipeg. At any rate, I just make those comments because those are the real factors that are going to affect railway activity in this province, not this giveaway of \$1.6 million to the corporations. I believe they are going to take this as a bit of a bonus and thank you very much, but it is not going to have any impact on their presence in the future.

Madam Chairperson: Clauses 49, 50(1), 50(2), 50(3), 50(4), Clause 51, for reference of the committee, page 44 of the bill—pass.

Part 9, The Retail Sales Tax Act, for reference of the committee, page 47 of the bill.

Mr. Alcock: Madam Chairperson, before we get into clause by clause on this particular part, I would just like to ask the minister a couple of questions about the changes he has made here under the guise of environmental protection, the tire charges and the changes to—well, the additional tax on disposable diapers.

I am wondering what sort of research was done to determine, in the case of disposable diapers, that

they were in fact more injurious to the environment than cloth diapers?

Mr. Manness: Well, you take me back to when I was a young parent when I got on this subject, but I may have to ask for the support of my colleague the Minister of Environment (Mr. Cummings).

Madam Chairperson, we did not enter into the removal of the tax exemption on disposable diapers. As a matter of fact, I have even had representation made to me in my office not too long ago where the latest generation of disposable diapers were presented to me as compared to the newest or the generations before it.

Let me say, we are very well aware that society seemed to be suggesting that upwards of 1 percent to 2 percent of landfill material was composed of that type of disposable diaper. I think there seems to be a cry out in society that the amount of hard waste, I think was the term, that is going into landfills be reduced, solid waste be reduced. We sense that probably in fairness, to try to drive society back to cotton diapers, that indeed some disincentives should be put in place.

That was the basis on which we considered and ultimately brought forward the removal of the exemption of sales tax on disposable diapers. Now, I know there are many other arguing points around this issue. I am well aware of that. But nevertheless, we joined B.C. as being the second jurisdiction that taxed this type of product.

Mr. Alcock: The minister had a choice between taxing the companies and taxing the individuals who utilize these diapers, and he chose to tax individuals.

It is also going to impose considerable additional costs on hospitals, daycare centres and the like who utilize these materials, in addition to the families of the children. Why?

Mr. Manness: Well, Madam Chairperson, I know the member is not so naive as not to know that when you tax corporations, you do not ultimately hit their bottom line. Those costs are passed along to the consumer anyway. I know he realizes that.

Let me also say that Procter & Gamble and/or Kimberly-Clark, the producers—and maybe there are others—of these types of products are not head office located here in the province of Manitoba anyway, so I would have a very difficult time imposing a corporate tax against them. So then who do I tax? I mean, ultimately, under the tax

authority that I have, the only individuals I can tax are the consumers. Now, the member says, why are we imposing a tax when it is going to have an impact on, let us say, the users, including daycare centres, to use as an example.

Madam Chairperson, I thought the environment, if it were the No. 1 issue, all of us, regardless of where we are, who we are or how we use the product, if we all subscribe to the desire to remove solid waste from landfills, I would think regardless of where we are, we would want to impose that type of restraint on ourselves. I would think it is an environment issue certainly every bit as much as it is a taxation issue.

Mr. Alcock: Madam Chairperson, as the minister has already referenced, there is a great deal of argument about whether or not disposable diapers are more of a burden on the environment than cloth diapers and the energy that goes into using them, et cetera, et cetera.

But, just a final question, how much do you anticipate raising with this measure? How much do you anticipate crediting to the environmental protection tax?

Mr. Manness: I am wondering if, in the first half year of it, it is \$600,000.

Mr. Leonard Evans: Yes, on Part 9, in the early part of this part, there is reference made to repealing the definitions "designated land", also "Indian" and also "reserve." I wonder if the minister can explain why they are repealing those definitions.

Mr. Manness: I am led to believe that legal advice suggested we take it out of the legislation, that there is no requirement to provide this type of definition. I am also led to believe that we in no way are infringing on federal jurisdiction in this matter.

