

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, December 11, 1989.

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### READING AND RECEIVING PETITIONS

**Mr. Speaker:** I have reviewed the petition and it conforms with the privileges and practices of the House and complies with our Rules. Is it the will of the House to have the petition read?

**Mr. Clerk (William Remnant):** The petition of the undersigned, United Health Services Corporation, of the City of Winnipeg in the Province of Manitoba humbly sheweth:

THAT

It is desirous of amending its Act of Incorporation namely An Act To Incorporate United Health Services Corporation, being Chapter 88 of the Statutes of Manitoba, 1974, as amended by Chapter 58 of the Statutes of Manitoba, 1978, by repealing Section 7 of said Act in its entirety and substituting therefore the following:

"7(1) The affairs of the Corporation shall be managed by a board of directors comprised of not less than 10 or more than 20 members appointed annually by a Nominating Committee in accordance with the terms of reference established by the directors for that Committee, and approved by the members. One of the directors shall be a person, other than a member of the Legislative Assembly, designated by the Executive Council of the Province of Manitoba.

"7(2) Directors, Executive Committee Members and the Chairman of the Board may be paid such remuneration as is from time to time determined by the board of directors, which shall be subject to an annual adjustment for the cost of living established in accordance with the policies set from time to time by the board of directors."

WHEREFORE your Petitioner humbly prays that the Legislature of the Province of Manitoba may be pleased to pass an Act amending an Act to Incorporate United Health Services Corporation as aforesaid.

And as in duty bound your petitioner will ever pray.

### INTRODUCTION OF GUESTS

**Mr. Speaker:** Prior to Oral Questions, may I direct Honourable Members' attention to the gallery where we have from the Isaac Brock School forty-three Grade 9 students, and they are under the direction of Mrs. Darla Robinson. This school is located in the constituency of the Honourable Member for St. James (Mr. Edwards).

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

### ORAL QUESTION PERIOD

\* (1335)

### Goods and Services Tax Finance Minister's Position

**Mr. Reg Alcock (Osborne):** I hope the Members on my left will listen carefully to this question. Mr. Speaker, sometime this week the Prime Minister will announce that he has decided to cut the GST from 9 percent to 7 percent. He will of course expect all of us to thank him for this, but the concern we have is that we are beginning to think that this explains our Finance Minister's (Mr. Manness) strange change in attitude last week when he relaxed his already weak protest and agreed to work with Mr. Wilson to implement this tax.

Mr. Speaker, I would like to ask the Finance Minister directly: why has he changed his position and decided to support the 7 percent GST?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I do not understand the question, let alone the basis for the question. Let me indicate to the Member, the Government of Manitoba's official position was again laid before Minister Wilson in writing last week. At that time no discussions centred around rates 9 percent versus 7 percent. Again I reiterate for the House what I said on Friday that all Ministers of Finance expressed their total disapproval of the goods and services tax.

Indeed there were some discussions emanating particularly from one Liberal Government asking to address some areas of complexity. Further than that, there is nothing new on this subject.

As far as the new configuration of a GST that has been speculated in certain media reports, I am no wiser today to understand what may be forthcoming than any Canadian. That will be laid before the people of Canada once the draft legislation is brought forward by federal Minister Wilson.

### Blenkarn Report

**Mr. Reg Alcock (Osborne):** Perhaps, Mr. Speaker, I could ask the Finance Minister directly. We have seen the Blenkarn Report. Does the Finance Minister support the recommendations contained in that report?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, again, Manitoba has taken a strong view in opposition to the goods and services tax because of about eight different items. Until those eight particular areas are addressed, we do not support the goods and services tax regardless of what Mr. Blenkarn has recommended.

## Federal Equalization Payments Manitoba Totals

**Mr. Reg Alcock (Osborne):** The Finance Minister, to reach the 7 percent target, has indicated that there will be further cuts to federal programs. The Prime Minister has already targeted post-secondary health care transfer payments. The Province of Quebec, in their interim financial statements, have indicated already a drop in transfers. Can the Finance Minister tell us the magnitude of the cut he expects?

**Hon. Clayton Manness (Minister of Finance):** Again, the Member was in the House on Friday when I answered that same question. I said that I, as one Minister of Finance, posed the question to federal officials to what we might be able to expect as a province with respect to federal transfers made up from equalization, from Established Programs Funding and of course from CAP. No clear definition was given to me by federal officials, indeed by Mr. Wilson, as to what we could expect for the 1990-91 fiscal year.

Today, as I stand before Members of the Legislature, I do not know anything more than I did when I went to Ottawa on Thursday.

## Budget Predictions

**Mr. Reg Alcock (Osborne):** Mr. Speaker, perhaps the Finance Minister can answer this: have the transfers in this fiscal year been up to the level reported in his budget?

**Hon. Clayton Manness (Minister of Finance):** Later on this week I will be tabling the second quarterly report for this present fiscal year. We will also be laying before the people of Manitoba a best estimate of year-end expectations of forecasted revenue, and the Member will see at this point in time, we expect that the forecasted amounts laid before Manitobans in the budget will be hit.

\* (1340)

## Farming Industry Federal Support

**Mr. Reg Alcock (Osborne):** I have a new question. I have a Stats Canada report here that predicts a 78 percent decline in net farm income in the coming year. With a federal Government that is looking everywhere it can to find cuts to fund its tax or to justify the tax that its bringing in, are we led to believe that there will be no support for farmers in this coming year?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I guess the Member should probably address that question to federal Cabinet Ministers.

Certainly we were as alarmed as anybody when it was indicated to us in Ottawa last week, and I think it will be fully explained to the Minister of Agriculture who is in Ottawa today at the Outlook Conference, that the prairie provinces as a whole in the farm sector will

see no net income, so to speak; that net income as a whole may drop to a figure more or less above zero.

We expect there will be some major requests of the federal Government to react to that number and to put into place proper support structures to ensure there is some type of cash flow in rural prairies.

## Federal Programs Cutbacks

**Mr. Reg Alcock (Osborne):** Mr. Speaker, this Finance Minister was in Ottawa last week ostensibly to talk with the federal Finance Minister about the economy. Did they not discuss anything at those meetings?

The Prime Minister is running around saying there are going to be further cuts to federal programs. Can the Finance Minister tell us what programs have been targeted for cuts?

**Hon. Clayton Manness (Minister of Finance):** Again, there were no indications from Ottawa as to what programs might be cut. I must indicate that there was not even any speculation on the federal Minister's part that there would be additional reductions in some levels of expenditure.

Let me say again, as I indicated to Members of this House last week, that most of the focus, as we spent three hours reviewing the economies in all our provinces trying to give greater input into what the national economy would look like for '90-91, most of the emphasis was placed on the very high interest rates that are, of course, harming all sectors within all economies in all parts of this land.

## Goods and Services Tax Finance Minister's Position

**Mr. Reg Alcock (Osborne):** Mr. Speaker, in this province retail sales are flat, farm income is down, full-time jobs are being lost. This Finance Minister's vision is not working at all. He goes to Ottawa and comes back with absolutely nothing. What did you get out of that meeting other than agreement to work with the federal Minister on this new tax?

**Hon. Clayton Manness (Minister of Finance):** Let it be said that the prairie provinces, when one looks forward to 1990 and 1991, have the most favourable forecasts through the economy. Part of that has to do with the fact that we have had a better agriculture production, in spite of the fact that there has been major drought in one part of our province. It was pointed out by all Members, by all Ministers of Finance when they were looking forward to 1990-91 that the Provinces of Manitoba and Saskatchewan, in particular, were going to lead the nation with respect to economic growth.

I do not know what side of the issue the Member wants to be on. I do not know whether he is saying Manitoba has some real problems around the corner, whether he says that it is worse in other parts of the country, or whether or not that we should take a

completely different course and start to borrow money for the purposes of the Jobs Fund and begin to pay people to cut grass. As the Premier (Mr. Filmon) has said on several occasions, we will not follow that type of economic development.

### **Pornographic Materials Government Sanctions**

**Ms. Judy Wasylycia-Leis (St. Johns):** Today is a day of mourning for the 14 women slaughtered in Montreal on December 6. It is also a day for seeking concrete ways for ending such violence in our society. Gun control is certainly one important way, but equally important is the control of pornography which is degrading, violent, and promotes hatred against women. The provincial Government can play a major role in regulating pornographic materials that do not come under criminal sanction.

\* (1345)

My question to the Premier is: what is the Government's policy and action in this area? What is it doing about the huge recent growth in pornographic material in this province, particularly in the area of videos that show killing, raping of women and children, and violent sex as part of the action?

**Hon. Gary Filmon (Premier):** Mr. Speaker, clearly we, along with all Members, feel very strongly about the concerns that have been expressed over the past number of days as people throughout our society re-examine values, re-examine circumstances, in light of the senseless slaughter of women at the University of Montreal.

I might say that I have personally, and I know many of our Members have, written to the federal Government and indicated that we want to see stronger sanctions on the importation of pornographic material. I guess the vast majority of this material comes from out of country. It is not thankfully produced in this country. We have expressed our very strong concern that the federal Government seek greater ways to limit the importation of pornographic material and to ensure that we do not encourage its distribution in Canada, and particularly in our province.

Mr. Speaker, we have not changed any of the legislation concerning the videos that are available in the various stores throughout Manitoba. It is the legislation that was there under the NDP administration. There have not been changes and we continue to urge Ottawa to limit the kind of access to and importation of pornographic material because we have concerns about its effects on people.

### **Human Rights Code Review**

**Ms. Judy Wasylycia-Leis (St. Johns):** Mr. Speaker, I appreciate the Premier's comments and the fact that he is and will be raising this with the federal Government because we clearly need a change in those provisions under The Criminal Code, but there are things that can be done provincially. I would ask the Premier, since I

think we all agree that it is time we begin treating material promoting hatred against women in the same way, that we treat the promotion of hatred on the basis of race or religion.

Will the Premier consider reviewing our present Human Rights Code, get a legal opinion from Legislative Counsel about whether our Human Rights Code can provide a civil course of action against pornography as promotion of hatred? If this is not possible, will he agree to strengthen the code in order to do just this?

**Hon. Gary Filmon (Premier):** I thank the Member for her suggestion. I repeat that we face the same kinds of considerations that the Member for St. Johns (Ms. Wasylycia-Leis) did when she was in Government. I know her administration looked at classifying videos in stores and putting in classifications that might limit the access to those videos by minors and other kinds of measures of evaluating the effects of those videos, particularly the pornographic and violent ones.

I would be happy to accept her suggestion and see whether or not there are things the provincial Government could be doing in a legislative sense that might limit the access and availability of this kind of material, because we certainly have no desire to have it continue to be spread and increased in the way of access. We are concerned with the kinds of attitudes toward violence that we are seeing in increasing ways in society.

**Ms. Wasylycia-Leis:** Mr. Speaker, we appreciate hearing that from the Premier on his review of the Human Rights Code, because as we all know there is a new situation in Manitoba with the flood of pornographic material on the market. We read in the paper daily these ads saying: coming soon to your neighbourhood, XXX adult movies and magazines. It is something that is getting out of hand and needs to be controlled.

### **Pornographic Materials Video Classifications**

**Ms. Judy Wasylycia-Leis (St. Johns):** There is another way as the Premier says to deal with this situation and that has to do with the classification of videos. I would ask the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson) what has happened to the efforts to arrive at an interprovincial agreement between Ontario and Saskatchewan to classify all such material and to regulate it so that those under 18 would not have access to pornographic, violent material. Is that agreement proceeding? What is being done?

**Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation):** I am pleased to answer that question. We have had interprovincial meetings to try to establish some type of an interprovincial classification of home videos that unfortunately is not making much progress. I know the Member for St. Johns, as the former Minister of Culture, Heritage and Recreation, was experiencing the same problems that we are facing in trying to get an across-the-province type of classification system.

Mr. Speaker, because we have not been successful in arranging or organizing that, and my department

has been working very diligently and is coming very close to establishing something for the Province of Manitoba so that we will be able to classify our videos in video stores, and so that parents know what their children are bringing home to view, we are working very diligently. I would imagine early in the new year, we will have a very positive announcement to make.

\* (1350)

**Ms. Wasylycia-Leis:** We appreciate the action that is taking place on this front and would urge it to happen as quickly as possible. Could I ask the Minister responsible for Culture, Heritage and Recreation how soon she believes the classification system of home use videos will be up and running, whether it will be mandatory, and how it will be enforced?

**Mrs. Mitchelson:** Those are all details that will be announced as soon as we have the program in place. I do want to indicate that I know the former Minister of Culture, Heritage and Recreation was looking at it several years ago. The NDP administration did put it on the shelf, and we have brought it forward and are working very actively to get it in place.

### Health Sciences Centre Anesthetist Shortage

**Mrs. Sharon Carstairs (Leader of the Opposition):** My question is to the Minister of Health (Mr. Orchard). On several occasions over the past year, we have expressed deep concern in this House with respect to the shortage of anesthetists in this province, with a predicted shortage of 32.5 positions over the next five years, 10 of those this year alone, with an additional 14 reaching the age of 65 this year. To date we have seen no action from the Minister of Health to fill this critical shortage. The Minister chooses to ignore this problem and thus creates major backlogs.

We have just learned that the Health Sciences Centres will curtail elective surgery from the middle of January to the middle of March for one reason, and one reason alone, that being they do not have sufficient anesthetists. Why has the Minister of Health let this situation deteriorate especially since he has known for well over a year the shortage of anesthetists in this province would lead to exactly this kind of curtailment of elective surgery?

**Hon. Donald Orchard (Minister of Health):** My honourable friend's preamble to her question today is partially accurate, but it is totally inaccurate when my honourable friend suggests that this Minister of Health, and this Government, is not doing anything to attempt to address the situation of anesthesiologist recruitment and retention in the Province of Manitoba.

Mr. Speaker, that is exactly the reason that this Government in the next three-year agreement with the MMA has proposed a \$24 million guaranteed services fund, a 450 percent increase in that kind of a fund, in order to bring up closer to national averages the salaries of anesthesiologists in the Province of Manitoba to make this province an attractive place to practise and to recruit to. That will work its benefits if we can put in place the \$24 million guaranteed services fund as proposed in the next three-year contract with the MMA.

### Anesthetist Shortage Elective Surgery Backlog

**Mrs. Sharon Carstairs (Leader of the Opposition):** Mr. Speaker, can the Minister tell us in the House today if that means the five-month period between now and the end of March means that we are going to continue to add to the backlog of elective surgery, and can he confirm for us today exactly how many surgeries in this province will be postponed in the next five-month period as a result of no anesthetists?

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, I cannot confirm my honourable friend's allegations in that regard. What I can confirm to my honourable friend is that the issue is taken very seriously by this Government. That is the entire philosophy behind the \$24 million guaranteed services fund, because there are two components to the recruitment of such specialists to the Province of Manitoba and the retention of their practice in the province.

Firstly, is that their opportunity to earn income ought to approach the national average. That is currently not the case because under the distribution over the last number of years of successive increases in the fee schedule by Governments to the MMA, the anesthetists as a practice group have fallen behind the national average in terms of their opportunity to earn income.

We intend to use the \$24 million guaranteed services fund to help alleviate that single component of anesthesiologist recruitment and retention to the Province of Manitoba.

\* (1355)

### Manitoba Medical Association Binding Arbitration

**Mrs. Sharon Carstairs (Leader of the Opposition):** Mr. Speaker, this Government is not going to get a contract with the doctors unless they begin to bargain in good faith. At his damage control news conference, when the Minister tried to explain his attack on the doctors and on the health care system, he made the following comment with regard to binding arbitration, quote: we would prefer, if the MMA insists on that route, to go to a public utility forum.

Mr. Speaker, the physicians are still insisting and now they say they are willing to welcome a full public process in binding arbitration. Will the Minister today announce his acceptance of binding arbitration on behalf of the Government?

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, I would presume that my honourable friend, the Liberal Leader, will over the next period of time, whatever it takes to negotiate an agreement with the MMA, advocate on behalf of the physicians in the Province of Manitoba and more particular for the executive of the MMA.

Our proposition to the MMA, and thereby to the physician members of the MMA, involves three

components all of which provide significant opportunity to the physicians of the Province of Manitoba, wherein there is a reasonable fee increase, whereas there is a guaranteed services fund to enhance the incomes of underpaid physicians and an opportunity to carry on practice as they have in the past. We believe the offer reasonable and responsible in guaranteeing patient service.

### Shell Canada Limited Environment Act Violations

**Mr. Harold Taylor (Wolseley):** Mr. Speaker, this Minister of the Environment (Mr. Cummings) does not believe that there is a place for legal action to protect the environment. We have seen this with the Government of Manitoba not being at the Rafferty trial. Enforcement of this Environment Act in Manitoba has now become a joke; there is no enforcement.

Can the Minister tell us why there have not been any charges laid against Shell Oil at their gas station on the south side of Portage Avenue for the recent spills that took place there, particularly in light of the fact that one-quarter of all the spills in Manitoba in the last two years have been by that same oil company? Why have no charges been laid?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, I am somewhat disappointed that the Member would refer to this process and actions on our side as a joke because there is no one on this side laughing and charges are very well a possibility in this case.

**Mr. Taylor:** Mr. Speaker, why is it that residents near that former gas station have had to depend on second-hand information entirely about a serious incident that could very well contaminate their basements and their backyards? Why have officials of his department not visited the adjacent residents and allayed their worries and their legitimate concerns that they have? Why this total dearth of information?

**Mr. Cummings:** Mr. Speaker, when it became apparent that there was a leak that had gotten into the soil in that particular location, the Department of Environment immediately got in contact with the City of Winnipeg to conduct ongoing monitoring to make sure that if the fumes were of any amount or any potential volatility, they were not getting into the sewer system and thus migrating into the area of the residences. If at any time during that process there had been deemed to be any possible danger, the Environment Department and the City of Winnipeg would have moved promptly to bring in officials and make sure that everyone was notified of potential problems.

### Environment Act Gasoline Spill Monitoring

**Mr. Harold Taylor (Wolseley):** Lots of information from this open Government. Mr. Speaker, Ministers in this Government are wont to bore us with their bowing and scraping to environmentalism, but we know darn well it is lip-service that we are only getting.

Can this Minister announce to the House when it is that his department is going to put in place an effective program to correct this problem of spills of which there is over 50 a year with all aspects, including looking at the inventory records of the companies, doing on-site inspections, taking remedial action, having educational aspects of the program and taking compliance enforcement action when necessary? When is he going to move on it?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, the Member talks a good line. I am not sure that his record on City Council is all that great either, to tell you the truth.

**Some Honourable Members:** Oh, oh!

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

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**Mr. Speaker:** The Honourable Member for Wolseley, on a point of order.

**Mr. Taylor:** Mr. Speaker, on a point of order, first of all I would appreciate the Health Minister (Mr. Orchard) not making a comment like, when did they let him out of his cage? I think he should apologize to the House for that.

Secondly, Mr. Speaker, on the original point of order, the Minister of the Environment (Mr. Cummings) has all the information he wants in either the city records or what I put on the record last Thursday, and he knows darn well—

**Mr. Speaker:** Order, please. The Honourable Member knows he does not have a point of order. It is a dispute over the facts. Order, please. The Honourable Minister of Environment.

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**Mr. Cummings:** Mr. Speaker, I am truly sorry that I aggravated the Member from Wolseley (Mr. Taylor), on a Monday yet.

The fact of the matter is that there needs to be an increase in the capability of our department to have a more stringent monitoring capacity, and we have been working this summer rather diligently on a reorganization within the department and our capacity to more accurately monitor the gasoline, not only the stations, but the bulk stations as well will be increased.

\* (1400)

### Unemployment Rate Manitoba Statistics

**Mr. Steve Ashton (Thompson):** Mr. Speaker, there is increasing evidence in this province that Manitoba's economy is deteriorating. We have seen that last week with the announcement of the unemployment statistics. We are seeing it daily in terms of plant closures and

layoffs in this province. In fact, it has been estimated, and I hope the First Minister (Mr. Filmon) will not make light of the fact, that as many as 4,000 workers in Manitoba have lost their jobs because of major layoffs and plant closures in this year alone.

Mr. Speaker, my question is to the Minister of Finance (Mr. Manness). I would like to ask the Minister of Finance how many more Manitoba workers are going to lose their jobs because of free trade, because of deregulation, technological change and the impact of the federal budget, and now of course with the impending implementation of the GST, the 7 percent or 9 percent, whatever it is, the tax that will cost jobs, how many more Manitobans are going to lose their jobs in this province?

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, I wish to rise and put to rest some of the charges with respect to the economic indicators because the Member is abusing whatever source he has.

Mr. Speaker, first of all the retail sales increased 6 percent in Manitoba compared to Canada up 5 percent in the first eight months of 1989. Restaurant sales were up 9 percent, whereas they rose 6 percent in Canada. Manufacturing shipments were up 5 percent and rose 7 percent in the first nine months of 1989. Canada were only up 7 percent. Building permits rose 63 percent, equivalent to the Canadian average or within that area. Private and public capital investment is up 14 percent, Canada as a whole up 11 percent. So I do not know what the Member is trying to say with respect to the Manitoba economy. It is doing well by virtually every measurement.

**Some Honourable Members:** Oh, oh!

**Mr. Speaker:** Order, please. Order, please.

### Plant Closure Legislation Implementation

**Mr. Steve Ashton (Thompson):** Mr. Speaker, I am asking on behalf of the workers who have lost their jobs and the others, which the Minister of Finance (Mr. Manness) refused to indicate, how many will be losing their jobs in the upcoming period of time?

I would like to ask this specifically to the Minister of Labour (Mrs. Hammond). First of all, what action is this Government going to take to implement improved plant closure legislation, similar to Bill No. 17, which the New Democratic Party has had on the Order Paper since last year? Second of all, I would like to ask the Minister of Labour, what action is her department taking to find out how many more workers are going to lose their jobs and put action in place to help those workers?

**Hon. Gerrie Hammond (Minister of Labour):** Mr. Speaker, the Member asked the question. Their Government did not put it in place in six and a half years. The labour legislation that they are proposing they were not able to put in place in the time they were in Government. We are working with the Minister of

Education and Training (Mr. Derkach) and with the Minister of Industry, Trade and Tourism (Mr. Ernst) to make sure Manitobans have jobs and that they have long-lasting jobs.

**Mr. Ashton:** It did improve plant closure legislation for the information of the Minister. If she does not want to answer this question, I will ask the Premier (Mr. Filmon) directly.

### Unemployment Rate Manitoba Statistics

**Mr. Steve Ashton (Thompson):** I would like to ask the Premier this. Instead of having his Minister of Finance (Mr. Manness) and the Minister of Labour (Mrs. Hammond) ignore the problem, will the Premier at least do something for workers who are being laid off daily who are not only faced with losing their jobs, but they are now faced with cutbacks by the federal Government in terms of UIC effective the beginning of next year? What action is this First Minister going to take to the victims of the Tory agenda of deregulation, free trade, the Michael Wilson budget and the GST?

**Hon. Gary Filmon (Premier):** Mr. Speaker, the Member for Thompson (Mr. Ashton) knows full well about job losses because during the first two years that the NDP were in Government, from 1981 to 1983, 19,000 more Manitobans were unemployed for that two-year period as a result of the NDP coming into Government.

They had a litany of job losses throughout this province that went throughout the years that they were in Government: Kimberly-Clark closed down, 125 jobs; Shell Canada, 175 jobs; GWG, 245 jobs; Citadel Life moved their head office out, 112 jobs; Canada Packers, 475 jobs; Canada Packers another 350 jobs, and as they closed the rest of it; Marshall Wells, 56 jobs; Ray-O-Vac, 74 jobs; Yamaha Canada, 78 jobs; on and on and on, 19,000 more people unemployed in two years of NDP Government—

**Mr. Speaker:** Order, please.

### Meech Lake Accord Premier's Position

**Mr. Speaker:** The Honourable Member for Fort Rouge. (interjection)— Order, please.

**Mr. James Carr (Fort Rouge):** Mr. Speaker, I agree with the Premier, it is tough to know who is worse, the NDP or the Tories.

The Premier's strategy over Meech Lake becomes more muddled each passing day. First he supports the accord and then he withdraws it. He signs a communique encouraging Senator Lowell Murray to find common ground among the Premiers, and when the Senator comes to Manitoba the Premier refuses to see him. He travels east and says his position would soften if Premiers would only agree on Senate reform. Now we read in a Toronto newspaper that our Premier is sending signals to Premier Bourassa through Ontario Premier Peterson about how Meech Lake should evolve.

My question is simple. What signal is our Premier sending, and what does he hope to accomplish?

**Hon. Gary Filmon (Premier):** First I will answer his first question and that is, who is worse than the NDP or the Conservatives—the Liberals. That answer is very simple, very direct, and all Manitobans know it, Mr. Speaker.

With respect to changing signals, I have been consistent. The fact is that the Manitoba position is our position, my Government's position, my position, and I have consistently said that on any forum to anyone who will listen, whether it be Senator Murray, whether it be David Peterson, whether it be the Member for Fort Rouge (Mr. Carr), or anybody else. That is the position of the Government of Manitoba. That is why we struck the task force to go out and consult with people throughout this province. That is why the Member had an opportunity to have his input into the position. That is the position I carry regardless of where I am, unlike the Leader of the Liberal Party (Mrs. Carstairs) who has already changed her position on two issues—

**Mr. Speaker:** Order, please; order, please. The Honourable First Minister will take his chair now please. Order. The Honourable Member for Fort Rouge.

**Mr. Carr:** If it were not for the Leader of the Liberal Party, the Premier would not know what position to take. On Monday it is this, on Tuesday it is that, and Wednesday it is something else, and Manitobans—

**Mr. Speaker:** Order, please.

**Mr. Carr:** Mr. Speaker, very simply, what is the Premier's own strategy to do what he can, as the Premier of Manitoba, to break the impasse over Meech Lake beyond not agreeing to meet with people?

**Mr. Filmon:** Mr. Speaker, I have met with people throughout this country, with First Ministers on the issue of Meech Lake continuously. Last year in January I did a tour of the Maritime provinces and also met with Premier Peterson at that time, Premier Bourassa, with the Premiers of three of the four Maritime provinces. I as well then met at a First Ministers' luncheon with all of the First Ministers of this country on the 27th of February to discuss Meech Lake. Later, I met with the western Premiers at the Western Premiers' Conference, and again we discussed Meech Lake. This summer, in August, I met with all of the Premiers at Quebec City, we discussed Meech Lake. Then of course in November in Ottawa, I met at the First Ministers' Conference again to discuss Meech Lake.

\* (1410)

I met separately with the Prime Minister in August and we discussed, among other things, Meech Lake. I have met with Premier Bourassa on several occasions, been in touch by telephone with him. I have met with Premier Peterson, been in touch with him by telephone on several occasions. Mr. Speaker, I am willing to go anywhere, anytime, to meet with First Ministers to try and resolve the Meech Lake issue—

**Mr. Speaker:** Order, please. The Honourable Member for Fort Rouge.

**Mr. Carr:** We now know how many occasions the Premier has had to change his mind on Meech Lake.

### Senate Reform Committee

**Mr. James Carr (Fort Rouge):** With a final question to the Premier. One of the recommendations of the task force is that the Premier immediately establish a committee to study Senate reform, which we know is important not only to the Premier but all Members of the House. It has now been a number of weeks. Can the Premier let us know when he intends to establish the committee?

**Hon. Gary Filmon (Premier):** Mr. Speaker, the Member for Fort Rouge (Mr. Carr) is perfectly right. I had all those times to meet with people to change my mind and I never did. After all those meetings, I never did. My position has remained consistent and constant, unlike the Leader of the Liberal Party (Mrs. Carstairs) who within 48 hours of having issued the Task Force Report, of which she was a part, changed her position on two of the six issues in that report. I would not do that. I would have more respect for the people of Manitoba.

I have indicated to the Member for Fort Rouge (Mr. Carr) before, and I will indicate to him again, that it is our intention to set up a committee to deal with Senate reform. Given the process of time and given the opportunity to have some time in which we can strike a committee to go out and do some consultation, we will set up that committee, but we are still in Session. We are still having to deal with the business of the House. We still have many pieces of important legislation to deal with and the Estimates, Mr. Speaker—

**Mr. Speaker:** Order. Order, please.

### Goods and Services Tax Manitoba Federation of Labour Brief

**Mr. Jerry Storie (Flin Flon):** Mr. Speaker, I was going to ask the First Minister a question, but obviously his relay snapped in his long-term memory circuit. He cannot remember a year ago, it appears.

Mr. Speaker, my question is to the Minister of Finance (Mr. Manness). I am assuming that the Minister of Finance was a part of the Cabinet committee that received a brief from the Manitoba Federation of Labour. Among the issues discussed was the goods and services tax, and I would like the Minister of Finance (Mr. Manness) to indicate to us today what his position is on the 7 percent goods and services tax. He has indicated to the House on previous occasions that he approves consumption taxes, and yet he tries to tell the people of Manitoba he is opposed to the goods and services tax. Can he confirm today he has changed his policy and that he is now unalterably opposed to consumption taxes? Can he indicate that to the House today?

Monday, December 11, 1989

**Hon. Gary Filmon (Premier):** Mr. Speaker, I just want to respond to the Member for Flin Flon (Mr. Storie) because the Minister of Finance was not at the meeting today with the Manitoba Federation of Labour, and they did not raise the issue of the goods and services tax at that meeting.

**Some Honourable Members:** Oh, oh!

**Mr. Speaker:** Order, please; order, please. The Honourable Member for Flin Flon.

**Mr. Storie:** I think the Manitoba Federation of Labour representing some 85,000 people are going to be disappointed to know that the First Minister (Mr. Filmon) has not read the briefing that they presented, which did clearly cover the goods and services tax. Mr. Speaker—

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**Mr. Filmon:** Mr. Speaker, on a point of order. At no time did I say I had not read the brief. I read the brief. It is in the brief, but it was not a topic of conversation as he—

**Mr. Speaker:** Order, please.

**Mr. Filmon:** —alleged, Mr. Speaker.

**Mr. Speaker:** On the point of order, raised by the Honourable First Minister—

**Mr. Filmon:** All I am asking him to do is get his facts straight.

**Mr. Speaker:** —he does not have a point of order. It is a dispute over the facts.

**An Honourable Member:** Oh, oh!

**Mr. Speaker:** Order, please.

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### Seven Percent Tax

**Mr. Jerry Storie (Flin Flon):** I raised the question because Manitobans are genuinely concerned, both about the Premier's (Mr. Filmon) stand on Meech Lake which is one day this and one day that, but the Minister of Finance's (Mr. Manness) approach to this very, very draconian measure that is going to be introduced by the federal Government.

Mr. Speaker, my question then to the Minister of Finance, who obviously has not had a chance to read the Manitoba Federation of Labour brief either: could he indicate whether he has received any information from his department or from other sources which would confirm the federal Government's suggestion that somehow a 7 percent tax, as opposed to a 9 percent, is going to have much less significant impact on the economy of the Province of Manitoba? Can he provide any of that information about what the impact of the 7 percent tax would be?

**Hon. Gary Filmon (Premier):** Mr. Speaker, when we talk about people changing position on Meech Lake, this is the Government that signed the Meech Lake Accord and approved it. It is the NDP. I cannot believe the foolishness of the Member for Flin Flon (Mr. Storie). Talk about lapse of memory, how about a relay circuit over there?

**Some Honourable Members:** Oh, oh!

**Mr. Speaker:** Order. Order, please. I would like to remind the Honourable First Minister (Mr. Filmon) that answers to questions should be as brief as possible, should deal with the matter raised, and should not provoke debate. The Honourable First Minister.

**Mr. Filmon:** Our position on the goods and services tax is very straightforward. We are opposed to the goods and services tax. We have told Ottawa that both indirectly through the vehicle of the Premiers' Conference which unanimously produced a communique that said we are opposed to it, and that Ottawa should withdraw the goods and services tax and get back to the table with the Finance Ministers to seek an alternative, Mr. Speaker.

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

### ORDERS OF THE DAY

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, at this time, I would propose that we go into Committee of the Whole to consider Bills 27 and 53. After that time, if these Bills receive the support of the House, we then will come back and I will call third readings to those Bills, by leave.

I move then, seconded by the Minister of Environment (Mr. Cummings), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to continue to consider and report of the following Bills for third reading. They are No. 27, The Fiscal Stabilization Fund Act; and No. 53, The Energy Rate Stabilization Amendment Act.

**MOTION presented.**

### NON-POLITICAL STATEMENTS

**Mr. Gary Doer (Leader of the Second Opposition):** Mr. Speaker, I would like to have leave to make a non-political statement, please.

**Mr. Speaker:** Order, please. Is there leave to revert back to non-political statements? (Agreed) The Honourable Member for Concordia.

**Mr. Doer:** Thank you, and thanks to Members of the Chamber.

I rise today on a non-political statement to mark the celebration and anniversary of the 41st Declaration of Human Rights which was made by the United Nations originally in 1948. This declaration of course was celebrated in Winnipeg yesterday.



The ceremonies included presentations and awards dealing with human rights journalism in Manitoba, awards that were presented to Free Press columnist Gordon Sinclair, in terms of his columns on the death of Native leader J.J. Harper; Free Press columnist Dan Lett, for his series on elderly residents cared for by the family and friends; as were CBC TVs Johanna Brand and Jim Compton, for their work on systemic discrimination in hiring by the Winnipeg Police Force.

Mr. Speaker, it is indeed an honour to recognize the work and activity that goes on in human rights and this 41st Anniversary of the United Nations' first establishing this very important anniversary. Of course, all Members of this Legislature should encourage young people in our society to continue their efforts on behalf of the human rights across the world, and looking at people like Karen Ridd in terms of their work on behalf of all people in the world in terms of human rights activities.

We believe that all ages should be standing up and ever vigilant in terms of human rights whether it is in East Bloc countries or in other countries in this world and wherever human rights violations occur, whether it is in our neighbourhood, in our communities, in our province. All of us in this Legislature have a great deal of debt for those human beings across the world who stand up on behalf of human rights everywhere. That is why I think it is very important to recognize this very important day and this anniversary in our society. Thank you very much.

**Mr. James Carr (Fort Rouge):** May I have leave to make a non-political statement?

**Mr. Speaker:** Does the Honourable Member for Fort Rouge have leave to make a non-political statement? (Agreed) The Honourable Member for Fort Rouge.

**Mr. Carr:** This is a week to celebrate human rights in Winnipeg. At a banquet in the middle of last week, I was very fortunate to be present to witness an award given to Karen Ridd, and also to Art Miki who happens to be a very good friend of the Premier, I know, and also my next door neighbour; so there was special pride for me.

Those two awards were given by the Community Legal Association to recognize superior work in the field of human rights by Manitobans. In the case of Art Miki, it was the wonderful work he did on behalf of Japanese Canadians which led to an agreement with the Government of Canada which went some small way to deal with an injustice which Canadians have had to live with for more than 40 years.

\* (1420)

We know very well of the work that Karen Ridd has done internationally on behalf of human rights. It was a time for politicians in Manitoba to rise above the partisan and daily fray of political life to look at people, and to look at the wonderful and valued contribution that Manitobans are making worldwide, not for a partisan reason, but for reasons which rise above that kind of partisanship to deal with human beings and

the rights that we all should share as human beings. It was a pleasure for me to be there and I know Members of the House were there as well.

On the occasion of the 41st Anniversary of the United Nations Declaration of Human Rights it is probably a good time for all of the legislators in this province to realize that there are greater issues, global issues, which are just as deserving of our daily interest as those that we debate in this House. Thank you, Mr. Speaker.

**Mr. Speaker:** Does the Honourable First Minister have leave to make a non-political statement? (Agreed) The Honourable First Minister.

**Hon. Gary Filmon (Premier):** Mr. Speaker, certainly the events at the Legislative Building yesterday are ones that deserve the support of all Members of this Assembly. I believe that at any time, in any forum, it is appropriate that we consider the celebration of the rights and privileges that we, as Canadians, enjoy; human rights that are not available to many people in many countries and societies throughout the world.

I think it is incumbent upon us to reflect and consider how fortunate we are in this country, to rededicate ourselves to protect the individual rights of every human being in this province and in this country at all times and in all places, and to ensure as well that we support courageous young people like Karen Ridd or like Evan Fox-Decent, or many others who are going out beyond our borders to work for and protect the individual rights of people throughout our world, individual rights that are often threatened and not available in the forum in which we understand them and know them.

I am pleased to join with Members of all political Parties, on both sides of this House, to ensure that we rededicate ourselves to the support of and protection of human rights throughout the world.

## ORDERS OF THE DAY (Cont'd)

**QUESTION put, MOTION carried** and the House resolved itself into a Committee of the Whole to continue to consider and report of the following Bills for third reading: Bill No. 27, The Fiscal Stabilization Fund Act; Loi sur le Fonds de stabilisation des recettes; Bill No. 53, The Energy Rate Stabilization Amendment Act; Loi modifiant la Loi sur la stabilisation des emprunts d'Hydro-Manitoba à l'étranger.

## COMMITTEE OF THE WHOLE

### BILL NO. 27—THE FISCAL STABILIZATION FUND ACT

**Mr. Chairman (William Chornopyski):** The Committee of the Whole will come to order, please. We will consider Bill No. 27, The Fiscal Stabilization Fund Act.

**Hon. Clayton Manness (Minister of Finance):** In the number of years that I have been in this House, I cannot think of too many Bills that have had the time spent on them during second reading debate that Bill No. 27 has.

That is good. I think that is proper because Bill No. 27, of course, represents a new beginning in the sense that for once in many, many years there has been some surplus funds to deal with. One must remember it is not Government's money, it is the people's money. We have always said this, and therefore, it should be dealt in a very responsible manner.

I think the Government has dealt with this windfall, some like to call it, in a most responsible fashion. They have seen fit not to spend it needlessly, not to build it into the program base, which would call, of course, then for additional tax measures to support the additional spending over years to come. Yet it is therefore set aside by way of Bill No. 27, a fiscal stabilization fund, in other words a savings fund, Mr. Chairman.

One has to be careful how these funds are set. We have very strict accounting procedures and policies in this province, and so we should, because of course Governments over the past have chosen, at times, to work around some of the accounting principles that are in place, and from time to time have used other than honest ways of accounting. In some cases they try to slide more and more information towards capital making it appear as if programs expenditures were moderating and therefore try, under the guise of capital spending, to cover off areas of program spending.

We have strict accounting policies in this province. It was with those in mind that the present legislation before us were drawn.

\* (1430)

I will say to Members opposite—because I know they will want to ask some specific questions as to how the fund can be accessed. I would indicate, as I have many times on debate, that we are wishing to access the fund only once a year, at the time of preparing the budget; at the time that Government should have an opportunity, given budgetary decisions, around expenditure, around taxation measures, the Government of the Day should have an opportunity on a one-time-a-year basis to withdraw money from savings and direct it towards needed causes.

That is the intent and the purport of the Bill that is before you. I look forward to further representations from Members in the House.

**Mr. Reg Alcock (Osborne):** Mr. Chairman, I look forward to getting into some of those questions, but I suspect, given the Minister's intention is so pure, that perhaps he will entertain an amendment to ensure that it only gets accessed once a year. I would ask him that question when we get into it.

The problem with this proposal, Mr. Chairman, is that all it does, all it accomplishes, is to obscure the true financial picture of the province. Unless I fundamentally misunderstand, and I do not believe I do, the way this fund is being constructed, that it does nothing to change the flow of money in and out of the province, it does nothing to change the bottom line balance of the accounts of this province, all it does is change the way in which we report them. It changes it at a surface

level. It allows us to print up reports and graphs that make the financial picture of this province something different than the reality that exists in this province. I do not think that is a good enough justification.

I think the intent of our public accounts is to illuminate the financial position of the Government not to hide it. I think this is a retrograde step. It is a step back from some considerable clarity that we have been working towards.

I think the move that the department has undergone in these last few years to work towards a third report, a summary statement, that shows us the actual financial picture of the province from a broader perspective is a good move. I think this introduces a level of confusion into that report and allows—as is the case in B.C.—the Government, and as this Government has done, to present a picture public that is significantly at variance with the reality of the financial picture in this province.

The only need that is met by the creation of this fund is a short term political need to show that something is not indeed the case when it is. I simply do not—would state again that this is not sufficient justification for the creation of such a fund.

I look forward to getting into questions. I would hope that we could deal with a number of questions in a general nature on the intention and structure of the Bill and then move into some clause-by-clause analysis as we get into how the fund will be implemented.

**Mr. Manness:** I hear the Member. Certainly I, as the Minister of Finance, would like to see the accounts of the province presented very clearly and as clearly as possible. To that end, I have supported changes over the years that have manifested themselves by way of presenting a clearer account to the people of this province.

The accounts, as presently provided for however, have an element of accrual associated with them. They are not as pure on the cash side indeed as one might wish. They are certainly not as pure on the accrual side as the Provincial Auditor may wish, because there are certain levels on the revenue side, for instance, and indeed on the capital expenditure side where the Provincial Auditor would like us to amortize over a period of years.

I am one who believes that on the capital side, for instance, Government should—instead of amortizing highways over a series of years—recognize that, because there are going to be demands for highways next year and the year after that, the same as hospitals, the same as schools, that these capital expenditures should not be treated over a period of years. They should be treated as current.

The basis for my argument is none other than the fact that if we build hospitals this year we know for sure there are going to have to be hospitals built next year. When people use the argument, yes, but the hospital you are building this year will have a stream of benefits that is going to flow over 20 years, and therefore the taxpayer to come, 10 years from now,

should be paying his or her share of the hospital bill today. That is the theory.

You cannot argue that theory except when you realize there are going to have to be hospitals built every year, highways built every year, and schools built every year. That is why I would prefer if Governments had the opportunity to reflect those costs as a current expenditure paid for this year, treat it like current expenditure. The Provincial Auditor and I disagree on that, but I say, because there still is not a hard decision made on that presentation of our accounts to the people of Manitoba tend to be this blend as between cash and accrual.

When the Member says, the stabilization fund, in some respects, is going to continue to muddy that, take away the clarity, I say to him, no, it is not. It is not if it is going to be handled well.

First of all, the biggest portion of the fund is pure cash. It is not an accounting slight of hand. A big portion of it, in essence, is cash. You can say, well is there cash sitting in account—no, it is money that we have not had to borrow for, or it is not money that we have now been able to reduce the debt from, because we have surplus.

I declared fully in the budget and since then that if we had not taken these measures we would have had a hundred million dollar surplus. I have said that. I have also said we are losing control of being able to read our stream of revenues.

Members have challenged me—particularly the Member for Transcona (Mr. Kozak) has criticized me for not bringing a five-year forecast in. I would love to bring a five-year forecast in. I hope to be in this position long enough to work towards a five-year forecast.

Last year I started. For the first time in this province I brought down a second-year forecast. In it I showed where there was going to be in '90-91, basis the information we had last spring, a three hundred million dollar deficit. That was the first attempt, crude, rudimentary some would say, but it was the first attempt.

Nevertheless, when one is losing some control of being able to forecast with accuracy the revenue streams—because the Member for Osborne (Mr. Alcock) asked me the question today in Question Period, what are the federal transfer revenues going to be? I, in all honesty, today cannot stand here and say I know with certainty what they are going to be. I know one thing, given today's state of uncertainty they may fluctuate by \$100 million in the space of a few years, maybe \$200 million.

Yet Members are asking me on the other hand to bring forward a five-year, a four-year, a three-year forecast with some accuracy. How can I do that when there is so much uncertainty with respect to, not our own source revenues, but to those revenues coming from Ottawa? In answer, you cannot do it. I am saying, what better way to safeguard the programs we have in place now than begin to set up the savings account.

Mr. Chairman, I have talked all around the issue, but I think I have also hit the issue square on—given the

fortuitous circumstances we found ourselves in a year ago, why it was wise at the time to set up the Fiscal Stabilization Fund.

\* (1440)

**Mr. Reg Alcock (Osborne):** I just have some quick questions. Perhaps the Minister could tell us, what is the current bottom line in this fiscal year? What is the nature of the deficit or surplus?

Let me put out a series of questions, and you can answer them in one answer.

With this proposal that is contained in this Bill there is a notwithstanding clause, that is notwithstanding The Financial Administration Act. I presume in reading, that has to do with the accounting for all revenues being paid into the consolidated fund, but that it is the intention of this fund to continue to deposit all revenues into the consolidated fund and manage them as part of the consolidated fund. No matter what is reported the balance in the consolidated fund may be at variance with the number that is placed in the budget at the end of a year.

**Mr. Manness:** Absolutely not, the number that we indicate at the time of the budget—the budget which may or may not receive support of the House—the number that we show as being a transfer out of the fund into consolidated revenue is the hard number that will exist. In other words, if there are additional expenditures for the year then obviously the deficit will increase. There will not be a second opportunity to take money out of the stabilization fund and apply it against a growing deficit if one were to increase. There will be one chance a year at the budget time to go in with an absolute number as representing a direct transfer.

**Mr. Alcock:** Let me try a different direction then, Mr. Chairman. The image that is used when the Government talks about this fund is the creation of a savings account. A savings account implies that you take money out of your income stream and put it away someplace, in a sock or some other vehicle, normally an account in a bank that accrues some interest separate from the money that you are using to support yourself on a daily basis, and you use that capital and interest at some later point.