Mr. Leonard Evans: I wondered if it had any relation to what I believe was an amendment brought in last year in the same legislation, The Statute Law Amendment, where retailers were no longer permitted to exempt people from retail sales tax collection. In other words, there used to be provisions, where people, including, I understood, people living on reserves, could refuse to pay, and the retailer could fill out a form, send it to the ministry of Finance explaining why that tax was not collected. As of last year's amendment, I understand this is no longer possible, and if that is the case, I was wondering whether this had some bearing or any relation to that.

Mr. Manness: Very definitely, absolutely no relationship whatsoever, Madam Chairperson.

Mr. Leonard Evans: All right, the minister says it is in no way related to that, but he does recollect that that important change was made last year. I wonder just generally—again, we have not had as much time as we like to study this legislation, which has a lot of detail in it, to say the least. What is the major thrust of this particular part of the bill?

* (2210)

Mr. Manness: From memory, Madam Chairperson, I would say the major import of this particular section, besides providing for the 1-800 telephone service amendment, is to provide additional penalties for failure to remit tax. We have individuals, believe it or not, out there who are collecting provincial sales tax, knowing fully well that their commitment is to remit that tax, that revenue, to the provincial government and who are in essence saying, from their point of view, we do not have the powers in the act to force them to comply.

So we want to make it ever so much clearer that not only will they remit, but if we find that they are doing so because of their intention, not because of negligence or carelessness, but because it is their express desire to try and avoid permitting the tax, we have put in some very large penalties, as the federal Income Tax Department has. I would say that that is the import, basically, of this section.

Madam Chairperson: Clauses 52, 53(1), 53(2), 53(3) and 54—pass.

Clauses 55(1), 55(2), 55(3), 55(4), 56(1), 56(2), 57, 58 and 59—pass.

Clause 60—pass; Clause 61—pass; Clause 62.

Mr. Manness: I would like to move an amendment under 62. I move

THAT clause (c) in the definition "avoidance transaction" in the proposed subsection 20.1(1), as set out in section 62 of the Bill, be amended by striking out "to obtain the tax benefit, or" and substituting the following:

- (i) to obtain the tax benefit,
- (ii) to reduce, avoid or defer a tax or other amount payable as tax or in respect of tax under any other Act or increase a refund of tax or other amount in respect of tax under any other Act, or
- (iii) both (i) and (ii);

[French version]

Il est proposé que l'alinéa c) de la définition de "opération d'évitement", au paragraphe 20.1(1), énoncé à l'article 62 du projet de loi, soit amendé par substitution, à "— l'obtention de l'avantage fiscal n'étant pas considérée comme un objet véritable;", de "à l'exclusion:

- (i) de l'obtention de l'avantage fiscal,
- (ii) de la réduction, de l'évitement ou du report de la taxe ou d'un autre montant payable à titre de taxe ou à l'égard de la taxe en vertu d'une autre loi ou de l'augmentation d'un remboursement de taxe ou d'un autre montant à l'égard de la taxe en vertu d'une autre loi,
- (iii) des opérations visées à la fois au sous-alinéa (i) et au sous-alinéa (ii);

I so move in both official languages.

Motion agreed to.

Madam Chairperson: Shall Clause 62, as amended, be passed—pass. Clause 63, 64(1)—pass; Clause 64(2) and 65—pass; Clause 66(1), 66(2), 66(3) and 66(4)—pass; Clause 67, 68—pass; Clause 69—pass.

Shall Clause 70 be passed? I am sorry, Part 10, The Revenue Act.

Mr. Leonard Evans: Madam Chairperson, I do not have any difficulty with parts of this, particularly where you are allowing two years for claiming of a refund, which seems to be reasonable. I presume this is based on experience of the department. There are other sections dealing with the actions of directors and so on, whether a director is prudent or not, and just to refresh my memory, is this one of the sections which is really here to prevent tax avoidance, uncalled-for tax avoidance?

Mr. Manness: Madam Chairperson, again, I think the key operative word in this, and I will read Directors liable section on page 61. The measures in Section 22.1 are intended to apply to directors of a corporation who have conducted themselves imprudently. That is the key word, "imprudently," relative to the nonpayment of tax liability owing by the corporation.