That is the image that is put forward, and in fact in the accounting for this fund it shows a net transfer plus the accumulation of some interest, except that it is my understanding this money is going into the consolidated fund, that it is not going into a separate account. It may be accounted for separately, but it is not going into a separate account. The accrual of interest is coming out of interest not otherwise paid.—(interjection)—Perhaps one more time.

Last year, or in the fiscal year that we are currently in, the Minister reported a surplus of \$48 million and then a deficit of \$152 million as a result of the revenue change. The real end point for this year is a \$48 million surplus. Is that not the case on a cash basis?

**Mr. Manness:** Using the accounting policies that were in place the Member is partially right. Actually the

surplus was closer to \$100 million, because at year-end within the accounting policies as they exist today the Government made the decision to take upwards of \$60 million and direct it towards The Energy Rate Stabilization Act.

Mr. Chairman, we can do that at year-end, because The Financial Administration Act gives us, first of all, that overall authority, and secondly, once Cabinet in its wisdom decided to make that transfer, passed an O/C to give it effect. So the Member is partially right. Using his argument the surplus was actually closer to \$100 million.

**Mr. Alcock:** Okay, and through the creation of this fund, Mr. Chairman, instead of saving ourselves the interest payable on \$100 million, or on \$48 million if you take out the move on the Energy Rate Stabilization Fund, we are, in effect, from one perspective borrowing \$152 million to finance the new deficit.

Either we are or we are not. Can the Minister tell us the amount of interest savings we are giving up by not allocating that money to debt, or the amount of new financing we are incurring to fund \$152 million deficit?

**Mr. Manness:** Mr. Chairman, the Member I know is going to applaud my answer, because so much of our borrowing is long term we do not have the opportunity to just at times go and pay down debt. Sometimes there is a penalty. In most cases there is a penalty associated with that.

Further than that we have something called an inverted yield curve now, where a lot of our loans—as a matter of fact, we just swapped out of a Japanese loan here last week at 7.5 percent. Now would the Member advocate that we rush out to pay that one down by \$100 million or \$150 million at 7.5 knowing fully well that if we were to replace it with a short-term loan that it would have cost us, in Canadian dollars, 10.5, 11, 11.5 percent?

Now those are the broad—that is also what helped the decision to make it even easier in this case. If we had paid down debt we would have moved ourselves out of a lower interest rate, and had we needed that money right again the next year, like we might this year or the year after, we would have found ourselves having to borrow money at a much higher rate.

I say it is probably much wiser to have set it aside and not pay it, invest it—

**An Honourable Member:** Short term.

**Mr. Manness:** —short term, like we are now, and it is accruing to that account upwards of 10.5 percent.

**Mr. Alcock:** When you invest it short term are you not investing it to support the operations of Government? Is not the interest that you are accruing really the interest forgone by borrowing other money to support a budget that is currently in deficit?

**Mr. Manness:** Mr. Chairman, again one has to recognize that when you run an operation this large you never

run it right down to \$10 million, \$15 million or \$20 million. You have money available to prepare for every eventuality. We have found ourselves in a pretty reasonable cash situation over the last year.

I can indicate to the Member that we do have, in some respects, cash on hand. We are doing quite well earning interest on it relative to the interest we would have to pay if we were having to go out and borrow intermediate term.

**Mr. Alcock:** Then, Mr. Chairman, where is the \$20 million that is referenced as interest earned coming from?

**Mr. Manness:** It is set up as its own account, and it is accruing interest, because in essence for the most part there is not an accounting entry that represents interest that we do not have to pay otherwise. There is indeed an earning of interest.

**Mr. Alcock:** Mr. Chairman, if we have withdrawn a hundred and—well, we have withdrawn \$200 million, \$48 million of which was surplus funds, and \$152 million which is taken out of the income stream to create this fund that is now off to the side earning interest. What is it costing us to finance the \$152 million deficit created by this move?

**Hon. Clayton Manness (Minister of Finance):** Mr. Chairman, this was surplus that was left over from a year ago by our accounting. At this point it has no impact, other than the \$50 million we are bringing in to this year, on this year's borrowing costs because this year's borrowing costs for the most part were set into place years ago because of the long-term debt that we had entered into.

\* (1450)

**Mr. Alcock:** Just a second now, Mr. Chairman, on the one hand you are saying you would be, at the end of the year—if we leave out the \$60 million move on the Energy Rate Stabilization Fund as a policy decision the Government is free to make, you end the year \$48 million in surplus. That was what you reported at the end of the year. You then took \$200 million out of your revenue stream, that 48 and another 152, to create this fund which you are saying sits over here and is accruing interest at a rate that allows it to generate \$20 million in revenue from interest. That is the statement that we have made so far.

In doing that, you took \$152 million out of your revenue, you created a deficit of \$152 million. Now a deficit costs money. If this money is tucked over some place else accruing interest, what is it costing you to finance that \$152 million deficit?

**Mr. Manness:** Mr. Chairman, the Member must remember that we did not have the luxury in last year's budget. When we brought it down we were forecasting a deficit, less than has been seen for a number of years but still a deficit. We had to have money in place to support that deficit. In essence, we had to go out and have that money pre-borrowed and that was exactly

what was happening. That money was pre-borrowed and therefore has a cost attached to it. Once the good news came in late in the fiscal year, we had to decide whether to try and get out of those borrowings or to set it away and earn a higher interest rate, and we chose the latter.

**Mr. Alcock:** What did the \$152 million in borrowing cost you?

**Mr. Manness:** Mr. Chairman, I will ask members from the Treasury Division to come down and give specific response to that question.

**Mr. Alcock:** Perhaps while we are waiting for that, Mr. Chairman, the Minister said when he spoke in closing on this Bill that we would be pleased next year when he brought down his budget, that we would see the beneficial effects of such a fund or the need for such a fund. I presume that he is alerting us to what is predicted to be a much more serious deficit than first reported in his second year of accounts.

I wonder if the Minister could tell us: what is the status of his second year right now? Does he believe that we are still within the range that he forecast when he brought down that second-year budget?

**Mr. Manness:** Mr. Chairman, this will be fully known to the Member sometime this week, but let me indicate, I believe I forecasted an \$87 million deficit for this fiscal year. I can indicate to the Member, indeed all Members of this House, that as it appears now, given the fact that we had major additional expenditures associated with the forest fire situation in northern Manitoba, that we will be some distance off the mark of \$87 million.

**Mr. Alcock:** The Minister has already said in the House that he does not have the EPF figures or any estimates of EPF transfers from Ottawa, but normally by this time in the fiscal cycle he would have the estimates of equalization payments. Can he tell us whether they are up or down this year?

**Mr. Manness:** Mr. Chairman, whatever the budget showed as numbers for forecast within equalization, I can indicate we expect those projections to hold.

**Mr. Alcock:** That is certainly for this fiscal year but what about the projections for next year? This is the time of year when those projects are worked out and communicated to provincial Governments. Those estimates are according to a formula; they are not something that the Government makes a decision about unless they change legislation. Are the equalization estimates in keeping with the revenue estimates that the Minister first forecasted in his second year of the budget?

**Mr. Manness:** Mr. Chairman, I am trying to determine the time frame. My second budget is '89-90. If the Member is talking about '90-91, we are beginning to receive some numbers. I do not think it is at the point yet where I have enough confidence in them that I would begin to dialogue in an open fashion to anybody.

Certainly we are trying to determine those numbers with the accuracy necessary to prepare the '90-91 budget as quickly as possible.

They are beginning to start to come in, but let me say I am sure it will be the best part of a month before I will have any comfort around those numbers and be prepared to release them or even discuss the situations around them. It is not the time yet, Mr. Chairman.

**Mr. Alcock:** Mr. Chairman, I have a question on just that specific issue. I have often wondered why those numbers are confidential, given that they are created according to a series of formulas that are contained in legislation and it is possible to get that information out of Ottawa. Why will this Minister not share with us information that is based on material that is simply a matter of calculation?

**Mr. Manness:** Mr. Chairman, the reason is because there is a tremendous lag associated, there just is not one set of computations. We can get a forecast for one year forward but the accounts in two years past have not been closed. That is how we received the additional revenue in other years, that basically they are estimates covering three different fiscal years. There is catch up associated, for instance, where the '87-88 books have not even been completed yet, let alone '88-89 and they all impact on the '90-91.

So although we may have a number that is beginning to develop for '90-91, we do not have all the lag effects of the years previous and that is the number we present to Manitobans, a combination of all three years.

**Mr. Alcock:** Mr. Chairman, I appreciate the Minister's candor relative to the report that is coming out this week. He has indicated that they will be some way off the \$87 million target that was set. Could the Minister share with us just how far off they will be?

**Mr. Manness:** Mr. Chairman, I have gone as far as I can go. I would have to share that information equally with all Members of the House. I expect to table the Second Quarterly Report. Do not hold me to this. I think maybe tomorrow or, yes, we will be tabling the Second Quarterly Report tomorrow. At that time, it will be known to every Manitoban.

**Mr. Alcock:** Mr. Chairman, the justification for bringing in this fund is to smooth out the revenue flow not just from Ottawa but from all sources one presumes. Another source of income that the Minister has indicated is in peril is mining tax revenues. Can the Minister tell us the status of mining tax revenues right now?

**Mr. Manness:** Mr. Chairman, I do not mind getting into these discussions but I do not know how germane it is to Bill No. 27. Let me say to the Member, I am not going to speculate any more as to what is contained within the report that I will table tomorrow, other than to say that it certainly does not look as good as the First Quarterly Report.

**Mr. Alcock:** Mr. Chairman, I do appreciate the Minister's candour on this issue. It is unfortunate

though, given that what we are discussing here has to do directly with revenue, it has to do directly with the budget and with the estimates of income and expenditure, that it is unfortunate we do not have that report tabled because it might add a new flavour to this particular discussion.

I am not certain whether the Minister is ready to have the discussion that I had asked for -(interjection)- It is not available right now, but will be in shortly. Okay, let me just come back then to the Minister's statements on capital. Did I understand him to be saying that he felt that all capital should be budgeted for within a fiscal year, that there should not be, as in the case when you purchase capital, an allowance for mortgage—it should not be the mortgage amount, but it should be the total capital cost that is accounted for in a given fiscal year?

**Mr. Manness:** At the threat or fear of being called an oddball, yes, I honestly believe that; that is a personal point of view. I can tell you why, because I see now when you get to the Cabinet Table and Treasury Board how little discretionary power you have. You have expenditures for the most part that are totally locked in because of decisions made by previous Governments which through amortization, you are having to fund a portion thereof in the fiscal year under consideration.

So, Mr. Chairman, what is the difference between capital and current when one realizes that you are going to be building hospitals every year, you are going to be renewing health facilities every year, you are going to be renewing highways every year, and you are going to be renewing schools every year? I mean, that is what experience tells us and so if we could—and of course we cannot—go back to square one I would say, yes, we should probably tax the usage of not only programs, but for capital expenditure in the year that the building and the construction take place.

\* (1500)

**Mr. Kozak:** Mr. Chairman, before I get into more detailed questioning, I would like simply to take issue with the Minister on one remark that does not lie at the heart of this Bill. The Minister did suggest that borrowing denominated in Japanese yen, at 7.5 percent, is in fact to the provincial Government's advantage. I would suggest to him that perhaps I have misinterpreted his remarks. I note that the futures markets tell us that the outlook for the yen is one of increasing strength over the next 12-month period. Perhaps the Minister would clarify whether he is in fact suggesting to this House that borrowing denominated in Japanese yen at 7.5 percent does have a good outlook for the next 12 months vis-a-vis borrowing denominated in Canadian dollars as the official Opposition has argued repeatedly over the last period of time.

**Mr. Manness:** Well, the Member is trying to trap me and I am saying to him, we are not engaging ourselves in any Japanese yen borrowings. What I am saying is, though, if you are in that currency—and we found ourselves in that currency in a number of issues, and when calls have come and we have had an opportunity

to move out of them and swap to North American currencies at a tremendous advantage to us, we have been doing so. But I used, for illustration purposes, the fact that if you are in something, or if you are in a currency which is relatively stable to your own at this point in time, and the coupon rate thereon is 6 percent or 7 percent, and if you believe your Canadian dollar is going to stand firm against it, then why would you be in a rush to pay it off? That is the only point I am trying to make.

We are in no rush to move into borrowings outside of North America. As a matter of fact, we have not done a borrowing in non-North American currency since we have been in Government, other than to exercise the final four years on some 10-year issues which we then immediately swapped, in most cases I understand, maybe all cases, into North American currencies.

**Mr. Kozak:** Mr. Chairman, I of course was not attempting to trap the Minister. I was merely attempting to elicit from him precisely the statement that in fact he did make. The fact is that borrowing in foreign currencies does involve a considerable amount of speculation, as my Party has contended repeatedly over the last year and a half. We do note, with some pleasure, that this Government has curtailed speculation on foreign currency markets. It was important to me simply to provide the Minister with the opportunity to state on the record that his Government does concur with our point on this matter.

The heart of my remarks, Mr. Chairman, is based on the fact that the Government and the Opposition are very widely divided on principle in this Bill. We have debated this Bill for six months in this House; we have not achieved a meeting of minds, despite a genuine effort, I imagine, on both sides of the House. Committee consideration, given the six months of debate that have already passed, will not narrow the gulf between us, and in fact I am forced to suggest that there is limited potential for this committee to arrive at a consensus on amendments that would satisfy both sides of the House.

Nonetheless, we will take this further opportunity to place our comments on the record, and the outcome will proceed, as it must, given the composition of this House. One question that I would like to ask, given earlier comments of the Minister of Finance (Mr. Manness) under questioning by the Member for Osborne (Mr. Alcock), is the question of interest revenues versus interest expenses.

The Minister of Finance suggests to us that revenues in the form of interest are indeed being earned on the Fiscal Stabilization Fund and that, as one would expect, expenses in the form of interest are associated with the fund. I understand that the Minister does not, at this precise moment, have the exact figures before him, but at the very least could he indicate to us whether the interest revenues on the fund are greater and are projected to remain greater than the interest expenses associated with the fund?

**Mr. Manness:** Mr. Chairman, because officials and the Government of the Day saw where interest rates were

going to rise a year and a half ago and there was an obvious requirement that there would be a deficit run, decisions were made to pre-borrow. The pre-borrowing, covering the \$152 million—and this is an answer specifically to the question posed by the Member for Osborne (Mr. Alcock)—pre-borrowings were done in a U.S. issue dated March 15, 1989. I am saying to the Member for Osborne, the pre-borrowings, done in support of what at the time we thought was going to be a deficit budget, were done March 15, 1989. It is a U.S. issue Series BW, at 9.625 percent. Now that is what we had to go on because, remember, we saw we had a deficit, we knew we would have to have funds in place, borrowed in support of it. We also saw interest rates increasing.

So what we did, we pre-borrowed and we borrowed in U.S. terms at 9.625 percent. It became evident toward the end of the fiscal year, and after the Government was going to make some decisions how to handle ERSA and a whole host of other things, that there was going to be a surplus and we had set up the Fiscal Stabilization Fund which we are asking the House to support today. That money, the \$200 million, was put into a one-year trust receipt, and the rate on that was 12.5 percent.

**Mr. Kozak:** Mr. Chairman, the Minister of Finance then is telling us that the taxpayer is benefitting from a positive interest rate spread of approximately 3 percentage points.

**Mr. Manness:** Mr. Chairman, what we have, because of this crazy thing called an inversion, we were better, rather than to write-down the debt, to put whatever surplus we had into savings. That is all, just because of the time in which we find ourselves.

**Mr. Kozak:** Mr. Chairman, I certainly take some pleasure in the fact that the taxpayer and the coffers of this province do benefit from positive interest rates spreads related to the Fiscal Stabilization Fund. I take pleasure in acknowledging, too, that the Minister of Finance does not take particular personal credit for this but rather attributes the positive effect to unpredictable fluctuations in interest rates.

I wonder if, to proceed to another point, the Minister could suggest to us whether he feels that the fund will grow to \$247 million as of the end of this fiscal year as he predicted in the budget of earlier this year?

**Mr. Manness:** That is a difficult question in the sense that we are not—as of the end of this fiscal year we have no intention to take any sums of money out, and to the extent that we have represented fairly and accurately everything that is going in, I would think then that the number will build to that number. We certainly have no intentions, and again, to take additional sums of money out.

**Mr. Kozak:** Mr. Chairman, we get certainly closer to the heart of the matter as we proceed in this questioning. Essentially this Government has decided that it would be more desirable to provide economic stimulation following the end of the current fiscal year, than it would have been to provide that stimulation

earlier in the sense of increased spending in the last fiscal year and in the current fiscal year.

In light of the rather unsettling economic statistics put on the record by the Leader of the Opposition (Mrs. Carstairs), and drawn from Statistics Canada and the Manitoba Bureau of Statistics, would the Minister of Finance (Mr. Manness) express an opinion as to whether the stimulation required by our economy is not perhaps required at present, and whether it is a sound decision to defer that stimulation to later in the economic cycle?

**Mr. Manness:** Mr. Chairman, now we have exactly the difference of views. What we have said to the NDP who has asked us to dip into it to help with perceived problems in the economy today, we have said, no, we will not do that, because if we do it then the Liberal charge that it is a slush fund is accurate. If we begin, for whatever reason, to enter the fund throughout the fiscal year—political most likely, but for whatever good reason there is—then in my view one can seriously make the charge that it is a slush fund. It is no different than the Jobs Fund.

The Provincial Auditor used to tell us over and over again, he wanted to know, he felt that legislators should have an opportunity to know what it was the Government was going to do with that money before those of us in this House gave support as the elected representatives of the people.

The Member for Transcona (Mr. Kozak) is saying, if you have authority to set up this fund and you are telling us that you are only going to take 50 million out and times are tough, should you not maybe be going to it again in this fiscal year? I will say to him that if we do that we are doing the same thing that was done with respect to the NDP Jobs Fund and therefore are liable to the charges that he himself launches when he says it is a political slush fund.

I am saying no to maintain the integrity of this fund. It should only be accessed once—at the time that the budget comes, at which time it will not go to specific programs, it will flow into revenue to be lost amongst all the calls upon it by all the various departments and the programs of those departments within Government. That is the subtle difference between this and the slush fund. I do not think the Member wants it to be a slush fund. At least, that was the whole basis of his presentation made on Bill No. 27.

\* (1510)

**Mr. Kozak:** Mr. Chairman, I heartily concur with the Minister when he describes the essential fallacies inherent in the NDP position on the Fiscal Stabilization Fund.

The Minister, on consideration, would acknowledge that my Party's position differs dramatically from that of our friends to the left, in that we reject the very act of establishing this fund, and therefore any thought that we are advocating dipping into it is irrelevant and inaccurate. Does the Minister suggest that the fact that spending is being deferred or deficit reduction is being deferred by this fund does not imply that he favours

stimulating the economy in 1990 or 1991 versus stimulating it in 1989 or indeed in 1988?

**Mr. Manness:** The Member has to tell me which way he wants to have it. We provided for \$61 million personal, another \$24 million in corporate tax relief. In our view, that represents stimulation to the economy. I do not know how it is that we can hold to reduce taxes and at the same time take the proceeds of this fund and begin to direct them towards major areas of economic development. We cannot have it both ways. I wish we could. He has to tell me then what side of the issue he is on. If he is against the tax reductions and he had wished that we instead had taken the \$80 million and put it into economic development thrust, then I would have to say that is his view. Our view is different.

**Mr. Kozak:** Mr. Chairman, I would hasten to suggest to the Minister that my Party does not oppose the tax reductions. As he must be aware, we voted for The Taxation Act 1989, and indeed our major criticism related to the tax reductions was that they would not affect consumers' disposable income until 1990.

I believe that the Minister would acknowledge that a prime difference between the Government and the official Opposition is that the Government is providing and intends to further provide economic stimulation in 1990 and 1991, whereas the official Opposition suggested that we should anticipate the downturn in the economy that everyone is now expecting by providing tax reduction stimulation and some stimulation on the spending side in 1988 and 1989.

There is of course a certain logic to the old saying that one should not lock the barn door after the horse has fled. Our position is based on the proposition that a downturn in the economy, after seven years of uninterrupted growth, could reasonably have been expected earlier than now and in fact did occur earlier than now as economic statistics are now bearing out.

Our contention from the start, Mr. Chairman, has been that the required stimulation would be required before 1990, certainly before 1991, and that stimulation on the tax side and on the spending side should have been delivered earlier than this Government chose to deliver it. We do not concur with the New Democrats' position on the Fiscal Stabilization Fund. We do not concur with the timing of the tax cuts delivered by the Minister of Finance (Mr. Manness), even though we recognize that those tax cuts are required and we voted for the Taxation Act 1989.

Does the Minister of Finance agree with the proposition that what he is doing through the timing of the tax cuts and through the Fiscal Stabilization Fund is delivering economic stimulus in 1990 and 1991 versus delivering it in 1988 or 1989?

**Mr. Manness:** Mr. Chairman, the answer to the question is yes and I documented the other day where it is. If we had an additional month and a half of planning, if we had brought down the budget sooner—in other words if we had been out of the House a month and a half sooner last fall, we could have possibly provided

some measure of that tax relief by July 1989, would have certainly done so if we could have. The Member is right, we would have loved to have provided more disposable income in the pockets of Manitobans earlier. Unfortunately, it was impossible to do so.

**Mr. Kozak:** Mr. Chairman, one of the more interesting points raised by the Government in defence of the Fiscal Stabilization Fund was that tax reductions probably would not have been possible at this time without the introduction of the Act. This is a proposition that I, in all honesty, have never understood, in that I recognize that the real financial position of the province is not affected by the fund, the net financial position of the province. The fund has no effect on the province's net indebtedness aside from the modest profit that the Minister of Finance (Mr. Manness) informed us of a short while ago. It has no effect on the long-term health of our economy. It has no effect on our future prospects except to the extent that stimulation is delayed from fiscal year 1988 and fiscal year 1989 to fiscal year 1990 and fiscal year 1991.

Could the Minister of Finance (Mr. Manness) explain to me personally in that I do not understand the proposition that tax cuts would not have been possible without the Act, why he feels that tax cuts at this time would not have been possible without the Act?

\* (1520)

**Mr. Manness:** Well, Mr. Chairman, if this Bill passes I am taking \$50 million out of stabilization and applying it against the deficit. If I did not have that \$50 million the deficit would be \$50 million higher, then the Government would have to make a conscious decision whether or not to bring in a deficit that was \$50 million higher and also provide for tax relief or just do one of those. That is why in my view the Government decided to provide the tax relief because they had \$50 million that was being transferred from the stabilization fund as against the bottom line. If we had not have had that then obviously the bottom line would be higher, by an amount directly proportional to the amount of tax relief provided.

**Mr. Kozak:** Mr. Chairman, I have no difficulty in agreeing that the bottom line would have been higher in certain fiscal years. I point out that it would have been lower in other fiscal years. If we look over a five-year period, whether this fund is set up or not, if the Government spends the money that it projects to spend to the point where this fund is eliminated, if it delivers the tax reductions that it projects to deliver, the fact is in my view, and I imagine in the Minister's view, that over a five-year period everything would have come out in the wash.

If the same spending is undertaken during the five-year period as is planned, if the tax cuts remain constant whether this fund exists or does not, the province's net indebtedness at the end of the five-year period will be the same I believe. I wonder if the Minister could confirm that.

**Mr. Manness:** Mr. Chairman, the Member used two or three "ifs," I do not know. I do not know if we are



going to have another forest fire season next year that is going to command upwards of \$70 million-plus. I just do not know that. I can tell you when those Bills start to roll in and you realize the tremendous task that those involved in emergency operations have performed, I am glad to pay them, but you recognize the impact they have on the bottom line.

When you also realize that there could be many uncertainties associated with federal transfer flows over the next two or three years, I do not know what it is that you can say for sure in five years as to what your indebtedness is going to be, let alone what level of taxation you are going to have to apply against your citizens. I can indicate to you that this Government senses that the citizens of Manitoba cannot take any higher levels of taxation.

**Mr. Kozak:** Mr. Chairman, of course Members in the official Opposition would not quarrel with the proposition that Manitobans cannot take a higher level of taxation. We certainly would not quarrel with that for one moment. The point I am making at present, Mr. Chairman, is that Government spending over the five-year period in total will probably not be substantially affected by the existence or non-existence of The Fiscal Stabilization Fund Act. If this Government proceeds with its taxation plans over the next five years, whether the fund exists or not, the bottom line financial position of the province will be the same regardless of the existence or non-existence of the fund.

The only thing this fund does, Mr. Chairman, is smooth out the deficit reduction numbers of the Government. It simply makes it possible for this Government to report gradually declining deficits for a certain number of years, regardless of spending, regardless of tax levels. It makes it easier for the Government politically to say to the public that they are in fact bringing the province's finances under better control year after year. Now that statement on their part may bear very little relation to actual circumstances, Mr. Chairman, in that the fund provides the opportunity to this Government to mask the province's performance in any given fiscal year.

Does the Minister suggest that it is in the public's interest and that it meets the criteria of responsible Government to mask—I am trying to find a more attenuated term for the word mask but I cannot—to mask the actual financial circumstances of the province in any given fiscal year and in fact smooth out the province's performance from a jagged deficit line to a very smooth deficit line pointing downward.

**Mr. Manness:** Mr. Chairman, I look forward to that smooth line downward of deficit. I hope I can deliver. Let me say, in respect to what the Member suggested, that we are trying to take away some of the fluctuations. If he is calling it a fiscal shock absorber, yes, that is what it is. That is what we have said. We are trying to take away some of these major variations. Governments make bad decisions when they are looking purely at one year of budgeting.

A surplus comes along and you are first of all saying to yourself, my goodness, happy times are here, let us increase spending. You build it into the base and all

of a sudden the next year comes along and you have revenues that fall. All of a sudden you have to remove from that base of expenditure and you cannot do it. You cannot do it very easily.

So the Member can say you tried to smooth out fluctuations. He is correct, only in the long run trying to make it easier for those of us in Treasury Board when a situation like this arises so that you do not firstly build into your expenditure base a level expenditure that cannot be supported by next year's revenues.

Secondly, that you do not get carried away in reducing taxes massively because you have this windfall when the next year you might have to increase them again. Certainly that does not provide any well-being to the citizens of this province. The Member says you are trying to take the fluctuations out when you are recognizing you are not in control of revenue, major fluctuations in revenue, as a result of federal numbers. My answer to him is yes, that is exactly what we are trying to do.

**Mr. Kozak:** As I noted at the outset of my remarks, the division in principle between the Government and the official Opposition on this fund is a wide one. The Minister well represents the Government's point of view. I hope that the Member for Osborne (Mr. Alcock) and I do justice to the official Opposition's point of view. I doubt that the two positions will converge, and I do not expect the two positions to converge.

We all recognize, Mr. Chairman, that the accounts of the Province of Manitoba, the accounts of this Government, represent an extremely complex set of financial statements, in fact multiple sets of financial statements. It is very difficult for those of us with expertise to get a rapid understanding of the financial accounts of the Government and indeed very difficult for us to get a rapid understanding of its budgetary plan and its financial forecast.

\* (1530)

Most of us though are not experts, Mr. Chairman. I sympathize with those of my colleagues who have a great deal of difficulty with the financial statements of the province, and I defy the Minister to assert for a moment that a layman, the average taxpayer, could arrive at a rapid understanding of the province's accounts.

Does the Minister recognize that the introduction of further complication into these accounts in the form of the Fiscal Stabilization Fund must make it a great deal more difficult for the layman, the average taxpayer, to understand the financial circumstances of the province? Indeed we are responsible to the average taxpayer. Are we not throwing roadblocks in the way of an enhanced understanding by those to whom we are ultimately responsible?

**Mr. Manness:** Mr. Chairman, let me say that I agree with some portion of the Member's argument. Definitely those of us who represent all Manitobans are charged with the responsibility of having a better understanding

of the accounts in general, so I wonder how many Members of this House have gone to the effort to be in public accounts or trying to spend hours and hours and hours learning the accounts. I hate to say that is the prime responsibility of each and everyone of us here. That is where the democratic system came as the basis.

Now unfortunately we do not all have those skills. I certainly do not have that as a natural skill, I can tell you. So what we have done, we have set aside a servant, not of the Government, a servant of the Legislature, through the Provincial Auditor who is to make comment, who is to make comment on how it is the Government of the Day handles the finances and the accounts of the province.

We have shared with the Provincial Auditor what it is we are doing. I have asked him not to comment. As a matter of fact protocol would say that he not, and protocol would say that we not ask. We would expect that the Provincial Auditor is going to have something to say with respect to the setting up of this Fiscal Stabilization Fund. He will present a judgment as to whether or not he considers it to be more complicated, unfair or whatever the terminology might be.

I say to the Member that is the system that we have in place. I do not think that we have complicated it. I honestly believe we have not complicated it. I say we have done nothing with respect to The Financial Administration Act at all which governs all of the fiscal activity in the way that all money matters are measured in this province. We have not changed that. We are saying that if there is good reason at times to move part of the revenues into a savings account for the sake of properly reflecting to Manitobans what taxes might be in the years to come, what levels of expenditure might be to smooth out the fluctuations, then I say there are good reasons to have a savings account no different than within your home or mine.

**Mr. Kozak:** Mr. Chairman, the Minister once again uses the expression "savings account." This is an expression that the Government has used a number of times to justify the Fiscal Stabilization Fund. The Minister of Finance (Mr. Manness) may well recall certain of my comments on June 23 where I suggested that the comparison was inappropriate in that individual savings accounts are not, unlike the Legislature and the Government of this province, subject to accounting standards and have no need to protect the interests of shareholders or taxpayers. At that time on June 23, I suggested that a better comparison would be a comparison drawing from certain corporate accounting standards, and I cited the examples of loan loss reserves and sinking funds, which the Minister may recall.

Unlike savings accounts, Mr. Chairman, loan loss reserves and sinking funds indeed do have to conform to generally recognized accounting principles, as does the Province of Manitoba and the Government of Manitoba. The significant point that we derive from the manner of operation of both loan loss reserves and sinking funds is that both of them are set up for narrow restricted purposes specified in detail in advance. In this way shareholders' interests are amply protected

because corporate executives have no discretion to use reserve funds for unauthorized purposes.

Mr. Chairman, I ask the Minister of Finance whether it would have been possible and indeed whether it was a priority for him to dedicate the Fiscal Stabilization Fund that he proposes to establish to specified purposes announced to the taxpayers of Manitoba in advance prior to the establishment of the fund? The fund that we see before us is a fund that can be dipped into once a year for any purpose. Would it not have been possible to define the acceptable purposes in advance in such a way that the taxpayer could know the limits on the use of the fund other than the time limit that the Minister has announced?

**Mr. Manness:** Mr. Chairman, no, we will not. I do not see the benefit in saying that money being transferred out of the fund should be directed to a specific end, and that is why we have set it up that any money transferred out will go into consolidated revenue. It will be treated as any other revenue source, its identity will be lost, and the benefit of that transfer will accrue to all departments of Government.

(Mrs. Iva Yeo, Acting Chairman, in the Chair)

**Mr. Kozak:** As an individual and speaking from a somewhat emotional point of view, I would suggest to the Minister that it might have been possible for certain of my colleagues to be more understanding toward a fund that the Minister had told us was specifically designed to cushion possible underfunding of the health system or a fund that was specifically designed to cushion possible underfunding of the community services system.

We have a great deal of difficulty, Madam Acting Chairman, in granting a blanket authorization; an authorization to simply set up a fund contained within the consolidated fund of the province and usable for any purpose. The only accounting protection being afforded to the taxpayers of Manitoba is that the fund can be accessed only once a year for purposes that the Government will specify at that time. Was it not possible to specify in advance that the fund would be accessed only for specific types of purposes?

\* (1540)

**Mr. Manness:** Madam Acting Chairman, the Member now is arguing completely contrary to his statement 15 or 20 minutes ago when he said that he wanted and he supported attempts by all Governments and by the Provincial Auditor to strip away complicated accounting. That is why the Provincial Auditor is making appeals to all Governments to consolidate all the accounts, not to have any accounts dedicated for the purpose—however good it is, whether it is health, so on or so forth. The Provincial Auditor is saying pour it all into one pot.

That is what we did with the additional revenue coming out of highway fuel. There was some wish to dedicate it to road construction and we said, no we cannot do that. The Member is now asking us to do that. He is now asking, when we are taking revenues

out of the Fiscal Stabilization Fund, to dedicate it to health. We cannot do that or we work completely contrary to his views as he stated 20 minutes ago.

**Mr. Kozak:** I was of course not suggesting to the Minister that the funds should be dedicated in that my basic premise is that the fund should not exist. My Party, Madam Acting Chairman, has voted against this fund at second reading and I suspect that we will continue to vote against this fund. I would like simply to disabuse the Minister of Finance (Mr. Manness) of any thought that I am suggesting that a fund would be all right if it were set up for specified purposes.

I would like him to understand that our disagreement with the fund is much more fundamental and that I am simply using some of the committee time allocated to me to explore his thinking about various aspects of the fund. I hope he does not construe any of my comments as suggesting support for the fund or for any strategy connected with a fund of this type.

Briefly, I would like to touch on one other area before allowing other committee Members to pose questions that they may choose to pose. As the Minister of Finance has recognized at various times over the last year and a half, the fiscal impact of the federal Government is much greater than that of the provincial Government. In fact when we think of the typical tools of countercyclical economic theory, notably automatic stabilizers and discretionary fiscal policy, we think of the federal Government, we think of unemployment insurance, we think of the Canada Pension Plan, old age security, and Medicare.

I ask today whether the establishment of the Fiscal Stabilization Fund is in fact a vote of non-confidence by this Government in the intention and the ability of the federal Government to deliver these fiscal stabilizers in the future?

**Mr. Manness:** Madam Acting Chairman, there is some truth to that. One does not have to be a great student of economics to know that there is tremendous fluctuation in economies, enclosed economies, but when you have an open economy like ours that is part of a western economy, which is under great change, great fundamental change, and you recognize that we have been in a six- or seven-year growth cycle, then one recognizes that of course there are going to be changes that are going to cause a reduction in revenue flows from time to time.

Matter of fact one has to look at the interest rate in this country and you realize a deliberate attempt by the authorities of the central bank, supported by the federal Minister of Finance, to dampen the economy. That is going to have impact on revenues. Surely we are no different than any other entity whether it is a household, whether it is a small business, whether it is a large business, there is time and wisdom associated with setting up a savings account when indeed there are availability of funds to do so. We found ourselves in that position last spring and we are asking the Legislature to give us support to set it up in a legislative form.

**Mr. Reg Alcock (Osborne):** Now that the staff are present perhaps they could tell us the detailed questions

again. Just on average with reference to short-term borrowing, what on average is the amount of short-term borrowings?

**Mr. Manness:** Madam Acting Chairman, we have several hundred million dollars in short-term treasury bills. That was a new policy that has come into effect. We have doubled that over the period of time just to again position ourselves, to position ourselves better, knowing that interest rates are going to drop so that rather than moving in to long-term issues at 10.5 percent, we feel it is wiser to hold some of our borrowings current and therefore so as to be able to move into lower-priced long-term issues.

**Mr. Alcock:** Several hundred million? Is this a round figure? Could we get it down to 200 million, 300 million, 400 million, give or take a hundred million—400 million, the Minister says from his seat. What is the current balance of the Fiscal Stabilization Fund? In answering that, just correct me, the Minister said they had established a trust, this \$200 million trust that you have invested at 12.5 percent?

**Mr. Manness:** That is correct, 12.5 percent is where we have the Fiscal Stabilization Fund. I say to the Member—and I know where he is going to take his argument, but I am saying this is one-year money. Some of the borrowings that we have in Treasury bills are 90 day, and because Government, when you are talking about a \$4.5 billion operation, and because you have hundreds of millions of dollars you are expecting in this quarter that do not come in, you by necessity find yourself having to go into short-term money. It is called a line of credit, if you will. We have to have that available to us.

**Mr. Alcock:** When I asked the Minister earlier whether or not they could have paid down existing debt, he said debt was being held long term and they could not. Now we have \$400 million in short-term debt. Is that a policy change or something that has occurred just in the last six months?

**Mr. Manness:** Surely the Member knows there is a great difference between 90-day money and one-year money. There are great differences as to why businesses and households have those different lines also. So let not it be said for one moment that 90-day money is equivalent to one-year money, because it certainly is not.

\* (1550)

**Mr. Alcock:** No, but when we had the discussion an hour ago, roughly, about the situation the Minister found himself in having surplus revenue, having pre-borrowed large amounts of money, the question was: could some of that surplus revenue be used to pay down debt? The answer was no, because the debt was long term. Now we are talking about some \$400 million in short-term debt, 90-day debt.

**Mr. Manness:** I do not know what the Member is getting at. He is saying that we should have taken our \$200

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million and put it against a line of credit. In other words our 90-day treasuries. If that is what he is saying, that would be foolhardy. We are locked into 12.5 percent interest rates and we may have today, tomorrow we could wake up and interest rates in this country could be 1.5 percent lower. That is the reality of it, and at which time then we can go out and replace that short term—and he uses the term \$400 million, we then can enter into long-term borrowings at a much better rate of interest.

**Mr. Alcock:** We will deal with that in a second. I think if the Minister—when we have an opportunity to review Hansard will understand that we are not talking about post having made that \$200 million investment, but the point at which the Minister made the decision to invest that \$200 million. My understanding from his earlier comments was that he felt he could not have used it to pay down debt because the debt was being held long-term. I will review Hansard and find out whether I am correct. Perhaps he could answer the question, what is the current balance of the trust?

**Mr. Manness:** Given this legislation proceeding, the current balance at year end would be \$247 million.

**Mr. Alcock:** The Minister has talked about this fund as something that will simply be accessed one time a year, and yet in the legislation as it is drawn, it talks about allowing, with the approval of the Lieutenant-Governor-in-Council, the Minister to deposit into the fund, any revenues that presumably the Lieutenant-Governor-in-Council should deem to be appropriate for deposit in that fund. Is it the intention to allow monies to be deposited into that fund throughout the course of the year?

**Mr. Manness:** Yes, we will be O/C'ing into the fund and O/C'ing out of the fund.

**Mr. Alcock:** Thank you. Yes, I understand that is quite clear in the way the Act is written. It sort of undercuts the Minister's protestations that they will not be using this as a slush fund, that they will simply be accessing it once a year. Yet I see nothing in the way this Act is drawn that supports that contention.

**Mr. Manness:** This Government would be severely criticized if it in any way accessed more than once a year by virtue of all the statements that it has made in introducing this Bill. Madam Acting Chairman, I indicate to the Member opposite it is not the intention of this Government to access more than one time a year. Maybe there might be a situation where there is another budget brought down in a year. What happens in that case? I think the Government has to have an opportunity if it is bringing down more than one budget to enter again by O/C, but only at the time of the budget. It has been the tradition of this Legislature, there has only been one budget a year brought down.

**Mr. Alcock:** The Minister repeats the statements that they will only access this fund once a year, and yet the legislation as it is drawn allows him to access the fund any time he can get the support of Cabinet to do so.

I think if the Minister wishes to support his words, then perhaps this thing should be drawn in a way that limits his ability to access it other than once a year at budget time. I would like to know why it is not drawn in that way.

**Mr. Manness:** I fully understand what it is we are trying to do. It is a commitment that I had made to this House and to people in the Province of Manitoba. It will not be accessed more than one time a year.

**Mr. Alcock:** Well now, Madam Acting Chairman, this Minister of Finance is a swell guy, and I know that he of course would not violate such a trust. Goodness knows, we could get a different Finance Minister and I would like to have something a little more substantial when we are talking about creating a change to the law in this province. I would like to have something a little more substantial than the good will or the good reputation, shall I say, of this Minister. If the Minister believes that this fund should only be accessed once a year, why is that not represented in legislation?

**Mr. Manness:** Let me indicate that if the Member is saying that he wishes to propose an amendment thereto, then let him do so.

**Mr. Alcock:** Actually I have considered this at some length about whether or not I would propose an amendment, but I think that this is very fundamental for the purpose for which this fund has been created. It is very fundamental of the position that the Minister has taken. He has said over and over and over again that this is not a slush fund. If it is not a slush fund I would ask that he demonstrate that by moving an amendment to this.

**Mr. Manness:** Madam Acting Chairman, I do not really need to move an amendment because I know the purity with which I bring forward the legislation. Let me say with respect to a slush fund, something similar to what we all consider a genuine slush fund, that being the former Government Jobs Fund. That was not even Order-in-Council. We did not know what was happening until a year and a half after the fact. In a lot of cases we still do not know what happened on those accounts. We cannot even unwind them, but I can tell you we have the borrowings to show for them, but we still do not know what an evaluation would ever show.

We have said that we will Order-in-Council. We say that whatever amount is coming out of the trust fund is not going to be directed to one specific cost. It will go into the budget to come here, to come here within all the votes of Government to be determined as to whether or not the spending is wise. What is purer than that? Order-in-Council is not spending it. Order-in-Council is taking it to expenditures in the form of the budget of the Estimates laid before the representatives of the people who will determine whether or not they want more spent in Environment, in Health and so on and so forth.

The Member has a safeguard. The fact that we take it out of the fund, it is not going to a specific end, it is going into the development of the Estimates of the

Government, which every Member of this House will have an opportunity to vote on by way of resolution during the Estimates consideration. What is purer than that? There is nothing purer.

(Mr. Chairman in the Chair)

**Mr. Alcock:** Purity, what an odd thing to be discussing in this Chamber.

**An Honourable Member:** We should sing the alleluia chorus.

**Mr. Alcock:** The Honourable Member for Transcona (Mr. Kozak) suggests that we should sing the alleluia chorus after a statement like that.

Again I do not want to suggest that this particular Minister of Finance would have any sort of nefarious intention, unlike possibly the Minister of Northern Affairs (Mr. Downey), who might choose to become Minister of Finance at some point.

\* (1600)

However, we have seen over and over again, Mr. Chairman, untendered contracts coming out of this Government. We have seen actions taking place under Order-in-Council that all of a sudden do not get released on a timely fashion when the House is not sitting, when the reporting conditions, when Estimates are not before us, which is a considerable portion of the year. By far the majority of the year we do not have the opportunity to raise the kinds of questions that the Minister is suggesting. Stepping back from all of that, I have to ask the Minister one more time, if he truly believes what he is saying in this House, if he truly believes that this thing, and truly intends to only access this one time a year at budget time, why does it not say that in legislation? Will he move an amendment so that it does?

**Mr. Manness:** Mr. Chairman, I will not, because I believe that there is a total and complete accountability associated with any of the monies that are transferred from the Fiscal Stabilization to the Consolidated Revenue Fund of the province. The Consolidated Revenue Fund of the province does not spend the money. The Estimates of Expenditure that are laid on the desks of every Member of this House ultimately is responsible for spending that money. Every Member has a chance in this House, by way of vote, by way of resolution to determine whether or not that money is being well-spent.

Mr. Chairman, there is no way, for instance, that we can take money by way of Order-in-Council out of the fund and direct it by a Cabinet decision to be spent, for instance, in building a new hospital. We cannot do that. The fact that we can pass Order-in-Council says only that it can be transferred into consolidated revenue.

So the Member has all of the assuredness that he needs that this money will not be spent in an unwise fashion, or at least in a way that he does not have an opportunity to delve into in greater depth as a Member of this Legislature, and ultimately pass either his wishes

of support or indeed his concerns by way of a negative vote if he so chooses.

**Mr. Alcock:** Mr. Chairman, given that the Minister's intentions are so honourable, and given that he only wishes to access this fund once a year, at budget time, why will he not put that into the legislation?

**Mr. Manness:** Mr. Chairman, in essence, that is exactly what we have done, it is there. If one wants to take the argument through and representing a transfer, in essence, that is exactly what has occurred because we are not spending out of the fund. The spending out of the fund can only incur after the transfers have been made to consolidated revenue, and all departments of Government have received support for their spending by way of scrutiny of this House.

**Mr. Alcock:** Mr. Chairman, the Minister, by his own words, underscores the very concerns that we have about this fund. This is a fund that the Minister can dip into at any time he chooses. Yes, he puts it into the consolidated fund, but then he directs expenditure through Treasury Board out of the consolidated fund. So he can dip into this anytime he chooses throughout the year and then he expects us not to believe that it is some form of trust fund. If he wants us to believe that, if he truly intends to dip into this just once a year, why does the legislation not say that?

**Mr. Manness:** What the Member forgets is, when he says that I can go to Treasury Board and dip in and spend, he is so wrong because Treasury Board cannot do anything unless this House decides that the levels of expenditures, as provided in the Estimates, are supportable. Mr. Chairman, that is the process, that is the responsibility of all the Members of this House, particularly those in Opposition, to make sure that Government does not, by way of Treasury Board, unilaterally dip into the consolidated revenue fund and spend money. Mr. Chairman, that is the difference, and that is safeguarded within Bill 27.

**Mr. Alcock:** Mr. Chairman, I am disappointed, frankly, because I thought that this Minister, believing what he was saying, would take some action to demonstrate his good faith.

I would like to just talk briefly about the deposits in the fund before we come back to the expenditures from. Actually, maybe before I do, let us talk about expenditures. Is the Minister saying that during the course of a fiscal year that Treasury Board will make no mid-year corrections, make no mid-year allocations, no special allocations of funds?