So again, to the extent that an honest mistake has been made, carelessness maybe has been practised—and it can be shown to be carelessness—that has come forward in an honest fashion, but indeed if it is just pure snubbing rules that are in place and/or it is pure imprudence, then obviously

we want to hold the directors liable for the tax liability.

Madam Chairperson: Clause 70—pass. Clause 71.

Mr. Manness: Madam Chairperson, I move

THAT the proposed clause 5.1(2)(b), as set out in section 71 of the Bill, be amended by striking out "the minimum amount" and substituting "\$25. or such other amount as may be".

[French version]

Il est proposé que l'alinéa 5.1(2)b), énoncé à l'article 71 du projet de loi, soit amendé par substitution, à "le montant minimum réglementaire", de "25 \$ ou tout autre montant qui peut être déterminé par règlement".

I would move same in both official languages.

Motion agreed to.

Madam Chairperson: Clause 71 as amended—pass. Clause 72—pass. Clause 73—pass.

Part 2, The Tobacco Tax Act. For reference purposes, page 65 of the bill.

Mr. Leonard Evans: This is Part 11, Madam Chairperson, not Part 2.

My question to the minister is, is part of this prompted by the recent agreement with the federal government to collect provincial taxes on tobacco products at the Customs offices at the international borders?

Mr. Manness: Yes, Madam Chairperson, this gives effect to that agreement.

* (2220)

Mr. Leonard Evans: Just a detail question, Madam Chairperson. Why is there reference to excluding the federal government from normal requirements of collectors? I am sure this is a minor technical matter, but I am just curious as to why would you not sort of deem them to be legally your collectors, rather than excluding them from normal requirements?

Mr. Manness: Madam Chairperson, they would not agree under those rules. They do not need bonds, and they claim they never go bankrupt. They are a different, special type of collector.

Madam Chairperson: Clause 74—pass. Clause 75.

Mr. Manness: I move, Madam Chairperson

THAT section 75 of the Bill is amended

(a) by striking out clause (a) and substituting the following:

(a) in the definition "collector", by adding "or an agent for enforcement" after "deputy collector";

(b) by striking out clause (d) and substituting the following:

(d) by adding the following definitions in alphabetical order:

"agent for collection of the Canada Post Corporation" means any person authorized in writing by Canada Post Corporation to collect as its agent duties as defined in the Customs Act (Canada) under terms and conditions consistent with a collection agreement in respect of mail; ("agent de perception de la Société canadienne des postes")

"agent for enforcement" means

(a) an officer as defined in section 2 of the Customs Act (Canada) employed at a customs office in the Province,

(b) The Canada Post Corporation, where the Minister of National Revenue has entered into a collection agreement with that Corporation in respect of mail; and

(c) any agent for collection of the Canada Post Corporation; ("agent d'exécution")

"collection agreement in respect of mail" means an agreement in writing between the Minister of National Revenue and Canada Post Corporation pursuant to which the Minister authorizes the Corporation, and the Corporation agrees, to collect as agent of the Minister duties as defined in the Customs Act (Canada) in respect of mail. ("accord de perception relatif au courrier")

[French version]

Il est proposé que l'article 75 soit amendé:

a) par substitution, à l'alinéa a), de ce qui suit:

a) dans la définition de "collecteur", par adjonction, après "collecteur adjoint", de "ou d'un agent d'exécution";

b) par substitution, à l'alinéa d), de ce qui suit:

d) par adjonction, dans l'ordre alphabétique, des définitions suivantes:

"accord de perception relatif au courrier" Accord écrit intervenu entre le ministre du Revenu national et la Société canadienne des postes selon lequel le ministre autorise la Société à percevoir à titre de

mandataire du ministre des droits, au sens de la Loi sur les douanes (Canada), relatifs au courrier et la Société s'engage à percevoir ces droits à ce titre. ("collection agreement in respect of mail")