**Mr. Manness:** Mr. Chairman, all departments are expected to live within their Estimates, all are expected to live within the votes within their departments. They have to request permission of Treasury Board to transfer from vote to vote, but beyond that no department can go over its expenditure other than that granted by way of Special Warrant, another Order-in-Council, or indeed, when the House is sitting, by way of Supplementary Estimates.

So, Mr. Chairman, that exactly the situation and if the Member is trying to say, well if the House is not sitting and it has given support to a certain level of spending within a department, and the House is out and the Government decides that it wants to then reach into the fund and pull out revenues and then spend on top of that unilaterally for the purposes, whatever, political or whatever, if that is the argument he is trying to make, then I am saying, well, I guess that could happen, No. 1; but No. 2, the Government of the Day then will be severally attacked, as every government is for spending beyond what it has that it has come to the Legislature and asked support for.

**Mr. Alcock:** Mr. Chairman, the Minister, by his own words, concurs that could indeed happen, so then why will he not make it impossible for that to happen, if that is what he believes is the correct course of action?

**Mr. Manness:** Mr. Chairman, all of the accountability that is written into this Act has gone far beyond the model that we had, and that was the B.C. model before us. We have taken a much stronger approach, we have ensured that our Financial Administration Act is paramount to this, and I say to you that the accountability that the Member wishes, and the requirement that it not be used as a slush fund, is provided within this Bill.

\* (1610)

**Mr. Kozak:** Mr. Chairman, the Minister of Finance (Mr. Manness) cites precisely the fund that is the source of a number of our concerns regarding Manitoba's Fiscal Stabilization Fund. Manitoba's Fiscal Stabilization Fund essentially will give this Government a \$247 million blank cheque to spend on absolutely anything in any year of its choice without adding one penny to the province's annual deficit.

In citing the B.C. fund, we come to the official Opposition's concern about a statement made by the Minister of Finance of British Columbia on March 29, 1988, when he was quoted as saying, and I quote: The fund could be used to support social programs, or lower taxes, or whatever the Government decides to do with it, build highways, get themselves re-elected, whatever they want.

Mr. Chairman, does the Minister of Finance suggest to us that he is left at ease with those remarks, and does he expect the official Opposition to feel at ease, given the remarks of the Minister of Finance of our sister Province of British Columbia?

**Mr. Manness:** Mr. Chairman, absolutely not. I studied those remarks also and I can indicate to the Member that is why we have changed our legislation to ensure that, in my view at least, there is much greater accountability. I have indicated by way of my introductory remarks that we will access the fund one time a year, and that is at the time of the development of the budget.

**Mr. Kozak:** Mr. Chairman, the Minister of Finance has a few minutes ago raised the possibility that a Minister

less astute than himself might dip into the fund at other times during the fiscal year in a way that could lead, and would lead, to criticism of that Minister of Finance at some point in the future.

Now, Mr. Chairman, everyone in this House recognizes that occasionally the Government has had recourse to the consolidated fund at times other than budget time. For example, the Minister himself awhile ago referred to the instance of forest fires in Manitoba at one point during the summer and to the fact that this Government did in fact dip into the province's consolidated fund to meet the forest fire threat.

No Member of this House would for a moment criticize what this Government did in dealing with the serious forest fire threat faced in northern Manitoba. However, the fact is, could the Minister not dip into this fund for an extremely worthwhile, laudable purpose at virtually any point in the fiscal year? Does he not agree that this does give the Opposition some reason to ask him for a small technical amendment to provide that the funds should be accessed only once a year?

**Mr. Manness:** Mr. Chairman, I am prepared to look at the advisability of bringing in that type of amendment. I will sit down with legal counsel and see whether or not that might be in conflict with any other of our—a clearer Financial Administration Act. This has been studied. It would not surprise me if there is some reason why it cannot be done. I say that there may not be, but I am saying there might be also because this is not the first time this issue has been visited.

**Mr. Alcock:** Mr. Chairman, I applaud the Minister for that. I think that an amendment of that sort would certainly strengthen the statements he has made and the position that he has taken. With that, I am prepared to—in anticipation of a Report Stage amendment—pass the Bill as it stands.

**Mr. Chairman:** We shall proceed to consider Bill No. 27 clause by clause. Shall Clause 1 pass?

**An Honourable Member:** Page by page.

**Mr. Chairman:** Page by page? The rules do not allow us to go page by page. Clause 1—pass; Clause 2—pass; Clause 3—pass; Clause 4—pass; Clause 5—pass; Clause 6—pass; Clause 7—pass; Clause 8—pass; Subclause (1) of Clause 9—pass; Subclause (2) of Clause 9—pass; Clause 10—pass; Clause 11—pass; Preamble—pass; Title—pass. Bill be reported.

### BILL NO. 53—THE ENERGY RATE STABILIZATION AMENDMENT ACT

**Mr. Chairman:** The Committee of the Whole will now consider Bill No. 53, The Energy Rate Stabilization Amendment Act. Does the Minister have an opening statement?

**An Honourable Member:** Pass.

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

**An Honourable Member:** Pass.

**Mr. Chairman:** Clause 1—pass; Clause 2—pass; Clause 3—pass; Clause 4—pass; Clause 5—pass; Clause 6—pass; Clause 7—pass; Clause 8—pass; Clause 9—pass; Clause 10—pass; Preamble—pass; Title—pass. Bill be reported.

Committee rise and call in the Speaker.

### COMMITTEE REPORT

**Mr. William Chornopyski (Chairman of Committees):** Mr. Speaker, the Committee of the Whole has considered Bill No. 27, The Fiscal Stabilization Fund Act; and Bill No. 53, The Energy Rate Stabilization Amendment Act, and directs me to report the same without amendments.

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

**MOTION presented and carried.**

### HOUSE BUSINESS

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, it is my intention to call a supply motion, but before I do just to make sure that we know the sitting of the various departments in committee, it is my understanding that Housing will go to the committee room to be followed by Energy and Mines and in the House, Environment to be followed by Northern Affairs.

That then serving as notices to Members of the House, I move, then seconded by the Minister of Northern Affairs (Mr. Downey), that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Minnedosa (Mr. Gilleshammer) in the Chair for the Department of Housing; and the Honourable Member for Burrows (Mr. Chornopyski) in the Chair for the Department of Environment.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY—ENVIRONMENT

**Mr. Chairman (William Chornopyski):** The committee will come to order please. This section of the committee of supply will be dealing with the Estimates of the Department of Environment and we will begin with 1.(b)(1)—the Honourable Member for Niakwa.

\* (1620)

**Mr. Herold Driedger (Niakwa):** -(inaudible)- not here at the moment to advise us accordingly, but I suspect that he has a few questions to ask, because the previous committee maybe ended before he was able to be

apprised of its quick resolution. I am right now at odds wondering where we are in this process. Line 1.(b), I do not have my Estimates lines with me, 1.(b), Mr. Chairman?

**Mr. Chairman:** 1.(b)(1).

**Mr. Herold Driedger:** The Member for Lac du Bonnet (Mr. Praznik) asks if there is a question from the Opposition. There will be once we find out precisely where we are on line here.

**Mr. Chairman:** Executive Support, Salaries and Other Expenditures. Shall item 1.(b)(1) Salaries pass—the Honourable Member for Wolseley.

**Mr. Harold Taylor (Wolseley):** Mr. Chairperson, if we are going to continue to hear disparaging comments from the Health Minister, I am going to put it on the record. I will put it on the record some more, and I will ask for some advice from the Speaker. You have a choice. You have a choice. The fact of the matter is that the Government seems to have three or four favourite hit names on their hit parade and of course I think it is in areas of concern from this side of the House that has given the Government a lot of grief. Unfortunate as that may be, they have not handled them terribly well.

I am referring to exploding sewers, and I am referring to PCBs, and I am referring to lead contaminations of various sorts.- (interjection)- That is right, and in the sandboxes I keep finding the heads of Tory Ministers playing the old ostrich trick. I would suggest to the Health Minister (Mr. Orchard) he should realize by now that that is not a very healthy practice.- (interjection)- No, in answer to the Health Minister about his suggestion, I might relate, I was in a rather important—

**Mr. Chairman:** Order, please; order please. I would ask the Honourable Member to direct his questions to item 1.(b)(1) if he will, please.

### POINT OF ORDER

**Mr. Chairman:** The Honourable Minister, on a point of order.

**Hon. Glen Cummings (Minister of Environment):** Mr. Chairman, I take it that the Member for Wolseley (Mr. Taylor) is a little bit distressed that he was late getting here. The fact is that the tradition of this House is that when committee is called and given a reasonable length of time, a minute or two for Members to assemble, then it is the responsibility of those who wish to question the Ministers in Estimates to come and do so. If there is not an objection raised to the passage of items then they pass.

The Member cannot claim to be in an important briefing that should excuse him from the House. If that were the case, I would think almost every Minister of this House would find it very difficult to be here at any time. If it was in relation to meeting with constituents or lobby bodies, we owe it to the voters and taxpayers of this province to be here and carry on the business

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of the House. I do not want to be disparaging to the Member, but let us get on with the Estimate process.

**Mr. Chairman:** On the same point of order?

**Mr. Taylor:** Mr. Chairperson, the fact of the matter is, what was the amount of notice given? I can tell the Minister, and I want it in the record that I was in here within a minute and a half of notice that it was about to switch from calling of Bills—

**Mr. Chairman:** Order, please. Order.- (interjection)- I thank all Honourable Members for their advice.

**Mr. Cummings:** Mr. Chairman, on the same point of order, it was my understanding that leave was given by all Parties to debate Bills until they were completed. It was my responsibility the same as it was every other Minister or Member of this House to make sure that we kept ourselves available.

I get a little disturbed when the Opposition talks about notice and giving clear advance notice. We tie up civil servants, most of whom are earning far more than any of the rest of us in this House, we tie them up all afternoon while Members want to sit here and make us listen to unmitigated tirade over something that they do not want to talk about.

**Mr. Chairman:** I thank all the Honourable Members for their advice. I would ask the Honourable Members to assist us in dealing with the matter before us and the matter before us is item 1.(b)(1). The Honourable Member for Wolseley.

**Mr. Taylor:** If the Health Minister has anything further to say, he can be recognized by the Chair, otherwise I would suggest he keep order.

**Mr. Chairman:** The Honourable Member for Wolseley on Item 1.(b)(1).

**Mr. Taylor:** Mr. Chairperson, I would suggest that the Minister of Health (Mr. Orchard) is deliberately misleading the House. He has made a comment that my Leader publicly berated me.

**Mr. Chairman:** Order, please; order, please. The Honourable Minister, on a point of order.

**Mr. Cummings:** Mr. Chairman, the Member knows full well that we are all Honourable Members in this Chamber and to deliberately mislead is not parliamentary. I would ask him to withdraw it.

**Mr. Chairman:** I would ask the Honourable Member to withdraw that statement.

**Mr. Taylor:** Unless the Honourable Minister explains his motivations, I have no intention of withdrawing. Explain what you said, put it in the record.

**Mr. Chairman:** I would respectfully request the Honourable Member to withdraw that unparliamentary statement.

**Mr. Taylor:** I will withdraw the comment and I request an advice from the Speaker on that matter.

\* (1630)

**Mr. Chairman:** I have to advise the Honourable Member, I did not hear what the Honourable Minister of Health said. I will take that under advisement and we will come back with a ruling another time. The Honourable Member for Wolseley.

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**Mr. Taylor:** I have already withdrawn the comment. It appears that some Members cannot hear as they are too busy yapping. Could you call for order, please, Mr. Chairperson.

**Mr. Chairman:** The Honourable Member for Wolseley has the floor.

**Mr. Taylor:** Thank you, Mr. Chairperson. I would like to ask the Minister for further explanations that he might have on the fashion in which his department is conducting itself regards this proliferation of fuel spills of various types across Manitoba in a continuing fashion.

**Mr. Cummings:** Mr. Chairman, the Member refers to a proliferation of fuel spills. I would suggest that what has happened is that we have a historical growth in the amount of accidents that are happening in relation to underground storage particularly. It is one that is a legitimate concern, and that is why I responded earlier today in the House that I think it is quite correct that we are reorganizing the department and will therefore have a greater ability to monitor and control the monitoring process so that we can more quickly identify where there may be seepage or loss from some of the underground tanks. There is also an issue surrounding just simply the age of some tanks that are in place and the testing that goes on in order to make sure that they are safe. Interestingly enough, there are independent operators out there who have been put out of business because of the testing that is carried on to make sure that they comply.

Unfortunate, but that is the price that society now expects from these types of operations, that they must be able to demonstrate that their tanks will hold up under pressure. Therefore, if they cannot they will have to be replaced or simply taken out of service completely.

Unfortunately, given the parameters of testing with dipping and expansion and contraction it is not a precise science as to how much is in the tanks from time to time. We believe that with tighter controls we can catch up to these types of losses more quickly.

**Mr. Taylor:** Mr. Chairperson, the Minister is correct. There can be problems due to temperature changes in record keeping of fuels, but compensatory factors are available for that and have been around for decades. If there is scrupulous record keeping, it is fairly easy to determine within a tiny percentage what is the amount of fuel, be it oil or be it gasoline, that is in storage.



I would ask the Minister if it is the intention of his department on some sort of a regular basis to be reviewing the records of these operators so as to determine whether the operators are taking due precaution when it appears that there is a major deviation from what should be in the tanks to what they are seeing on the dip-stick readings?

**Mr. Cummings:** The system that is in place today, Mr. Chairman, is that the companies are required to report any discrepancies in their bookkeeping and they are periodically examined to testify to the veracity of the bookkeeping. What the Member is asking would require a rather large infusion of resources at this particular juncture. We are moving towards a more control-oriented ability, but I suspect that if he is asking us to be able to provide weekly or monthly monitoring of the veracity of the books of every service station within the province, in the short term that would require more resources than we would be able to apply at this particular time.

**Mr. Taylor:** That leads me very nicely to my next question, Mr. Chairperson, which is, what sort of resources are being put to this matter? We seem to have a situation such as Easterville, where it has been known for some seven years that there was a very major leak problem. The local community knew all about it. The present owner of the facility that is leaking now was aware of it before he purchased the facility in 1983. He still allowed the leaks to continue and that pool of gas to spread throughout the water table of the Easterville community and endanger potentially even the fishery in the immediate area, if it seeps that far.

The officials have known for a full year what was going on there when they finally found out. It has taken that long before orders have been issued. Given that sort of circumstance, given the circumstance we have had in other communities including that of his own, can the Minister indicate what sort of resources he is prepared to put in the future to this matter?

**Mr. Cummings:** The Member is putting some thoughts on the record that express some opinion about the quickness with which the Easterville situation was dealt with. The ability to identify whether or not there was a leak and stop the source of that leak is not necessarily in a time frame related to when we issued an order to get on with the clean-up process. There is a contract in place today that will start the process of clean-up at Easterville. We know, however, that any time a spill such as this occurs we are not looking at a number of days or weeks or months. We are looking at a number of years to begin to get the clean-up accomplished.

The Member talks about the migration of the fuel, including the concerns that have occurred in Neepawa. I suppose we should talk about it in the context of what happened here in his own neighbourhood as well. Different types of fuel, but different types of soil as well have different properties that would allow the contamination to migrate either more rapidly or more slowly. Where it gets into an aquifer is far more problematic and far more expensive to clean up than the heavy clays. The amount of movement would

generally be reduced unless it could get into something such as a sewer pipe or possibly follow previously trenched installations which of course in this case in Winnipeg would include the telephone cable.

The clean-up at Neepawa, there is more than one fuel spill that has occurred at Neepawa. The Member may or may not be aware that historically what happened there is that the fuel tanks were virtually in the aquifer because it is a very shallow aquifer there, gravel at a high level, some cases almost within two or three feet of the surface of the ground. I farm some of that land around the town and I can tell you that the ground water sometimes rises above the land inasmuch as it can turn into a swamp under certain adverse conditions. It has not happened for many years, however.

(Mr. Neil Gaudry, Acting Chairman, in the Chair.)

The fact is that the clean-up in a situation such as Neepawa is one that will go on for years and years. I notice the comments that were in the paper about the fact that it would be another year before the clean-up of the Co-op spill was completed. I think that should be couched in terms of whether or not the major aspects of it are cleaned up. I would suspect that we will see monitoring and some pumping going on for another four or five years yet. If I were to give a candid opinion of what I think it will take to get that out of the aquifer—it will be virtually impossible to remove it.

\* (1640)

The only advantage which occurs there is that there is very little use being made right at the local level of that aquifer. In other words, those who might have depended on it for well water are not being adversely affected.

In terms of resources under reorganization of our department, we will be moving towards more of a multidisciplinary training for employees who are in the field. That will mean that while we have two people today who are particularly responsible for on-site supervision and control of this particular problem, there could, in a very reasonably short period of time, be a large number of people within the department. Bearing in mind that we also administer 40 public health inspectors in connection with the Minister of Health (Mr. Orchard), they are responsible and part of our department, but they provide inspection and support to the Department of Health.

By multidisciplinary training, given the people that we have in the rural parts of the province, we will very quickly be able to pick up on the number of enforcement people we will have out there.

The other thing we expect to be able to do is a better job of separation in terms of issuance of licences and ultimate enforcement, which is a question the Member has raised from time to time about the ability of the department to enforce. That is something that we are also—well, I am unprepared to give him details at this point—that is part of the issue we are addressing within the reorganization of the department.

**Mr. Taylor:** Mr. Acting Chairman, I would like if the Minister could clarify for us what level of training he

would expect these—or cross-training I guess you would say, that the officials would gain, and therefore what capabilities would they have? Are they able to do work at a certain level? Are they able to do a full range of work that an environmental officer would be responsible for?

The other part of that is, when would he see this cross-training start to have the results in the sense of further trained officers actually being available for use in real-life situations, such as the past unfortunate spill in Neepawa or the present one we are dealing with in Wolseley at this time?

**Mr. Cummings:** The initial stage of identification of a spill is frankly a bookkeeping and fairly—not rudimentary, I could not do it myself, but I suspect I could be trained to do it. I would suspect that it would not take too long to bring regional people up to speed to be able to do a quicker check on the bookkeeping that is done where gasoline is stored, particularly where it is stored underground or in large quantities.

He asks about the level of training. We can license environment officers for a variety of reasons and with a variety of skills. Not every environment officer would be able to deal with every issue that would come up. An example is that for purposes of doing certain work, natural resources officers can be designated as environment officers for particular responsibilities. While we are not dealing with that here, it is also an option we will have as we begin to address this problem on a wider basis.

**Mr. Taylor:** Mr. Acting Chairman, I would encourage the Minister to keep going in this way because the resources that have been dedicated at this time to the task are nothing short of woefully inadequate.

I would ask the Minister if he is able—

**An Honourable Member:** Is that less than a ringing endorsement?

**Mr. Taylor:** That is less than a ringing endorsement, that is quite correct. I think there are a lot of other people in the province who would feel the same way.

The question I wish to pose next to the Minister is, can he give us a status report on the fuel spill from the Shell station on the south side of Portage Avenue between Newman and Basswood Streets? The Minister himself makes reference to one of my concerns, and that is the fact that where there have been channels dug in the clay, or actual conduiting in some cases put in place, is another means by which spilled and seeped fuel can spread.

In the case of that gas station, you have MTS trunk lines running along Portage Avenue, but immediately behind the gas station, and you only have the depth of one lot, about 100 feet from Portage Avenue you have an east-west lane. There are more utilities running in that lane, right against the back of the gas station, and the utilities in that lane intersect with the utilities serving the homes immediately south. You have a way in which, if that fuel gets to those utility conduits and

corridors just behind the gas station, they could potentially be down the street and down the back lane of those blocks right beside the gas station.

The first home is less than 50 feet from the station itself, and I would suggest probably no more than 100 feet from the tanks. That is how close a proximity, and I guess that is one of the reasons for the very sincere and serious concern that is being voiced. I will give you an example. Three doors from the gas station is the home of the president of the Wolseley Residents Association, a person that is known in the community who has a means of communicating with the local neighbours as well as the community at large. Potentially one of the homes affected, he has not had so much as a knock on the door to say what is going on.

I would like a status report if I could, and an answer also; it is a two-part question. Why has there not been direct communication with the local neighbours to reassure them if there is nothing wrong, and if there is something wrong, to inform them what is wrong and what are the risk factors?

**Mr. Cummings:** Mr. Acting Chairman, one of the problems that people who respond to these types of situations have to deal with is whether or not they feel there is an immediate danger or an imminent danger which should be taken out to the public to possibly raise concerns.

The Member can make a strong argument, if I were sitting in his chair, I could make the same argument, about why was this not done? I am willing to admit there are arguments that could persuade me to feel that this should be done.

The argument for not doing it, however, I will put on the record. That is, the spill was not seen to be one that was likely to lead to any kind of an imminent danger for the community because there was immediate action taken to make sure that monitoring was put in place.

I suppose one course of action would have been to go immediately to the community and say, we have a gas spill and we are afraid that gas will get into your pipes, and perhaps you should consider going to live with your mother-in-law. That would create considerable concern within the community, and it was the opinion of the people who were on site at that time that this was not necessary, because of the possibility of raising undue concerns and alarm within the community. To the best of my knowledge there has not been any identified area where the gas was into a position where it could, through its volatility, cause some explosions.

The facts of the matter are, as I understand them or as I have just put on the record—I will quite willingly concede that there are two ways of dealing with these issues. This is the route that was chosen for the reasons that I just said. I think it is fairly reasonable that I ask the people who are going to be responsible for dealing with any of these types of situations in the future that they have a clear communications policy which they will follow.

It may be the same one that they followed up to today, because they have every reason, they tell me,

to believe that it is the right action. I also suggest that communication is important. The communication was made with the proper authorities, however, in terms of the communicating with the city.

\* (1650)

If the city authorities had made the determination that they felt that there was a problem locally and that the local people should have been given an opportunity by way of a communication in a general sense as to what was occurring in the community, then the civic authorities would very likely have had the ability to communicate through the community chair as the Member suggests. That route was not chosen and it would appear to me at this point that it was not an inappropriate action.

**Mr. Taylor:** Mr. Acting Chairperson, can the Minister confirm that the spill is still contained within the site of the former Shell gas station? The Minister is right; you could handle it two different ways. I guess I am one that believes in informing people and saying, well, this why we are here and this is why the activity is going on. Yes, you will see something in the paper, but please be assured that we are looking into it; we have things in hand. I think that is the sort of thing that the officials of the Environment Department should do.

What happened is, we have an incident that took place or at least became known, I should say, five weeks ago, early November. It was in the paper then; there was not a hue and cry. You did not hear it raised here because we thought it was being handled properly. Corrective action was supposedly taken on the site in which there were excavations undertaken to dig down into that site to see what was going on.

When one hears at the end of last week that there is not resolution, that the information is not absolute, that the officials do not know, the Shell Oil Company officials do not know, and that was apparently confirmed by their people in their regional office in Calgary, that they do not know for certain how far that fuel went.

When it comes back a second time, then I think it is incumbent upon officials for certain to deal openly and fully with the community leaders and with their representatives. I think that is the case that we have now. This has been going on for five weeks. Obviously the spill, the leakage from the Shell tanks which are becoming notorious in Manitoba, 25 incidents over the last two years out of 100, that is not a very good track record.

Can the Minister confirm what has happened and is he prepared now to say what is going on, what is the situation likely to be? If he does not have a final answer, when will we have an answer and what will he therefore communicate with the local residents in that part of Wolseley?

**Mr. Cummings:** The first part of the question regarding whether or not we know the full extent of the contamination, unless you have a contiguous aquifer or something of a porous nature that may ultimately be contained in some way, that you can predict where

contamination will move or whether you know precisely when the contamination started, and very often in these cases you do not know the precise beginning of contamination so how many years worth of possible migration you could be dealing with, I suspect that one can never be totally accurate in predicting where the gasoline in this case or where a gasoline spill would migrate to.

The Member asks, do we know precisely where all the gas is that may have leaked at this station? I would have to say that we are probably where we believe we know, but one can never be 100 percent sure as to where some of this may show up.

The monitoring that is being done is being done on the sewer lines and in the vicinity of the water lines to make sure that it is not migrating in that manner. If I gather what the Member was asking me was, could I tell him precisely where it is, I cannot. The people on site may be able to give a yard-by-yard report and I can prepare a note to him as to what areas are included in the potential spill.

The other thing that happens is that water has quite an impact on this. High and low water levels will affect where the gasoline will be found and even during the process of recovery, the gasoline can escape, if you will, into some other part of an area given the wrong set of circumstances. So that is why we talk about monitoring. It sounds like that is a bit of a do-nothing operation, but in fact in this case it is probably an example of where monitoring is extremely important, because it could eventually lead to identification of where material is moving in a direction that you did not predict.

I think there was a second part of the question. I would ask the Member if he, I think there was further information and I do not understand the last part of his question.

**Mr. Taylor:** Mr. Acting Chairperson, just to reiterate to the Minister, I was asking for the status report, which I think he has given me as much as he is able to at this time and I am going to ask him for a further detail on that in the next question.

The other part I had posed was, is he prepared to ask his officials to give a similar sort of update to the local residents to sort of reassure them, because this thing has gone on for a certain length of time? I think the people at first did not become alarmed, but when they saw the thing still going on after five weeks back in the paper again, I guess they were looking for a bit of a reassurance there and I think that is reasonable.

What I asked the Minister on extensiveness was, he mentions monitoring the water and sewer channels. The other thing I might remind the Minister is, that whole area, because it is a very heavily built inner city, there is lots of gravel under the lanes, the roadways and the sidewalks, the gas station itself. There are many ways that it could migrate other than just in the heavy soils themselves. Has there been a small diameter bore-hole program done around the perimeters of the property to see if it has gone beyond that point?

**Mr. Cummings:** I cannot tell the Member how extensive bore-hole testing may have been. Certainly as part of

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most recovery operations, there may very well be some large diameter bore-hole drilling put into the area. I also understand that they have identified that it has moved to under part of Portage Avenue. I imagine it would have required testing to have identified that. The Member lives in the area. If he saw a drill rig there, he probably knows whether or not there was very much bore hole activity done. I cannot answer that question at this point but ultimately in the clean-up process, I am sure that will be part of it.

**Mr. Taylor:** Mr. Acting Chairperson, one would have had to be by the site most of the time to be able to determine, because the rigs can be in and out in a day or less even. Could the Minister then give a report to the local people and to myself in that regard? I assume he will probably want to report also to city officials. Was there a bore-hole program undertaken? What were the results of it? What other things have they found out?

For example, this point that it has migrated under Portage Avenue, probably through the gravel bed under the base of the road, any other information of that nature, could he please provide it to myself and the local residents?

**Mr. Cummings:** I do not think I will need to worry about providing a report to the City of Winnipeg because they will be fully involved and are fully involved at this point, but I will undertake to have the department put together a fact sheet that can be distributed in the area. We will make sure, given that the question has now been raised about why someone did not go door to door at the original discovery of this leak, that perhaps now would be an appropriate time to put out a fact sheet on what we know and what we feel we will have to look for. Questions I saw raised in the paper where people said, well will this kill perhaps my greenery? I am sure that an opinion could be expressed as well on those types of concerns, but it will be quite appropriate to put out a fact sheet in the area and distribute it so that the people know, and I will make sure that the Member gets a copy of anything of that nature.

**Mr. Taylor:** I hope quite frankly that I will be given advance notice of that fact sheet going out.

Will the Minister, as a result of these type of activities here that have happened in Wolseley, the Easterville situation, the Neepawa situation and numerous other gasoline and fuel oil spills which are becoming far too frequent, is he going to do a full review, from a programming viewpoint, on how to deal with this situation?

**Mr. Cummings:** Well, it is part of the departmental reorganization. I have indicated that it is recognized as an area where we intend to beef up our ability to trace what is happening. I find it a little humorous, however, that the Member would reference, in light of the problems in Neepawa, the fact is that everyone is so sensitive about gasoline leakages in Neepawa that the Co-op Bulk Station is now 10 miles out of town; the Esso Bulk Station, which was quite modern and

not very old, has been moved two miles out of town; Petro-Canada has just built a new installation on the outskirts of town and totally upgraded it and banked it; and Texaco has closed down their bulk station. The only one that is left anywhere near a residence is Shell -(interjection)- Well, it is urban sprawl, rural style.

We always did try to locate anhydrous ammonia out of town, but there has been literally millions of dollars spent in the Neepawa area to make sure that the gasoline bulk storage for farm supply, the bulk storage tanks, are out of the community. Gasoline stations, however, and there is a fair analogy that is drawn, that we become so complacent with the fact that there is a gasoline station next door that we forget that in fact that may be one of the more difficult hazardous products to deal with. I can almost hear some users out there saying, if they were listening to us, my God, what does this mean in the cost of the fuel, because the cost of operation for fuel companies has gone up dramatically. I can see where there are going to be ultimate impacts with this increased cost of control, because there is no doubt that it will be the companies and ultimately the consumer who will end up paying for this.

I do not say that is wrong, I am saying that it is the recognition of the reality of controlling this type of substance so that it is not a problem in the environment.

\* (1700)

**The Acting Chairman (Mr. Gaudry):** The hour is now 5 p.m. and I am interrupting the proceedings for Private Members' Hour. The committee will return at 8 p.m. this evening.

## SUPPLY—HOUSING

**Mr. Chairman (Harold Gillehammer):** I call this section of the Committee of Supply to order to consider the Estimates of the Department of Housing. When we last sat, the committee had been considering item 1.(c) Planning and Information Systems; 1.(c)(1) Salaries, \$830,500—the Member for Churchill.

\* (1620)

**Mr. Jay Cowan (Churchill):** When we were last meeting we had just embarked upon discussion of the three-year social housing plan as part of the community planning, and the Minister had indicated I believe that it was a joint process with the federal Government. I had asked if it would be possible for that process to include consultation with outside groups.

My understanding from the answer was it has not yet to date included such consultation with groups such as housing concerns groups and other individuals and organizations involved in the housing sector, but I believe that would be a productive way to make the process even more beneficial and more representative of views of Manitobans generally and would recommend that take place in the future. I would like some sense from the Minister as to whether or not that might be accommodated in future efforts under this particular planning activity.

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**Hon. Gerald Ducharme (Minister of Housing):** When we were closing up, I was mainly taking my staff. We have been in touch with CMHC in regard to that document of whether they felt it would—we would release that document right now, and they have said it. It is just in the planning stages. I myself as Minister, once we get through the information to release that, when we are finished with CMHC in our consultations with them of releasing that to the critics. The only thing is, I want them to be aware that—remember, it is a planning document only. I do not want it to be perceived that is what is going to be in stone, because we even have a meeting scheduled again for some time in April with the other Ministers to go over allocations, et cetera. I think I hinted to him that we had met, and there are problems in Ontario and B.C. trying to come up with their allocations. I am saying to him I take his remarks as information, and I will relay those over to CMHC.

**Mr. Cowan:** That would include the suggestion of involving community groups in housing or—

**Mr. Ducharme:** I will take those remarks back to CMHC.

**Mr. Cowan:** Thank you.

**Mr. Chairman:** Item 1.(c)(l) Salaries, \$830,500—pass; 1.(c)(2) Other Expenditures, \$1,223,600—pass.

Item 1.(d) Communications; 1.(d)(1) Salaries, \$139,900—the Member for Inkster.

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, I am wondering if the Minister can let me know in terms of the SAFER program—there have been some changes. There have also been some changes that he had suggested regarding the rent guideline. Are there other brochures or forms that are being changed currently?

**Mr. Ducharme:** I think I hinted last time we spoke that what we did was we tried to hold off on drafting complete new programs to let the public know when the rent guideline was 3 percent. However, if we are successful in getting Bill No. 42 passed in this Session of the Legislature, I will be doing an extensive study and an extensive revamping of our complete communications with the renters. We have been staying fairly consistent with what had been done before, along with the information that goes out to all the renters and information that goes out to the landlords. We have been staying very consistent, as it was two years ago, because the guideline was 3 percent.

In regard to the SAFER, we will be going through and doing our communication, outlining the shelter allowances, and we will be providing an update on the new changes to SAFER. We will be doing that when we are bringing in the changes on January 1, 1990.

**Mr. Lamoureux:** The Minister has stated that the guideline or the format for the new application has been finished now, but we are waiting until the Act is actually passed before it is going to be printed. Do we have enough, or are you going to be reprinting the application that we now have, currently have?

**Mr. Ducharme:** If you are talking about the guidelines for 1990, are you talking about the rent guidelines?

**Mr. Lamoureux:** The guidelines ending—

**Mr. Ducharme:** Because the guidelines are going to stay the same for 1990, if we are going to go into a heavy communications and strategy to show people that there are major differences coming forward, then I suggest we save those monies and completely rewrite it for when we bring in Bill 42, and then also the changes from Bill 42 and also have a very extensive change for when we change the guidelines for 1991.

**Mr. Lamoureux:** One other thing before we pass this line is that the Minister, upon introducing the legislation, Bill No. 42, had myself and my colleague from Churchill (Mr. Cowan) in his office and had made the suggestion that they will put together a package regarding several different requests, and he would be getting them to us. It has now been a couple of months, and I am wondering if he has any idea in terms of when we can anticipate receiving the package.

**Mr. Ducharme:** Maybe the critic could be more specific on what type of request.

**Mr. Lamoureux:** One in particular was the recommendation through the some-139, I believe, recommendations. I had requested to know which recommendations were not accepted.

**Mr. Ducharme:** I guess we could go through the 138 original recommendations and give you those that we did consider and those that we did not. That is very easy.

**Mr. Chairman:** Item 1.(d)(l) Salaries, \$139,900—pass; 1.(d)(2) Other Expenditures, \$163,500—pass; 1.(e) Support Services; 1.(d)(1) Salaries, \$1,547,300—pass; 1.(e)(2) Other Expenditures, \$602,200—pass.

Item 2, Landlord and Tenant Affairs: Provides administration for The Landlord and Tenant Act, The Residential Rent Regulation Act and The Condominium Act. Item 2.(a) Salaries \$2,030,200—the Member for Churchill.

**Mr. Cowan:** We are seeing a significant drop. Let me not overstate it—not a significant drop, but a drop in staffing in this particular area. Maybe the Minister could take a moment just to explain what is transpiring and why.

\* (1630)

**Mr. Ducharme:** What had happened was two vacant FC2 positions were deleted from the 1988-89 staffing complement. The time it takes to resolve a dispute has been reduced considerably over the last two years. Whereas it used to take an average of 145 days to close a file, now it takes 60 days; an improvement of 59 percent in turnaround time. There has been a reconstructing of the branch. Actually as a result of this improvement, there was a small reduction in staff

of two. Also we did improve the computer system and there was a reconstruction of the branch.

**Mr. Cowan:** Does the Minister not anticipate perhaps increased pressures on this particular area with regard to the passage of Bill No. 42? If so, what has he put into place in order to accommodate any increased pressure on the Landlord and Tenant Affairs Branch?

**Mr. Ducharme:** First of all, we have put in an anticipated amount. However, we do not anticipate we would get it into full structure in the year 1990.

**Mr. Cowan:** Why is that?

**Mr. Ducharme:** Why is what?

**Mr. Cowan:** Why do you not anticipate that?

**Mr. Ducharme:** We do not anticipate bringing it into complete force in 1990, we are reviewing. What we would do is, if we can bring it in, we would be bringing it forward in our next budget year starting April, what extra staff we would need. But in this particular scale, we have not indicated any staff up until April.

**Mr. Cowan:** What extra staff does the Minister anticipate will be required in the coming year then with respect to this Bill?

**Mr. Ducharme:** I can give you the direct staff of the budget we had set up if we deal with the housing component, or the housing court, is to say we have anticipated some expenditures.

I think when we introduced it we were talking about two part-time commissioners and one full-time commissioner, and then we would redo the present rent appeal staff and fit them in to deal with the housing court. We are evaluating now on what other we would need for the legislation once we know what exact legislation we are passing under Bill 42.

**Mr. Cowan:** There has been a request for assistance from the Department of Housing with respect to organizations, housing concerns, groups out there with regard to their activities. A lot of it would involve the area of landlord and tenants affairs. Is the Minister anticipating or entertaining any idea of providing such assistance as was recently requested at the vigil and has been requested on a ongoing basis from those groups?

**Mr. Ducharme:** We passed the information from the group on to our staff and they have been in touch with Winnipeg Regional explaining what we have available, that is as far as we have gone so far with the vigil group. We constantly do that, that is an ongoing. When people get in touch with our staff we let them know what our vacancies are, we get them in touch with Winnipeg Regional. Other than that we have not done anything further.

**Mr. Cowan:** I think the request actually goes beyond that. It is a request I think is quite timely given that

Bill No. 42 will probably be passed very soon, one would hope so, and that it will be put into effect. That provides a focal point or an opportunity for the province to take a look at what sort of services it provides to those who represent individuals out there who come into contact with the Landlord and Tenant Affairs Branch and come into contact with the different elements of the bureaucracy.

I would hope the Minister would be expanding upon the opportunities provided for in Bill 42 by setting up some sort of support service to groups and to individuals to help them in advocating for better housing, rental stock as well as non-rental stock.

The specific request I think at the vigil was that the province should fund housing advocates who could help welfare recipients get better protection under rent control. The Minister will recall that this is a recommendation the New Democratic Party made during our discussion on Bill No. 42 in the Legislature when we were debating second reading. It is something we share as an objective and believe to be a good idea, in common with the housing groups. We would like to reinforce their request at this particular time and ask the Minister if he cannot provide funding for that advocacy through his department this year.

**Mr. Ducharme:** We have not budgeted for that up until April of this current year. We are going to be looking at what will be passed in Bill 42. I know the Member is aware that we do have an information department composed of, I think it is approximately five people who during the process give information to these groups, but what he is referring to we have not budgeted for in this year. We could take as notice and as we work with this group we can find out exactly what they want and then we can consider making considerations, but at this time we have not budgeted.

**Mr. Cowan:** We have limited time today so I am not going to belabour the point, but I do expect that there will be more requests for assistance to housing concern groups, to organizations who are dealing with the new Act. I believe it is indeed an opportunity, a chance for the Government to think out how it can provide that assistance to make the Act an even better Act than it is at present.

We will be attempting to do that through amendments that we can put forward at committee stage, but it is difficult for Opposition Members to put forward amendments requiring funding. So that is something the Government has to take onto its own. I just want to provide further encouragement to the Minister to do that. I understand this Estimates review that is before us now is one that is limited to this year, and I take him at his word that they will give serious consideration to providing for such funding in next year's Estimates.

**Mr. Ducharme:** What I can say to the Member is that when we finish with Bill 42, whenever it comes out, then at that time we will have to sit down and find out what would be the best way of dealing with the groups that come up as a result of Bill 42. The only thing we did budget for, or we wanted an approximation at this

time, were the concerns about the cost of the commissioners, the people who will be dealing with what I keep calling the housing court, who will deal with the disputes. We have handled that in our projections.

I am sure as we work with Bill 42, however it is finished, there might be considerations that have to be given, apparently, if they decide to pass other amendments we have not in our Bill. At the time of the completion of Bill 42, I know my staff will sit down with the Minister and probably consult with outside groups, landlords and tenants, to deal with the Bill and to deal with those groups specifically. If there are monies required, we will have to provide that staff. If we are going to bring in strong legislation dealing with the tenants and landlords, then I have no problems arguing that, but I do need from my staff where I need those staff delegated, where it might relieve other people on our staff and sit down and do that. I do not think we can do that until Bill No. 42 is completed.

**Mr. Chairman:** Shall the item pass—pass; 2.(b) Other Expenditures, \$229,700—pass.

Resolution No. 81: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,259,900 for Housing, Landlord and Tenant Affairs for the fiscal year ending the 31st day of March, 1990—pass.

Item 3. Operations: Provides for the administration and management of activities related to the construction of new and the renovation of existing housing stock, including private, public, and non-profit sectors; provides for the administration and management of housing projects owned and/or subsidized by the Manitoba Housing and Renewal Corporation; provides subsidies and grants to low income homeowners and renters. Item 3.(a) Administration, 3.(a)(1) Salaries, \$153,600—pass; 3.(a)(2) Other Expenditures, \$17,400—pass.

Item 3.(b) Property Management; 3.(b)(1) Salaries, \$1,218,100—the Member for Churchill.

**Mr. Cowan:** I have one specific question with respect to a constituency matter. It is my understanding that in Leaf Rapids there is some discussion about closing the Churchill housing component there, which is a section of the public-sector housing that is provided for through the department, Churchill Place is the official title.

That is the only area in the community which provides for five-bedroom apartments. There are some families in the community that have large families that require five-bedroom apartments. There is a concern on the part of some residents that there is an unofficial directive on the part of the department that that particular component be closed. That would create some hardship in the community.

\* (1640)

I ask the Minister if he can indicate if that is the case, if there is an intention of closing? I understand there are probably about 11 families in the complex at this point in time. They are not putting any new

families in, and the reason for that is they want to keep the vacancy rate of that area quite high so it can be closed quite easily.

**Mr. Ducharme:** It has been brought to my attention that we would be considering consolidating some because of the high vacancy rate, but I can get you some further information.

**Mr. Cowan:** The difficulty is there is not a lot of rental property in that community, and I do not know if there are any other apartments. As a matter of fact I would guess there would not be any other apartments that have five-bedroom units. There are large families that require that size of a unit. If you close down the entire Churchill Place component then you, I think, are left with only four-bedroom apartments as the largest units.

I would argue against closing down the Churchill Place component at this time. I am not going to belabour the point, because there are other matters that we want to get into. I would ask the Minister for a commitment that if they are considering closing it down I would have an opportunity to discuss that with him at another occasion, so as to try to bring to his attention concerns about that anticipated closure that have been brought to my attention as MLA and try to dissuade him from completely closing the Churchill Place component in Leaf Rapids.

**Mr. Ducharme:** To be honest with you—as you know I am usually straight up with you—this is the first I have heard of this. I was not aware of this. I will certainly consult the Member for Churchill (Mr. Cowan) before any final decision is made. I will make sure I get together with him to give him a complete breakdown on what we would do if we are going to do anything.

**Mr. Cowan:** As well as to listen carefully to the concerns that are being communicated through me to him by my constituents, I would appreciate that opportunity.

**Mr. Chairman:** Item 3.(b)(1)—pass; 3.(b)(2) Other Expenditures, \$232,200—pass.

3.(c) Delivery Services; 3.(c)(1) Salaries, \$759,400—the Member for Churchill.

**Mr. Cowan:** I just wanted to make the point under this subappropriation that we will be pressing the Minister for further action with respect to innovative housing projects and innovative control housing mechanisms in northern Manitoba, a process which was initiated under the previous administration and, unfortunately, cut short at a time when I thought we were just about ready to make some new inroads with respect to dealing with a lot of the problems that have existed for far too long in developing and implementing some innovative new approaches.

Again, time is short at this particular time, but that will be a matter we will be bringing to the Minister's attention on an ongoing basis. Hopefully, he will respond in a somewhat urgent manner to see that new programs are put in place, because the old programs just have not worked in the past and will not work in the future unless significantly changed.

**Mr. Ducharme:** To the Member, I took note, and we took note, in his opening remarks. All I can say to the Member for Churchill (Mr. Cowan) is our Government continues to endorse this objective in principle. However, the federal Government, which is the primary cost-sharing—and I guess I am not trying to blame CMHC but they are the large cost-sharing partner under these programs—has required a national consultation, and when that is completed and the evaluation process is finished then we will deal with it.

**Mr. Cowan:** That sounds very familiar to what we were hearing for a number of years with respect to this program. I think we were approaching a point in time as a Government, and I know I was arguing very hard for this, that if CMHC was not prepared to co-operate with us and develop a new approach then it would be time for the province to pull out and do it on their own, that we could probably get better value for our money although there would be less money involved by doing it on our own and constructing housing that lasted and housing that was responsive to community needs, then we would by imposing standards upon the communities that just resulted in housing that was in need of renovation after a couple of years, did not meet community needs, was not responsive to cultural needs and was I think in many ways a failure.

I think the program worked very in the early years when you had to get some housing on the ground very quickly. I think over time it should have evolved into a different type of program where it took control out of the federal and provincial Governments' hands and put it into the community's hands and into the housing recipients' hands.

I saw the federal Government as one of the main barriers to that process, once the province had decided where it wanted to go. I still see the federal Government as one of the main barriers, and I do believe, and it is only a guess, but I think staff would even at least suggest that it might be possible, that we would, in actuality, get better value for the money that we put in by going our own, foregoing the CMHC contribution, but having housing that lasted much longer and was much more pertinent to community needs and much more responsive to residential needs.

**Mr. Ducharme:** When this was first discussed I think I had been a Minister a month and a half when we went—we discussed it in 1988, and Saskatchewan and Manitoba have the same major concerns. We are anticipating that is to be concluded in 1990, so I am hoping that your long-awaited wait by the previous administration and ours is that we can resolve that matter.

**Mr. Chairman:** Shall the item pass—the Member for Churchill.

**Mr. Cowan:** I will ask this question on the next item and this one can pass.

**Mr. Chairman:** Item 3.(c)(1)—pass; 3.(c)(2) Other Expenditures, \$135,400—pass.

3.(d) Client Services; 3.(d)(1) Salaries, \$1,517,500—the Member for Inkster.

**Mr. Lamoureux:** I am very concerned about the current status of the RAP, both in the rural area and also in the urban area, more specifically the effect that the RAP cutback to our landlords is going to have on the state of landholders' buildings, thereby being the place in which the tenants have to live. We seem to be trying to come up with legislation that is going to be addressing that problem. We have on the other hand a federal Government that has seen fit to cancel this particular program toward the landlord.