"agent de perception de la Société canadienne des postes" Toute personne ayant reçu l'autorisation écrite de la Société canadienne des postes de percevoir à titre d'agent de celle-ci des droits, au sens de la Loi sur les douanes (Canada), conformément à des modalités compatibles avec un accord de perception relatif au courrier. ("agent for collection of the Canada Post Corporation")

"agent d'exécution" Selon le cas:

- a) agent, au sens de l'article 2 de la Loi sur les douanes (Canada), qui travaille à un bureau de douane situé au Manitoba;
- b) la Société canadienne des postes, si le ministre du Revenu national a conclu avec cette dernière un accord de perception relatif au courrier;
- c) agent de perception de la Société canadienne des postes. ("agent for enforcement")

I so move in both official languages.

Motion agreed to.

Madam Chairperson: Shall Clause 75, as amended, be passed?

Some Honourable Members: Pass.

Madam Chairperson: Clause 75, as amended, is accordingly passed.

Shall clause 76(1) be passed?

Mr. Alcock: Can I just ask the minister a question on this. There is the imposition of the tax here, the changes in that, but relative to this amendment that the minister just passed, is part of the agreement to collect the tobacco tax at the border?

Mr. Manness: Yes, this is in accordance with the wish of the federal government to make collection at the border easier. That is why this change is being recommended.

Mr. Paul Edwards (St. James): Madam Chairperson, I have had it raised with me, and I wonder if the minister could indicate whether or not he has received any legal advice from within the department as to the constitutionality of these provisions in respect of liquor control and tobacco, that is, the federal purporting, as I understand it, to essentially collect the provincial sales tax at the

border on behalf of the province. I understand that that is the plan. If it is not, perhaps the minister could correct my interpretation of it.

Mr. Manness: Generally that is what is being sought by the legislative change, and the member asks whether or not we have a legal opinion as to the constitutional right of the province to delegate its authority to the federal government to collect on its behalf. I think that is what he is saying; maybe there is a nuance to it. I will look to see whether or not we had legal opinion in any of those areas.

Mr. Edwards: Let me explain the problem that I perceive, and it is interesting to know. I do not purport here to have any final answers, but I am curious as to whether or not the federal government collects provincial sales tax in other provinces on essentially foreign goods, that is, goods purchased in the United States, tobacco and alcohol, coming into Canada and we are purporting to charge provincial sales tax on those goods at the border through the federal government. Do they do that in any other province?

Mr. Manness: Oh, yes, the goods and services tax in Quebec. They collect, in the sense that there is a harmonized system of collection in the province of Quebec. At the border there is one collector, I would think. Is that the federal or the provincial? I think the federal government is collecting on behalf of Quebec. I might say that in these moves the province of New Brunswick is also coming aboard in July, and I can also indicate to the member there are discussions and negotiations around at this point in extending what it is the federal government will do on behalf of the provinces with respect to durables, to hard goods. I can assure the member that the federal government has certainly looked at the constitutionality or the legality of this type of arrangement.

Mr. Edwards: I would just ask, is the minister aware of any federal legislation in the case of Quebec, and he mentions New Brunswick or Nova Scotia, which empowers the federal government to do that? Does the federal government enact through regulation or through statutory authority the ability to collect those taxes, because the provincial government, of course, cannot purport to, at least it is my view, to collect taxes on foreign goods on its own. We simply do not have the power. Is there federal enabling legislation allowing it to do that as, essentially, a duty at the border?

Mr. Manness: Madam Chairperson, I understand they have legislation which allows them, by way of agreement, to enter into arrangements with provinces. So they have the statutory authority in place federally.

Mr. Edwards: Then that just closes this section, Madam Chairperson.

I do not mean to hold up this committee—by asking the minister, at his convenience, to forward to me a copy of any provisions that he is relying on, the specific statutory references that he is relying on. I wonder if he could have his officials at some point give me the federal statutory provisions that are being relied upon to implement this tax as well as the other ones across Canada that they are purporting to collect at the border.

Mr. Manness: Well, Madam Chairperson, I am out of my depth significantly now. I undertake to provide whatever it is I can, to the member, in this area.

Mr. Edwards: Was this issue ever canvassed by the minister and the minister's department? Were there negotiations or discussions with the federal government on this issue, specifically with respect to the legality of doing this?

Mr. Manness: The short answer is yes. I mean, you just do not get into arrangements like this without having studied the legislative framework. To support this type of move, I mean naturally, the federal government particularly, just would not be caught not having done that type of homework. So the short answer is yes.

Mr. Edwards: Well, if that has been done, and it obviously has, then there must be a brief to the minister or there must be some explanation for the legal authority granted. There must be some rationale which has obviously been part of the discussions leading up to this act.

I would appreciate receiving a copy of the explanation as to how this came about, what was necessary to be done at the federal level, if anything, to achieve this, and a general explanation as to what authority is relied upon to achieve this?

Mr. Manness: Madam Chairperson, I would ask Legislative Counsel Mr. Carnegie to discuss this issue with Mr. Edwards, immediately, after the consideration of this bill, outside. I think between the two trained legal minds, we will be able to give the clarity of answer that the member wants, rather than it coming through me. If he seeks other

information, certainly we will do our best to provide it.

Madam Chairperson: Clause 76(1)—pass.

Clause 76(2).

Mr. Manness: Madam Chairperson, I move

THAT the proposed clause 2(3)(b), as set out in subsection 76(2) of the Bill, be amended by striking out "to a customs officer".

[French version]

Il est proposé que l'alinéa 2(3)(b), énoncé au paragraphe 76(2) du projet de loi, soit amendé par suppression de "à un préposé".

The same is moved in both official languages.

Motion agreed to.

* (2230)

Madam Chairperson: Shall Clause 76(2), as amended, be passed—pass.

Clause 76(3)—pass; Clauses 77 and 78—pass; Clause 79(1), 79(2)—pass.

Mr. Manness: Madam Chairperson, I move

THAT the proposed subsection 20.1(2), as set out in section 80 of the Bill, be amended by striking out "by customs officers at customs offices".

[French version]

Il est proposé que le paragraphe 20.1(2), énoncé à l'article 80 du projet de loi, soit amendé par substitution, à "par des préposés aux bureaux de douane du", de "au".

I move same in both official languages.

Motion agreed to.

Mr. Manness: There is another amendment in Section 80. I move

THAT the proposed section 20.2, as set out in section 80 of the Bill, be amended

(a) in the section heading of subsection (2), by striking out "Customs officers" and substituting "Agent for enforcement";

(b) in subsection (2), by striking out "A customs officer" and substituting "An agent for enforcement";

(c) in clause (3)(a), by striking out "a customs officer as the customs officer" and substituting "the agent for enforcement as that agent for enforcement";

(d) in clauses 3(b) and (c), by striking out "the customs officer" and substituting "the agent for enforcement";

(e) in that part of subsection (5) following clause (b), by striking out "the customs officer" and substituting "the agent for enforcement";

(f) by adding the following after subsection (6):

Refunds and collection of underpayments

20.2(6.1) The government of Canada is authorized

(a) to collect tax owing in respect of tobacco that was released from customs without payment of all or part of that tax; and

(b) to refund any amount that was collected by an agent for enforcement that is in excess of the amount of the tax in respect of tobacco

in accordance with the terms and conditions of agreement under subsection 20.1(2).

(g) in the section heading of subsection (7), by striking out "customs officers" and substituting "agents for enforcement"; and

(h) in subsection (7), by striking out "against a customs officer" and substituting "against an agent for enforcement"; and by striking out "that customs officer" and substituting "that agent for enforcement".