I would ask the Minister of Housing (Mr. Ducharme) if he has had any discussions with his federal counterparts, and has he come up with possibly an alternative to meet what we perceive as a need for assisting landlords one way or another who need the funds to bring up their homes to a livable standard.

**Mr. Ducharme:** When this first came up we were told the landlord RAP was being discontinued by the federal Government. I heard about it first of all in the spring before our Ministers' meeting, and I did write the Honourable Alan Redway. I can supply you with a copy, because of the time, of my objections to that particular program being discontinued.

In short in wondering whether we have brought up any temporary means, we were able to move some monies over from the Core monies for at least this year. I do not have the figures—a million and a half dollars from Core to help with that particular landlord program. I am not agreeing that we should be pulling the federal Government out of the fire because I objected to it immensely, so did the Minister from Quebec because we are the ones who are affected the most of all of them.

Maybe I would suggest that—I will read you the last four lines of the letter: In closing I would request that you reconsider this unfortunate decision. I will be pleased to provide you with any further information and look forward to discussing this issue with you more fully at the upcoming federal-provincial Housing Ministers' meeting in July.

I also told him in my reference remarks at that particular meeting that I do not think you benefit, you just delay, you are just delaying the inevitable.

\* (1650)

Maybe I could just give you—I do not want to read it all to you, but I will also again give you some figures from my speech expressing Manitoba's disappointment in their cutting out that program. I will also supply that to the two critics so they will know that this Minister went on record as opposing it along with the Minister from Quebec.

**Mr. Lamoureux:** Mr. Chairperson, the shifting of monies into the core area to help facilitate this cutback at the federal level will only apply to core area landlords. There are landlords outside of the core area within the City of Winnipeg boundaries and also in the rural areas in general. Is the Government looking into the possibility of coming up with a program that would help facilitate the need outside of the core area?



**Mr. Ducharme:** We looked at what we felt were some funds that were quickly available to help resolve that problem in order to maybe convince the federal Government and the Housing Minister not to discontinue that plan. The rural areas are not affected as drastically as the core area where we saw that previous monies had mainly gone into. We felt that getting the money from the core was better than losing it completely.

Because I wore the other hat and I was a partner on the Core we were able to convince our Core colleagues, the mayor and Mr. Epp, to allow those monies to go into there and that was the best we could do for the 1989-90 year and hope that maybe we can work to convince the Minister that it is not a good program to delete at this time, or any time.

**Mr. Lamoureux:** One of the things that the Minister of Housing (Mr. Ducharme) has done regarding the Critical Home Repair Program is he has replaced it with another program known as the Emergency Home Repair Program.

At one point in time there was—the department, or members, or people from within the department were referring people who were calling for the Critical Home Repair Program to RAP officials. The waiting list for RAP, as I am sure the Minister is well aware, is very, very long, depending on the area in the city that you look at it can differ from three months to virtually a year. My concern is that the Critical Home Repair Program offered a service that was really in need. It facilitated many who were on low income and ensured that they had a shelter over their head that would protect them from all elements. They have now replaced it with the Emergency Home Repair Program.

We could probably discuss this at great length, but the difference between the two programs, put quite simply, is that the criteria are different. For example a window might have been able to be replaced under the Critical Home Repair Program, whereas under the Emergency Home Repair Program it does not necessarily qualify. So the criteria have changed and that has caused, I believe, a lot of tension in terms of people who would have been able to qualify for the previous program, and I will leave it at that. The Minister might want to respond to it. Other than that I am willing to pass.

**Mr. Ducharme:** It works both ways. There are people who applied under the Critical Home Repair Program who also did not apply. The waiting list—not everybody who applied was granted their wish. We believe there were problems with the Critical Home Program. We believe our Emergency Home Program is an outward grant to the client, where the Critical Home Program was funding up to \$3,000 in the form of a repayable loan and not a forgivable grant.

There were ways that we felt ours was maybe a little better. The guidelines were basically changed that previously clients could only get a maximum of a \$1,400 grant. Any further assistance had to come from a loan basis up to the combined maximum of \$3,000.00. A client can now get up to the full \$3,000 in grant with

a minimum of the usual red tape in response to, we feel, the urgent health and safety and repair situation.

I guess our philosophy may be a little different than the previous administration, but that is why there are pros and cons of both the particular programs and we chose to go this route. We felt that RAP was probably eating into a lot of the Critical Home Program, and we felt that it was coming to a time that they were getting their benefits under the RAP. That is the only thing I have to add to that. I know the Member for Churchill (Mr. Cowan) will have his philosophy from his administration.

**Mr. Chairman:** Shall the item pass—the Member for Churchill.

**Mr. Cowan:** It is just interesting to hear now that there is no Critical Home Repair Program. That is what we said on the day we found out that there was no Critical Home Repair Program. I do not want to belabour the point, but at that time the Minister was trying to tell us that there was still the Critical Home Repair Program and that it had not been eliminated. I think he tried to play the game of semantics a bit too much in that instance, but again I do not want to get stuck on that point given the fact that we are trying to accommodate some schedules here. So I will not even ask for an answer.

**Mr. Ducharme:** The only thing I have to—

**Mr. Cowan:** I guess I will get one.

**Mr. Ducharme:** I was trying to tell the Member that there is still a provincial program, and that is what I tried to stress to him. If he wants to mix words that there is no longer a program, I say there is. However, what I am saying to him is that the philosophy on conditions of that program—I think I would have been criticized more if I would have brought forward and completely changed the program and left the same name. I did not agree with that philosophy of doing it that way.

**Mr. Cowan:** The fact is, there is no Critical Home Repair Program as there was previously.

On Client Services, I want to ask a question with respect to SAFER and SAFFR. On page 42 of the Detailed Supplementary information, it shows that there was an increased workload resulting from reapplications in the Shelter Allowance Programs. Why was it that there was this increased demand because of those reapplications? Why were people reapplying basically?

**Mr. Ducharme:** Normally we do go through an additional staff requirement, and I am told by my staff that this additional staff was not required this year to carry on that workload.

**Mr. Cowan:** Again, time is very short and I am going to have to deal with that issue later. I wanted to ask him another question in this area though. He had received a letter from a Mr. Mudge back in the fall and he answered that letter on October 18, 1989. I have

to tell him that I think he took some inappropriate swipes at the previous administration when answering that letter but that is within his right, not within his responsibility, but it is within his right as a Minister of Housing for a Conservative administration. I think, that while it may have been irresponsible, it was something that was not outside of that which a Minister can do.

In that letter he says that Government is currently in the process of reviewing the maximum rental levels to determine whether the current maximum accurately represents the present rental market situation, and it is anticipated an announcement with respect to possible increased program rents will be forthcoming in the future, which I believe has been already dealt with. It is also said that there is an intention to ensure claimable rent levels are just to reflect market movements annually. Is the Minister saying that they are going to be applying an automatic cost-of-living increase to this program?

**Mr. Ducharme:** No.

**Mr. Cowan:** What does the Minister mean by that particular statement?

**Mr. Ducharme:** First of all, the SAFER and SAFFR Programs have not been, as you have mentioned, indexed to the inflation because there are more factors involved. I did explain that, in simply a rise in the cost of living as a form of determining benefits, involves both movements in rent levels and income levels. In order to ensure, however, that benefit levels are adjusted on a time link, we are looking at setting it for January 1 to reflect changes. Treasury Board has instructed that recommendations be brought forward to be reviewed annually.

I, as Minister, have made it a point with my staff to make sure that we have those factor levels and those formula levels, so that when we do our budget process each year, that I do bring it up in order that someone else does not have to come to me and say, why are you not raising them? I will at least be dealing with them on an annual basis.

**Mr. Cowan:** Will the Minister then be recommending to Treasury Board and Cabinet ultimately a formula that takes into account the different factors, which could then be made public so people could judge and in some way anticipate what the increases might be and judge whether or not the Government is keeping to its own criteria when setting the new rates?

**Mr. Ducharme:** We wanted to make sure that we had something to come in line with the—as of January 1, and because we have dealt with it on this basis and now that we have put a little flag on it, there is nothing that stops my staff from continuing to look at other ways that it would fix in. However, at this point we have not been able to establish that it automatically kicks in on January 1 of each year.

**Mr. Cowan:** Again, this is an area that is going take a bit more discussion, because I think Mr. Mudge's comments are well taken and deserve a bit more of

an answer than we have been able to get today. That is not the fault of the Minister. It is just a time problem and we will be pursuing this matter further because I believe a formula can be developed that would be adequate. If it can be developed for one period of time, it can be developed on an ongoing basis for ongoing periods of time, but let us leave that point because of the time constraint, and we will deal with it on another occasion.

**Mr. Chairman:** Shall the item pass?

**Mr. Ducharme:** We have a further letter that went to Mr. Mudge, and he has been answered further from that October letter that he did send in.

**Mr. Chairman:** Item 3.(d)(2) Other Expenditures, \$357,500—pass.

Item 3.(e) Grants and Subsidies \$6,854,500—the Member for Inkster.

**Mr. Lamoureux:** I am not too sure if we can proceed past five o'clock, so we will have to wait until eight o'clock.

**Mr. Chairman:** What is the will of the committee? The Member for Churchill.

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**Mr. Cowan:** On a point of order, we are past or at five, close to five, and I know the Minister has an important engagement that he would like to attend to this evening. I would hate to keep him behind. I think, maybe if we could agree to use this period of time between now and the next five or 10 minutes to determine if we can just not go into this committee this evening or go into a different sector, perhaps Energy and Mines this evening, and then allow the Minister to attend the function that is Government business, and then come back into this committee by leave of the House, we would certainly be prepared to do that.

**Mr. Chairman:** I am told that this is a matter the House Leaders will have to address. Is there a willingness to leave this with the House Leaders to—

**Mr. Ducharme:** No, I think that the critics only have certain opportunities to go through their briefing and be fair to them, and to make sure that I get my message across to the Minister. I do not want to—we can go and talk to them, and we will let the House Leaders decide.

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**Mr. Chairman:** The hour is now 5 p.m. I am interrupting the proceedings for Private Members' Hour. The committee will return at 8 p.m. this evening.

\* (1700)

## PRIVATE MEMBERS' BUSINESS

**Mr. Speaker:** The hour being 5 p.m., time for Private Members' Business.

### PROPOSED RESOLUTIONS

#### RES. NO. 27—COMPOSITION OF THE ELECTORAL BOUNDARIES COMMISSION

**Mr. Speaker:** On the proposed resolution of the Honourable Member for Selkirk, Resolution No. 27, Composition of the Electoral Boundaries Commission, the Honourable Member for Selkirk.

**Mrs. Gwen Charles (Selkirk):** Mr. Speaker, I move, seconded by the Member for Fort Garry (Mr. Laurie Evans), that

WHEREAS the make-up of the Electoral Divisions Boundaries Commission has been mandated by The Electoral Divisions Act; and

WHEREAS the commission is now only made up of:

- (a) the Chief Justice of Manitoba;
- (b) the President of the University of Manitoba;
- (c) the Chief Electoral Officer; and

WHEREAS the make-up of the commission does not guarantee adequate representation of the diverse regional interests of Manitobans; and

WHEREAS Manitobans living outside of the City of Winnipeg should be fairly represented on the commission;

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba recommend to the Government of Manitoba that it consider amending Section 8(2) of The Electoral Divisions Act such that the regional diversity of Manitoba is represented by the make-up of the commission.

#### MOTION presented.

**Mrs. Charles:** I may keep my comments brief to this. It is not that it is not a resolution that, obviously, I wholeheartedly endorse, but that my voice may not last that long in speaking to it.

We are in a unique situation in the Province of Manitoba in many respects, but the most obvious to those of us, particularly outside the Perimeter Highway, is the fact that 60 percent of our population dwells within the City of Winnipeg itself. The other 40 percent is scattered across a very diverse province, from the agricultural rural areas to suburban rural areas, to the north, and so on. The make-up is as varied as you can imagine anywhere in Canada.

I think it is quite ironic, that we in Manitoba feel so separated at times from the centre of Canada as we see it, being Ontario and parts of Quebec, that we are doing the same in many respects to some of our citizens in Manitoba. We find that all citizens are not equally

represented in the Legislative Assembly of Manitoba, not in the heart and soul of the representatives who do their service to their community, but in the numbers.

With the new divisions coming under 1990s revisions, we find that there will be more Members sitting in this Legislature from the City of Winnipeg than there will be in total from the Province of Manitoba outside the City of Winnipeg. That certainly reflects, in some ways, the make-up of the numbers, but it does not account for the regional diversity or the importance of the province beyond the City of Winnipeg. This is in no way any reflection, of course, upon the quality and importance of the citizenry of the City of Winnipeg, but the fact that they, as much as the rest of us, want fairness and equality for all Manitobans.

There are many ways we could go about changing the Electoral Boundaries Commission, and many suggestions have come forward. I would like to try and have proposed in this resolution that we begin considering the make-up of the commission itself. Traditionally, as is outlined in the resolution, there are three members on the commission, them being the Chief Justice, the President of the University of Manitoba, and the Chief Electoral Officer.

Traditionally, those three people are centred in the City of Winnipeg. As much as, I am sure, they have tried to be fair and have worked very hard and diligently to come out with new, refined boundaries, they are not members of the society of outside the City of Winnipeg, nor are they of the North. They are not living there and dwelling there, although I am sure their businesses take them in many aspects to areas of the province from time to time. But they are not living there and they do not see from day-to-day what it means to live, even as closely as I live, outside the Perimeter Highway, and noticing what the difference is between those within this wonderful boundary and those without.

The proposition in this resolution is that the commission be made up of a different selection of people that would reflect the make-up of Manitoba itself. We should have a northern representative, and perhaps that northern representative should be not a city person, as not just a member of the City of Thompson, for instance, but perhaps that person should come from the northern community itself as is reflected by the peoples of Manitoba. Perhaps the University of the North, as being proposed, is the beginning. It could certainly be from the City of Thompson, but I think we should hold our minds wide open and decide what is best for the province, and not just choose the obvious, but look for the best selection that we can.

We certainly should choose from the agricultural and rural sense of Manitoba, to have people from the southern and mid-section of Manitoba represented on the commission and, of course, naturally, from the City of Winnipeg. This should be reflected on the commission. As the commission is set up presently, there are allowances for there to be variances in the numbers of people represented in each constituency. Unfortunately, in these last boundaries, the commission did not allow for a discrepancy, as is admissible under the Act, that would have evened-off in a better way the numbers of representatives to this House. They

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chose not to, and as a result we have had more MLAs elected within the City of Winnipeg than without.

I do not hesitate to suggest that perhaps, if the commission had been made up of a different group of people, someone from the rural area or from the North would have made a larger objection to this decision that had been made by the commission. The decision, perhaps, would have been to use the mandate that is already given to them to expand the differential in numbers and have a fair representation, so that the majority of the people cannot be ruled under one map structure, but will be ruled under the representation of the population of Manitoba as a region.

As I said just previously, we are fighting here as Manitobans to find our regional importance in the Constitution of Canada. We feel, even though our numbers are not as great as the southern part of southern Ontario, we are as important, and our regional differences make us as important, and that sometimes we are not able to feel that our regional differences are acknowledged and accepted by the population centres of Canada.

That is no less or greater, in any way, than how rural Manitobans feel, that we are as important wherever we live in Manitoba regardless of the numbers of population around us, and it is difficult to have a voice when we do not have equality within this House. So this resolution is a very short, simple resolution, asking that some consideration be made by this Government to change The Electoral Divisions Act and allow for a different representation on the commission. It is not a difficult one. It is not a drastic measure.

I think this is one step we can take that I believe will make the difference in choosing new boundaries. We do not, as politicians, want to make the choice of boundaries a political decision. It has to be a fair, equitable decision and that can be done by wise people making wise decisions, and it should be done by wise Manitobans represented by the district themselves, the regional diversity. This brief, short resolution I hope will be supported by Government, given full support so that we can, in the next decision, when the boundaries are changed, see a fair representation in this House of the regional diversity of Manitoba that makes us such a wonderful province.

\* (1710)

**Mr. Harold Gilleshammer (Minnedosa):** Mr. Speaker, I appreciate the opportunity to put a few thoughts forward on this resolution, the composition of the Electoral Boundaries Commission. As the Member indicated, it is short and simple. I think it is a recognition that there is a problem with the Electoral Boundaries Commission, which is part of a larger problem that has to do with the results of the report that was brought in and passed in June.

I think there is much more we have to address, but certainly this is a start and it is one that we can support. I think, as I indicate, it will address only one aspect of this, and I would like to mention some of the other areas which I think need to be addressed at the same

time. First of all, however, the make-up of the commission very clearly does not represent all of Manitoba, does not represent the interests of the rural areas and the urban areas. I think that it is an area that could easily be addressed by appointing people who are knowledgeable about rural Manitoba and northern Manitoba and could bring forward a more equitable plan to allow representatives to represent those areas of Manitoba.

When we talked about this back in June, I think there was a feeling that the population in Manitoba has changed drastically, and it has not. Certainly there is a trend that more and more people are living in Winnipeg, but the difference between the rural population and the urban population has not changed as drastically as we have been led to believe. I think that the Member mentioned the issue of the variance which is allowed under the current Act, and that variance was not used in drawing up the boundaries. I think if that variance had been used with those boundaries, we would not have seen the swing that we did see and that the number of rural seats and urban seats could have remained the same.

The Member did not address the question of who should be on the commission, who can represent rural Manitoba and northern Manitoba, and I assume from that there is an assumption there that those people can easily be found. I think to ingrain it in legislation, to make it permanent, we have to give some thought to that.

On the current commission we have the Chief Justice, The president of the University of Manitoba, and of course, the Chief Electoral Officer. I think we have to look at some of the institutions like Brandon University, like the union of Manitoba municipalities, people who not only live in rural Manitoba, but are tuned in to the feelings, the hopes, and the aspirations of people who live outside of the Perimeter Highway.

More thought has to be given to this whole question, and I recognize when the Member for Selkirk (Mrs. Charles) said that the resolution was short and simple, it did leave the flexibility for Government, for whoever brings in the legislation to have some flexibility in thinking through that and putting forth members to the Boundaries Commission that would easily reflect those areas.

I think at the same time, I have had the opportunity to read the speeches that were made in June by various Members. I think there was a feeling at that time that we should also be looking at expanding the House to 60 Members to allow us to address this area of urban, northern and rural membership. I think that if there is a will, that is something that can be looked at much sooner than the normal 10-year period

In informal discussions with Members of the House, I know that there are a number of Members, a number of Parties in the House who are prepared to look at that and to see if expanding the House to 60 seats will revisit that decision, and hopefully give us an opportunity to not only expand the House, but to allow that rural representation that I have spoken on before and that I think is necessary. We have talked about

the one-person, one-vote concept before, and I have said before and I would submit again that is not a concept that is written in stone. It sounds good, but I think you also have to take a look at the geography of the situation, the vast expanse in this province that has to be represented, and to make those electoral divisions smaller so that Members can adequately represent that area.

I think that not only do we take advantage of modern means of communication to make contact, but it does not allow us the face-to-face meetings that constituents are wanting. They like to be able to see their Member frequently. They would like to be able to meet with him. With the size of the electoral boundaries, and with the fact that the House is sitting for six, seven months of the year is a limitation for Members to meet with their constituents and to be available in the community. Certainly you have to be creative to be able to get your message across to constituents.

The Member for St. Vital (Mr. Rose) has visited Minnedosa frequently, of course, and has been treated well out there. We see only a glimmer of understanding in his understanding of rural Manitoba, but hopefully with more visits out there he will be able to understand the rural area a little better.

I think that other provinces have the same problem and other provinces have addressed this by using a variance, whether it is 10 percent in the rural area and 25 percent in the North. We perhaps are interpreting that legislation too literally and not allowing for that variance which would allow those people who are drawing up the boundaries to enable those areas to be smaller in terms of size and allow for the rural Members that we want.

I think that if there is a will to look at the boundary situation sooner, if there is a will to expand the House to 60 seats, I think the last problem we have to circumvent is the time at which we do this. Certainly in the past four redistributions, the Boundaries Commission has legislated to bring in a report every ten years. I think if there is a will that this is an area that has to be redressed we can also talk about the timing of that, so that we do not have to wait until the end of the 1990s or the year 2000 when the population trends may have moved even further. We do not have to wait that long to examine this problem, and again, if there is a will with all Parties, I am sure that an all-Party committee could easily be struck to take a look at this whole area.

With that, I would say that we are prepared to support this resolution on the electoral boundaries and would emphasize again that this is a small part of a bigger problem. I would hope that Members in the Liberal Caucus who have brought this forward, who have made the motion and seconded, would be interested in continuing on discussions to try and look at the other problems that we see with electoral boundaries.

\* (1720)

**Mr. Gary Doer (Leader of the Second Opposition):**  
Mr. Speaker, I hope the Member from Steinbach is

going to get up and speak on this resolution. I know he is just dying to speak out on the resolution.

I want to join other speakers on the resolution before us. I certainly agree with the resolution in principle, that the Government of Manitoba consider amending the Boundaries Division Act such that the regional diversity of Manitoba is represented by the make up of the commission. The problem I have with the resolution is it is not very directive to the Government of the Day on who, those institutional appointments, would indeed be part of The Electoral Divisions Act representatives from outside of the existing three Members.

I am very worried about this resolution. Does it mean that we just go with the amendment the present Government, former Opposition Members, made before when they just proposed the executive director of the UMM be on the commission. A person who may be a very laudable choice, but I know—the Member for Minnedosa (Mr. Gilleshammer) has a smile on his face, he knows that person well in Manitoba. Does it mean we want to have somebody from northern Manitoba, and if so, who?

Therefore I agree with the resolution in principle, but I do not agree with the resolution in terms of what it is exactly proposing. I think we should be adding a couple of people to the Boundaries Commission. I think one of them should be an institutional position that you really think about from rural Manitoba, and one should be an institutional position that we really think about from northern Manitoba.

I do not know exactly what those positions would be, because we are not talking about people now, we are talking about institutional positions that would go in the Act, and no matter who has the job they would be an automatic member of the Boundaries Commission that would report to this Legislature every 10 years in the tradition and ethics of past Boundaries Commissions. Of course I think it is to be expected that this Legislature, as it has in the past, has passed the boundaries even when we have had strong partisan or strong personal objections to the way the map is drawn.

Certainly the last map—and the Member for Minnedosa (Mr. Gilleshammer) mentions the speeches he read and we all remember the speeches we listened to. I am sure those similar speeches were made in each one of our caucuses, because the last map in its various forms as it came to us from June of '88, then to September of '88, and then finally in its final edition in December of '88, had a number of weaknesses in it, in its drawing.