[French version]

Il est proposé que l'article 20.2, énoncé à l'article 80 du projet de loi, soit amendé:

a) dans le titre du paragraphe (2), par substitution, à "des préposés", de "des agents d'exécution";

b) dans le paragraphe (2), par substitution, à "Les préposés", de "Les agents d'exécution";

c) dans l'alinéa (3)a), par substitution, à "préposé", de "agent d'exécution";

d) dans les alinéas (3)b) et c), par substitution, à "au préposé", de "à l'agent d'exécution";

e) dans le passage du paragraphe (5) qui suit l'alinéa b), par substitution, à "Le préposé", de "L'agent d'exécution";

f) par adjonction, après le paragraphe (6), de ce qui suit:

Remboursement et perception du moins-perçu

20.2(6.1) Conformément aux modalités d'un accord conclu en vertu du paragraphe 20.1(2), le gouvernement du Canada est autorisé à:

a) percevoir la taxe due sur du tabac qui a été dédouané sans que soit payée tout ou partie de cette taxe;

b) rembourser tout montant qu'a perçu l'agent d'exécution en sus du montant de la taxe payable sur le tabac.

g) dans le titre du paragraphe (7), par substitution, à "préposés", de "agents d'exécution";

h) dans le paragraphe (7), par substitution, à "Les préposés", de "Les agents d'exécution".

I move same in both official languages.

Motion agreed to.

Madam Chairperson: Shall Clause 80, as amended, be passed—pass.

Clause 81(1)—pass; Clauses 81(2) and 81(3) and Clause 82—pass; Clause 83—pass; Clauses 84 and 85—pass; Clauses 86, 87(1), 87(2), 87(3), 88, 89(1), 89(2), 90(1)—pass; Clauses 90(2), 90(3), 90(4), 91, 92, 93(1), 93(2), 94(1), 94(2)—pass; Clauses 95(1), 95(2), 95(3), 95(4), 95(5), 95(6)—pass; Clauses 96(1), 96(2), 97—pass.

Mr. Manness: Madam Chairperson, I would like to move a final amendment, and it is this:

THAT Legislative Counsel be authorized to change all section numbers and internal references necessary to carry out the amendments adopted by this committee.

[French version]

Il est proposé que le conseiller législatif soit autorisé à modifier les numéros d'article et les renvois internes de façon à donner effet aux amendements adoptés par le Comité.

Motion agreed to.

Madam Chairperson: Preamble—pass; Title—pass. Is it the will of the committee that I report the bill?

An Honourable Member: Agreed.

Madam Chairperson: Agreed and so ordered.

Bill 95—The Tax Appeals Commission Act

Madam Chairperson: We shall now give clause-by-clause consideration to Bill 95, The Tax Appeals Commission Act. Does the honourable Minister of Finance wish to make an opening statement?

Hon. Clayton Manness (Minister of Finance): No, Madam Chairperson.

Madam Chairperson: Does the critic for the official opposition wish to make an opening statement?

Mr. Leonard Evans (Brandon East): Madam Chairperson, I do not think it is customary for opening statements in clause-by-clause committee considerations. At least I do not recall that, but I have no opening statement anyway.

Madam Chairperson: Does the honourable member for Osborne wish to make a statement?

Mr. Reg Alcock (Osborne): Madam Chairperson, I wonder if the minister could just give us a few comments on the reason he has brought this in at this time?

Mr. Manness: Do you want the reasons?

Mr. Alcock: Yes.

Mr. Manness: Madam Chairperson, I brought this in. I thought long and hard about this. As a matter of fact, three years ago when it was proposed, I was a nonsupporter of bringing this in, because I always sensed that the buck stops at the top and ultimately the minister should be accountable for all decisions made.

Given the taxation changes that have occurred over the years and given the reorganization within the department, particularly where we now are catching up in a rapid fashion, a lot of the backlog, the files, is a result of that reorganization, and the member has had a lot to say about that over the course of the years.

* (2240)

We are finding a number of tax filers now who are not happy with the fact that we are visiting them, and that we are doing assessments, and that we are going back some number of years. They are coming up with various arguments as to why they should not be assessed. Not the least of one is if this is a problem, why did you not get a hold of us several years ago, and quite frankly, I cannot sit in judgment of all of these. Ultimately I have to, but in the first instance, I cannot and I sense then it is probably the best time to ride for a minimal appeal body, because I do not want to see rules of law or conduct or lawyer representation come into this type of an appeal. I want the tax filer to have an opportunity to make his presentation to somebody who understands the law, somebody who, on both

sides, an impartial body who will also listen to the other side in an informal setting and render a judgment.

I am hoping that will clean up an awful lot of the activity that now is beginning to come to my desk. If it does not, then obviously I am going to have to sit in further judgment of the decision rendered by the appeal body, so I think it is time to take this step. I think some are calling for greater impartiality, greater removal from the minister's office in the first instance. That probably should be provided and that is the essence of Bill 95.

Point of Order

Mr. Leonard Evans: Just on a point of order, I want to put this on the record. I have no problem in listening to an explanation by the minister of the need for this act, but I understood that that was given its second reading, not at committee stage. At committee stage, we ask questions with regard to the specific sections, and then we do not spend time engaging ourselves in whether or not the philosophy behind the bill is acceptable or not. Although I appreciate what the minister said, the member for Osborne (Mr. Alcock) is really asking the minister to engage in making remarks that are appropriate for second reading.

At any rate, when we get to Section 2(1), I have a question or two on. You do not like that?

Madam Chairperson: I would just like to remind all honourable members that I have been advised that the procedure in Committee of the Whole is exactly the same as the procedure for consideration of a bill in a standing committee.

* * *

Madam Chairperson: Clause 1—pass.

Clause 2(1).

Mr. Leonard Evans: Clause 2(1), the commission may consist of one or more members, who will not be civil servants. Can the minister indicate what his intention is? Is it his intention to have a one-person body, or is he going to have three or four people, and what type of people is he planning to ask to sit on this commission?

Mr. Manness: Madam Chairperson, in the first instance, the body of one person. My intention is at the beginning to probably call upon some individual who is very familiar with the tax laws, somebody who is familiar with the application of those laws, and this

will not be a full-time position, I am not contemplating it. So that is the type of person.

This will not be a traditional political appointee if that is the fear of the member opposite. I mean this person that is brought forward has to have some technical and taxation interpretation skills.

Madam Chairperson: Clause 2(1)—pass.

Clause 2(2).

Mr. Leonard Evans: I guess to some extent the minister answered part of my question and that is, he does not intend this to be a full-time position. So what are we looking at, someone who will sit in his office and hear applications or receive applications one or two days a month, or is this half time, or what is the degree of work that will be engaged in by the commissioner?

The other question I have, because we are talking about tenure, is it a matter of appointing someone indefinitely or is the minister going to start off with, say, a six-month appointment or a year appointment subject to renewal if performance is satisfactory?

Mr. Manness: Madam Chairperson, I would imagine that the initial appointment will be for a year. Certainly the requirement of time directed towards this function will be periodical. I mean, I do not contemplate that it will be a half-time job, but it will be a handful of days a month is my expectation of this.

Madam Chairperson: Clause 3—pass; Clause 4(1)—pass.

Clause 4(2).

Mr. Leonard Evans: The minister just indicated he is contemplating only one person, yet we are making reference to a deputy chief commissioner. Presumably this is just to give the government flexibility in case there may be need for a bigger body or group of people rather than just the one person.

Mr. Manness: The answer to the question is yes, and certainly at this time I have no intentions to name a second person, unless I can see where the workload dictates that somebody should be named as a deputy so that they can step in because of extra workload and/or for health reasons. But right now I am not contemplating having two people doing this work.

Mr. Leonard Evans: Can the minister give the committee some idea of the number of appeals that the department receives per month or per year?

Mr. Manness: I would say upwards of 50. More? The hands are going up. I guess it is 100. More? More than that. I guess I do not see them all in a year.

Madam Chairperson: Clause 4(2)—pass; Clause 5—pass; Clause 6(1)—pass; Clause 6(2)—pass; Clause 7—pass; Clause 8—pass; Clause 9—pass; Clause 10—pass; Clause 11(1)—pass; Clause 11(2)—pass; Clause 12—pass; Clause 13—pass; Clause 14—pass; Clause 15—pass; Preamble—pass; Title—pass. Bill be reported.