One of the weaknesses has already been pointed out by the Member for Selkirk (Mrs. Charles) and the Member for Minnedosa (Mr. Gilleshammer), the weakness of not allowing the 10 percent variation. I believe personally that the variation should be 10 percent and should be considered and the word "shall" should be a consideration for rural Manitoba. It is a personal opinion of mine, and I also believe that a variation for the North should be 25 percent, something that has been determined by decisions in British

Columbia already by a Justice who is now presently proceeding to the Supreme Court of Canada, a fine appointment by the Prime Minister. I would say on appointments of judges, the Prime Minister has not been bad in terms of the Supreme Court appointments. Unlike all of the other appointments he has made, except I do not know which one—I better be quiet—my former federal Leader.

**An Honourable Member:** How about Stephen Lewis?

**Mr. Doer:** Excellent, excellent appointment, Mr. Speaker. We disagree of course about Stephen Lewis' position on Meech Lake. Everybody in this Chamber would disagree with his position on Meech Lake, but he is not bad on international affairs.

**An Honourable Member:** For today anyway.

**Mr. Doer:** Oh, I would be careful. You know, Mr. Speaker, that is the stuff that makes Tories, Tories—comments like that. Did you not read some of the apologies the Member for Pembina (Mr. Orchard) had to make, the June portion of the Session, the Member for Rhineland (Mr. Penner), I am surprised he would—it is not worthy of repeating. It was up there with the Member for Pembina's comments, believe me, or down there, I should say.

The problem therefore is, who are we going to choose and what criteria are we going to use in our Act, to be specific, to deal with the problem. This resolution does not deal with two issues. It does not deal with the issue of whether the word should be "may" or "shall". One could also say that it does not deal with the issue of variations in the North, because the word "may" is in the North for variations of 25 percent, and it was not used either.

The commission in its wisdom had absolutely, in our opinion, no sensitivity to the remoteness of our province. If one only looks at the drawn constituency of Rupertsland it is physically impossible for any Member of this Legislature, from any political Party, to adequately represent all the remote communities in those communities residing in the constituency of Rupertsland.

Therefore, another problem with this Act is the word "may", because that was used permissively by the commission and in fact we all remember Judge Monnin's comments: I am just dealing with a piece of pie. I take that piece of pie and I divide it in 57 pieces and I have no concern about how those pieces come up. I just divide that pie in 57 equal pieces, that therefore determines the constituencies and the boundaries for the Bill that is ultimately passed in this Legislature.

\* (1730)

I think this Legislature disagrees with the judge and the liberal interpretation of that section of the Act where he used the Charter of Rights as the criteria. He was somewhat, I think, intimidated by the Charter of Rights, because when other judges have been looking at the same criteria and using the same Charter of Rights, and I mention British Columbia, they have said a 25

percent variation in certain places in British Columbia is an appropriate and applicable use of discretion for purposes of designing the electoral boundaries.

We have to deal with this problem of "may", because the word "may" for the judge in question—in his comments at the press conference, and he seemed to be the chief spokesperson of the Electoral Boundaries Commission, the Chief Justice of Manitoba. The Chief Justice interpreted the language in this Legislature of "may" being not very instructive at all and therefore went ahead and divided the piece of pie, as he called it, into the 57 almost equal pieces which resulted in boundaries that not only were horrible in terms of representation outside of the major urban centre of Winnipeg but also resulted in the first map being illegal in our opinion. The second map was questionable, and the third map, I think unfairly divided up many rural municipalities in the various electoral boundaries in a very unfair way. The way the pie was divided was not very consistent with the thoughts in this Legislature.

If we intended, Mr. Speaker, for the Chief Justice not to consider, or the Electoral Boundaries Commission not to consider any discretion in drawing up the boundaries, why will we have 10 percent and why will we have 25 percent, or thinking about 25 percent years ago? I believe we should have the word "shall" in the Act, and I believe we should look at very strong language for northern constituencies.

I believe the Province of Saskatchewan has boundaries which have a pretty good rural slant to them, I would suggest and is something I would like to look at, but also has, and it is drawn up in an independent way, but also has a 25 percent variation for northern and remote communities if I am not mistaken.

**An Honourable Member:** What about the Yukon?

**Mr. Doer:** The Yukon is going through a similar problem now, in redistribution.—(interjection)— I know it has, I know the MLA from Old Crow. She is an excellent representative of her community in Old Crow.—(interjection)— She is and usually it is the last constituency that comes in and usually votes NDP and usually returns Tony Penikett to the Premier's spot in that province.

**Some Honourable Members:** Oh, oh!

**Mr. Doer:** Well, Ed, never, ever, never, ever second guess the people that put you here. Never second guess the citizens and the voters, Mr. Speaker, because whether we like it or not they are our ultimate appointive accountability.

**Some Honourable Members:** Oh, oh!

**Mr. Doer:** Mr. Speaker, we do not want the Westwood boundaries to be in question here in this Chamber. I am sure you are all out canvassing in each others constituency right now.

**An Honourable Member:** Yours too, Gary.

**An Honourable Member:** You are not keeping in touch.

**Mr. Doer:** Well, keeping in touch. I wish some day you would keep in touch. It would be a lot more pleasant than—however, let us get onto the Bill.

**Some Honourable Members:** Oh, oh!

**Mr. Doer:** No, this is really the kind of resolution where we should stay away from that stuff because it is one of these issues that I believe should be non-Parmesan. There is a few in this House that I think should be non-partisan.

**An Honourable Member:** Parmesan cheese.

**Mr. Doer:** I believe this should be a non-partisan issue. Non-Parmesan is what my friends used to say to me, and non-partisan is the tenor I think of this resolution.

Mr. Speaker, one of the weaknesses I think in the Act that is not addressed by this resolution is the word "may". I think we have to take a serious look at it the next time we deal with The Electoral Divisions Act and ensure there is stronger language and that judges, particularly those who are bent to being intimidated by the Charter of Rights, are not dividing a pie equally, and not neglecting the 10 percent variation that was put in as directive language, I would think, and therefore coming up with the boundaries we have arrived at today.

The second problem in the resolution is that we are buying a pig in a poke if we were asked to pass this resolution. We support the idea of the representation to deal with the regional diversity of Manitoba on the commission, but we would want it to be very specific that it would include what institutional position outside of Winnipeg. Is it the President of the Brandon University? Is it the Rural Municipality Executive Director—which is one possibility, I do not necessarily agree with that. Is it some other position, institutional position, that we agree at?

I think it is important to have consensus on this issue in this Chamber or in our discussions. Second, I believe it should be clear, and it is not clear in this resolution, that regional diversity also includes the North, the remote communities of the North, because they too, just as the rural communities are distinct and diverse and unique in terms of their representation from the City of Winnipeg, so also are the northern and remote communities quite a bit diverse from even the rural constituencies and communities.

Therefore, Mr. Speaker, the sentiment of this resolution we support in our caucus, and certainly we have supported in previous speeches we have given in this Chamber, but we would want to see some more specific language on who those positions would be so that we would not just have an (a), (b) and (c), but we would have a (d) and an (e).

Mr. Speaker, the other real problem that we are not addressing in this proposal is the whole reality of the loss of population in rural Canada. I believe quite frankly that we have a federal Government now that is right out of touch with rural Canada, and it surprises me

with some of the people that are in that present caucus. Maybe after you spend a couple of years in Ottawa you lose all perspective of what is going on back home.

Mr. Speaker, we can deal with some parts of the problem by improving The Electoral Boundaries Commission Act, but we really do not deal with the real problem of loss of population, loss of opportunities and loss of jobs and careers and economic development in all of western Canada, because this is not unique to Manitoba; it is happening in Saskatchewan and it is also happening in Alberta.

We have a serious erosion of the infrastructure and opportunities and viabilities of our rural communities, but I would like us to be spending some time in our resolutions not just talking about how we divide a pie but how we make the pie bigger for all of Manitoba in terms of population and how therefore we also make that pie bigger for our rural and Northern communities in terms of how we share the wealth, but more importantly how we share the opportunities in all communities in Manitoba. Thank you very much, Mr. Speaker.

\* (1740)

**Mr. Laurie Evans (Fort Garry):** Mr. Speaker, I welcome the opportunity to second this resolution. I think that it is one that is of major importance. As we have noticed from the comments that have been put on the record so far, it is easy to digress a little bit when talking about this particular resolution, because it relates to a lot of other issues that are really not addressed in the resolution itself.

The resolution is very simple, and I think the Member for Selkirk (Mrs. Charles) kept it simple because you always run the risk when you are dealing with this issue of moving into what might be referred to as political or vested interests in it. This resolution deals only with the make-up of the commission itself, and I think that the important thing there is to keep these things separate; first of all is the make-up of the commission and second is the mandate of this commission. This resolution deals only with the make-up of the commission, and as the Member for Concordia (Mr. Doer) has indicated, it is difficult to deal with them in isolation, but perhaps that is the best way to do it, to establish how you get the commission and then worry about what the mandate for that commission is.

I think the point that the Member for Selkirk was making in her resolution primarily was the fact that you have on this commission at the present time three individuals who in the majority of cases will be from the City of Winnipeg. For that reason, whether it is true or not, one can infer from the make-up of the commission that the regional diversity of this province is not adequately dealt with, regardless of whether it may have been or not.

I think the important thing here is that there is no reason to be hung up on the number of members on this commission. There is certainly nothing magic about three. It could be five or I suppose it could be practically any number, because under the present situation they

only deal with this once every decade and therefore the additional costs that might be involved in having a larger number of members is not critical. I think the important thing is that the membership represent Manitoba in such a way that no citizen feels that their area or their interests have been ignored in coming up with the final decision.

Despite the fact that there are opportunities to have input into the decision once it is made, if you are doing that immediately there is the potential for the so-called political intervention or gerrymandering or whatever other term you want to use. So in reality once the commission membership has been established and their mandate has been clearly laid out, then there is not really an opportunity to do much about it once it has gone that far, because you automatically run into this problem of attempting or at least appearing to attempt to alter their decision on other than a non-political basis.

I have a little difficulty, Mr. Speaker, in, as the Member for Concordia (Mr. Doer) has identified, coming up with the (d) and the (e) and the (f) and whatever it might be that are the additional people that are put on here. Rural Manitoba cannot, in my opinion, be represented by one person that is going to have an understanding of rural Manitoba. You are going to have to have probably several people that one way or another have input into this, whether it is through two or three people on the commission or whether it is an individual on the commission who has the time to go out and sort this thing out and get all of the views of the rural and northern populations. That is why I bring in this concept of time.

When you look at the individuals that are currently on this commission, one has to question whether or not they have the time to devote to this that is necessary to do the type of job that is necessary. I can only speak from my involvement with the University of Manitoba, but I would suspect, and maybe I am off base here, but I would suspect that the President of the University of Manitoba does not have the time that is necessary to do the type of job that is expected here. I think that it would take a great deal of time to go out and really get a feel for what is going on not only in the city but in the rural areas. You are dealing with a tremendously large area here and for someone to claim that they have the feel and the concept of the size of this province and all of the diversity there, I think it is beyond any one individual. So how do you get the representation and the feed into this commission that is necessary to do that?

So while I have some disagreement perhaps with the Member for Minnedosa (Mr. Gilleshammer) in the sense that I feel one has to adhere to the concept of representation by population, I have no difficulty with the idea of a 10 percent spread for the constituencies in rural Manitoba or the 25 percent, but I think that has to be built in. I would think that is probably the maximum that one should be willing to accept in terms of the size difference from one constituency to another. So that I think is built in adequately if it is effectively used.

I have some concern with the map that we now work under also on the basis that if you look at the boundaries

they do not seem to have a lot of rhyme nor reason as to where those boundaries were struck. They do in some cases split up municipalities. They certainly run through the centre of what would appear to be logical communities. In other words, communities of interest are not taken into consideration. As has been mentioned before, I think the last thing one wants to do is just look at this as a piece of pie and decide how you are going to split that piece of pie up effectively. I think there has to be a lot more taken into consideration than that.

So I think that it is wise in some respects at least, Mr. Speaker, to try and keep these issues separate, namely, coming up with the logical make-up of the commission. Once that make-up of the commission has been arrived at, perhaps then worry about some of the specifics as to the mandate. One has to be very careful when you start looking at the mandate that one does not run into a situation where there is a potential for being accused of having taken some political intervention.

So I agree, in principle, with the motion. I would like to have seen a little more specificity in there, but I know the reason for that lack of specificity was just the case that I have already mentioned and that is that it is very difficult to identify the logical number and very difficult to outline exactly who those additional Members should be, because if you are doing it on the basis of the position that is held, then sometimes you may look at the person in that particular position.

Just to use an example, it could be, in some cases, someone who has been just a very recent resident of Manitoba and one then would question the logic of that individual being a member of the commission despite the fact that he or she was holding that particular position. So you can get yourself locked into a very difficult thing in either way, either by naming the specific position that is responsible to serve on this commission or to name specific individuals who you know have the credibility and the knowledge and the understanding to be able to go out and do the job properly.

I am pleased to see, Mr. Speaker, that there is no major disagreement between the three parties in the House. I think they agree in principle with this and while there may be some room for an amendment I would hope that any amendment would be regarded as one of a friendly nature and that we could go forward with this first step, at least, in what appears to be a necessary adjustment, whether or not there is willingness to look at it in terms of a different time frame.

\* (1750)

I think that the 10-year time frame at the present time seems to be a reasonable one. I do not think that we are looking at a major shift in population that is going to be that drastic in that time frame. I think, unless we see some evidence that the current system is totally out of whack as far as being able to accommodate what we require, I would think we are better off to stick with the present procedure, but modify the make-up and have some adjustments to the mandate under which the commission operates.



## HOUSE BUSINESS

**Hon. Clayton Manness (Minister of Finance):** Mr. Speaker, it is not my intention to speak on this resolution at this time. However, there have been discussions with the Parties opposite and I believe that you will find that there is unanimous consent pursuant to Rule 65 (6.3) that the order of Estimates be adjusted in order that the Estimates of the Department of Energy and Mines precede the conclusion of the Estimates of the Department of Housing in the committee room. Further, Mr. Speaker, this arrangement will be for this evening only.

**Mr. Speaker:** Agreed? (Agreed)

### RES. NO. 27—COMPOSITION OF THE ELECTORAL BOUNDARIES COMMISSION (Cont'd)

**Mr. Harry Harapiak (The Pas):** Mr. Speaker, I am pleased to stand and speak on this resolution dealing with composition of electoral boundaries. This is an issue that has been a cause of many discussions within our caucus over the last several years and I think it is a resolution that we have no difficulty in accepting in principle. I think that the previous speaker to myself, the Member for Fort Garry (Mr. Laurie Evans), rightfully brings up the fact that we should be talking, this resolution speaks about the make-up of the commission and does not speak about the mandate, but I guess it is difficult when you are speaking about the issue not to discuss both parts of it.

I guess when you look at the make-up of the present commission, it is made up of the Chief Justice of Manitoba, the President of the University of Manitoba and the Chief Electoral Officer. I guess when you look at what happened the last time the electoral boundaries were looked at, I do not think there was anybody there who had any experience for Northern Manitoba, because I think when you look at the make-up of some of the constituencies they are very difficult to serve.

I guess I looked at the constituency of Rupertsland which was almost impossible for one person to serve under the previous make-up of the constituency. Mr. Speaker, I have had the opportunity, when I was Minister of Northern Affairs, to travel to most parts of that constituency and I know it is an extremely difficult constituency to serve. If someone figures that they can handle it, I think they are either naive or else they have not travelled outside of the City of Winnipeg. I suspect that the Liberal Member who is saying the Liberals can handle it, has spent most of his days within the perimeter of the City of Winnipeg, and that is where his experience has been and that is why he says he can handle it.

Mr. Speaker when you talk about the make-up of the committee then you have to —(interjection)— the Member for St. Vital (Mr. Rose) seems to be very upset, as he usually is, and he is talking about his experiences in life which makes him an expert on every subject that comes along.

Mr. Speaker, when you talk about the make-up of a committee, you wonder who should be a member of

the committee to give good representation to rural Manitoba. There have been some suggestions made that maybe a member of MAUM could be a Member on that committee. I think that the MAUM members are familiar with what is going on in northern Manitoba. As our Leader has said when he spoke on the subject, maybe there needs to be representation and more organization than just rural municipalities. I think when you look at the make-up of northern Manitoba, then maybe it would make sense to have the President of the Northern Association of Community Councils sitting as a representative on that committee. The President of the NACC has had a lot of experience and especially the present member, Mr. Campbell, has been the President for going on about seven or eight years and he has had a world of experience in the difficulties the northern affairs communities have in dealing with some of the concerns of their people.

When you are looking at the make-up of the committee, maybe the President of NACC would be a logical choice of a person to be sitting on that committee. I think that he would probably have more understanding of what goes on in northern Manitoba than the Member for St. Vital (Mr. Rose), even though the Member for St. Vital claims that he has travelled extensively throughout Manitoba and he has served in every conceivable occupation that you can think of. I do not think that he has a good grasp of what is going on in northern Manitoba so I do not think that he could represent the people of northern Manitoba in a very constructive way.

I think when you look at that 10 percent variation I do not think it makes sense to have a 10 percent variation in northern Manitoba. I think it would make more sense to have a variation of 25 percent and I think there is a precedent set for having a greater variation for some of the remote parts of the provinces.

I think Quebec is one example of that where there are some constituencies where very low populations are represented. We can look at the example of the the North West Territories and I think there is an opportunity to learn from some of the examples of what has happened in other jurisdictions. I would hope that, when the next Electoral Boundaries Commission meets, they would take the opportunity to travel to some of those areas like the North West Territories and Quebec which have shown that it was wiser that variations shall be addressed in that way rather than maybe. I think that the present commission, when they were looking at the map in the last period, should have taken into consideration how difficult it is to serve that constituency.

One of the other constituencies that is extremely difficult to serve is the constituency of Churchill. I know that the present Member for Churchill (Mr. Cowan) has extreme difficulty in serving that constituency because he has to fly in to quite a few of the communities. Again, they are very difficult to serve, and now the Member for Flin Flon (Mr. Storie) is going to be taking over a good portion of that constituency. Then he is going to be faced with dealing with most of those remote areas, and whereas presently the Member for Flin Flon only has to fly in to one of his communities, and that is

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Pukatawagan, he can drive into the rest of them. After the new boundary comes into effect he will be flying into many more of his constituencies, so again it is not going to be a very easy constituency to serve.

One of the other constituencies that has been changed because of the rep by pop, as some people have mentioned in previous discussions, is the constituency of The Pas. Presently I have a constituency that is fairly easy to serve because I can drive to every one of the points of my constituency within a two day period because I can go up No. 6 and visit the community of Grand Rapids and then travel on the next morning to Easterville and then travel on to The Pas. The following day I can go to Pelican Rapids. I guess it would take probably three days to get through the whole constituency. I could travel to Moose Lake and Cormorant in one day. Now with an extension of the boundaries, Norway House and Cross Lake become part of The Pas constituency.

I guess if I had been thinking, a progressive thinker, I would have gotten my licence for flying when I first was elected to the Legislature, because it would make sense for a pilot, somebody with a small plane, to be serving that community, because he can fly into those constituencies much easier than when you have to drive. You are going to have to drive to the community of Wabowden and then from there you go over to Cross Lake and Norway House. It is going to make it a constituency that is much more difficult to serve than it is at the present time.

I guess when you talk about the people who should be serving on this Electoral Boundaries Commission, there are a number of rural people who come to mind who have had extensive experience in dealing with politics in the Province of Manitoba. One of them is a Liberal, Jack Johnson, in The Pas. I had the privilege of serving with Jack Johnson for many years on school board, and I think he is a very fair person. He was a returning officer. Some say he has finally seen the light; maybe he is going to become a Conservative.

\* (1800)

I am not sure if that is true or not, but I have very great respect for Mr. Johnson and I think that somebody like that who has the interest of northern Manitoba at heart could do a real good job of serving on a commission of this sort, making sure that the people of northern Manitoba are well represented. He has extensive experience in northern Manitoba and I know it is extensive experience, because he has travelled the North by train, by plane and even dogsled to serve it when he was selling insurance. Unlike the Member for St. Vital (Mr. Rose), whose experience has been within the Perimeter of the City of Winnipeg, his experience has been in northern Manitoba and rural Manitoba, where he has a good grasp of what is going on.

Another person who I think would make a good representative on this commission is somebody from the Keewatin Community College. I think that Keewatin Community College serves all of northern Manitoba and I think that they have been doing a great job of representing the needs of the North. They are expanding

their role as to what education they should be delivering to Northerners. It would make sense that the President of Keewatin Community College would be sitting on that commission as well, because I think that, in fairness, as the Member for Fort Garry (Mr. Laurie Evans) said, does the President of the University of Manitoba have the time to go out and study and see what the requirements are of the people in the remote areas? I think it would make sense. I guess you would have to get away from personalities and say that the present President of Keewatin Community College has a good knowledge of rural Manitoba. He spent many years in the City of Winnipeg when he was getting his education. He taught in the City of Winnipeg as well, and he would make a good representative.

That person will not be in that capacity forever, so I think that you would not assign it to that particular person, you would assign it to that position. I think that most people who would take on the responsibilities of being President of Keewatin Community College would be a person who is well-rounded, and he would have experience in all parts of the province. Therefore, it would make sense that that position would be represented on the commission.

Mr. Speaker, I think, during the last time the Boundaries Commission looked at the electoral boundaries, one of the issues that they should have been looking at is the "shall be," the variation, because I think we have a system here in Manitoba that is probably fairer than any other system right across Canada. I do not think that we can be accused, from all the times that I have witnessed the Electoral Boundaries Commission, of gerrymandering the boundaries to make it more acceptable to any particular political Party, to make some of the seats more winnable by any particular Party. I think we have a good system in place, but I do think that they should be looking at the composition of an Electoral Boundaries Commission. Again, when you look at the present make-up of that commission, the people on there are urban-based. Therefore, I do not think that they have the understanding of the needs of people of northern Manitoba.

I have had the opportunity to travel to some of the communities in the constituency of Rupertsland and I know that it is very difficult for the present Member for Rupertsland (Mr. Harper) to serve that constituency. I do not know how any one person can serve that constituency after the electoral boundaries are changed for the next election.

I had mentioned earlier that if I had been thinking ahead I would have obtained a pilot's licence to serve the constituency of The Pas, but it would have made sense for the Member for Rupertsland to also be taking flying lessons and acquiring a small aircraft, because it certainly is going to be a constituency. It is true, it is expensive, but I think that when we make the decision to be representatives of the people of Manitoba in the Legislature here, then I think that we have to make some sacrifices and that is one of the—

**Mr. Speaker:** Order, please. When this matter is again before the House the Honourable Member will have one minute remaining.

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The hour being 6 p.m., I am leaving the Chair with the understanding that the House will reconvene at 8 p.m. in Committee of Supply.