Bill 96—The Special Operating Agencies Financing Authority Act

Mr. Leonard Evans (Brandon East): Madam Chairperson, we in the opposition feel that it is inappropriate for this bill to be at this committee, because primarily it does not give the members of the public an opportunity to be heard on this piece of legislation, and we would request that it be considered by some other committee of the Assembly so that delegations may be heard, assuming that there are delegations. We understand that there are some concerns.

The legislation is pretty broad. It is relative—well, it is a new concept. The minister is shaking his head in the negative. To me it is a new concept, and the whole notion of it is a little fuzzy, and there are some legitimate concerns out there. So I would request, we would not wish to proceed with this bill at this time. We would like to see it referred to another committee.

Hon. Clayton Manness (Minister of Finance): Madam Chairperson, I think there is an oversensitivity with respect to bringing it to this committee, but I know that there is an individual who would like to make representation. On that basis, I am prepared to take it to another committee so that the public can make comment.

Madam Chairperson: That concludes the work before this committee. Committee rise.

Call in the Speaker.

* (2250)

IN SESSION

Committee Report

Mrs. Louise Dacquay (Chairperson of Committees): Mr. Speaker, the Committee of the Whole has considered Bills 92, 94 and 95 and

reports the same with certain amendments. I move, seconded by the honourable for Gimli (Mr. Helwer), that the report of the committee be received.

Motion agreed to.

House Business

Hon. Clayton Manness (Government House Leader): Yes, Mr. Speaker, on House Business, I would like to make some announcements.

I would like to cancel the Standing Committee on Privileges and Elections. That will be called either late tomorrow or Wednesday morning. I have not decided which at this point.

An Honourable Member: Do we know what we are doing in that committee?

Mr. Manness: I do not know if you know what you are doing; we are going to put forward another option.

Mr. Speaker, I would like to announce that Law Amendments will resume sitting tomorrow at 10 a.m. to consider bills referred. I would like to also refer to that committee Bill 96.

I would like the unanimous consent of the House to change the referral from the Committee of the Whole to the Standing Committee on Law Amendments.

Mr. Speaker: Does the honourable government House leader have leave? There is leave? It is agreed to.

Mr. Manness: I would also like to—this has already been announced—but I just want to indicate that we will follow through the Standing Committee on Public Utilities and Natural Resources that was going to look at the five-year plan of Workers Compensation Board. That committee will continue to sit at 10 a.m. tomorrow.

Furthermore, I would like to serve notice that the Standing Committee on Industrial Relations and Municipal Affairs will continue to sit at 2:30 tomorrow afternoon to consider the bills referred to those committees.

I am led to believe that all other bills have passed second reading and have been referred to committee. I also serve notice that it is my intention tomorrow to have the House sit in the afternoon and consider some other Finance bills and the concurrence motion. House leaders at that time will determine which will come first, whether it is The Loan Act and/or the concurrence motion.

Mr. Gary Doer (Leader of the Opposition): The LERA bill, has that been referred to Law Amendments? Can the government House leader please indicate?

Mr. Manness: Do you have a number for that?

Mr. Doer: It is in the 90s.

Mr. Manness: The answer is yes. Bill 87 has been referred to the Law Amendments standing committee.

Mr. Leonard Evans (Brandon East): Mr. Speaker, just a question to the honourable House leader (Mr. Manness), did you say Bill 96 was referred to Law Amendments committee, and that Law Amendments was called for 10 a.m., tomorrow?

Mr. Manness: The answer is yes, but that committee has an awful lot of work to do; I do not imagine that it will complete its work tomorrow morning. Therefore, almost for sure, we will be called for tomorrow evening.

Mr. Speaker: I would like to thank the honourable government House leader for that information.

Mr. Manness: I move, seconded by the Minister of Environment (Mr. Cummings) that the House do now adjourn.

Mr. Speaker: It has been moved by the honourable government House leader, seconded by the honourable Minister of Environment that this House do now adjourn. Agreed? Agreed and so ordered.

This House now adjourns and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

Legislative Assembly of Manitoba

Monday, June 22, 1992

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