

THE LEGISLATIVE ASSEMBLY OF MANITOBA

10:00 o'clock, Monday, June 16, 1975

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed let me direct the attention of the honourable members to the gallery where we have 19 students, Grades 6, 7 and 8 standing, of the South Bay Elementary School from Northern Ontario as our guests. These students are under the direction of Mr. Brown. We also have another 48 students from Fort la Reine School of Grade 5 standing, under the direction of Mrs. Carlson, Mrs. Main and Miss Goodmon. This school is located in the constituency of the Honourable Member for Portage la Prairie.

On behalf of all the honourable members I welcome you here this morning.

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees; Ministerial Statements or Tabling of Reports; Notices of Motion; Introduction of Bills.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition)(River Heights): Mr. Speaker, my question is to the First Minister. In view of the announcement by Statistics Canada of the downturn with respect to the economy, I wonder if the First Minister is in a position to indicate any revision with respect to the estimates as far as the economy is concerned in Manitoba, and whether the government has any intention of altering its program for the next period of time?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier)(Rossmere): Well, Mr. Speaker, the most practical course of action that could be taken by the government in the event of a significant downturn would be to accelerate its program with respect to capital works and with respect to PEP related programs. We have met already once in committee to deal with the timing of capital works programs, and we have another meeting scheduled very very soon. That's about the only change that we contemplate with respect to our efforts to try and countercycle to the turns of the economy.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder if the First Minister is in a position to indicate whether the government has received revised figures with respect to capital repair expenditures indicating the forecast for the remaining part of the calendar year and fiscal year?

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Not specifically, Mr. Speaker. I will have to check with the Minister of Industry and Commerce, and elsewhere in the administration.

MR. SPIVAK: I wonder if the First Minister is in a position to indicate whether it's the government's intention to in any way create any kind of incentive program for the private sector to be able to pick up the slack in the downturn of the economy?

MR. SCHREYER: Well, Mr. Speaker, I don't know what kind of incentive program one might contemplate. In the past two or three years the major preoccupation in efforts to proceed countercyclical to the economy, both federally and provincially, has been in the nature of capital works acceleration, and through PEP or analogous programs which are through local government and private non-profit organizations. Anything else would have to be in the nature of tax treatment, and in that context the 23rd of June is Federal Budget night. I certainly would not want to be more specific than to say that we have made certain proposals relative to what we felt to be needs of the economy in 1975. We have forwarded those to the Government of Canada and it's a matter to their determining their priorities.

MR. SPIVAK: The First Minister indicated they would try to obtain information with respect to the capital repair expenditures. I wonder if it would be possible to furnish this House with a breakout of the private sector capital and repair and indicate whether the forecast now is substantially down over what was forecast originally for this year, and whether in real terms it is a realistic policy to believe that the slack should only be undertaken by additional public sector involvement?

MR. SCHREYER: Well, Mr. Speaker, for every, let us say, \$10 million or \$20 million of public sector capital works acceleration or expansion, that is tantamount to that

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(MR. SCHREYER cont'd) much of increased purchases of supplies and goods from the private supplying sector. I don't know whether my honourable friend believes that the two are some complete and internal and divisible reality. They are not indivisible.

MR. SPEAKER: Orders of the Day. The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Thank you, Mr. Speaker. My question is to the Honourable Minister of Tourism, Recreation and Cultural Affairs. Now that the Minister has heard from the committee that was investigating the incidence and the influence of violence in minor hockey, does the Minister plan to initiate further meetings with a view to coming up with some recommendations in that area?

MR. SPEAKER: The Honourable Minister of Tourism.

HON. RENE TOUPIN (Minister of Tourism, Recreation and Cultural Affairs)(Springfield): Yes, Mr. Speaker, I do intend to meet again with the committee following the adjournment of the session. Certain recommendations are being implemented right now, more particularly, in regard to more training for referees and coaches.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, this is a different question to a different Minister, to the Minister of Labour. Has the Minister of Labour had any requests from the Minimum Wage Board, or from interested parties, for an extension of the deadline for entering recommendations and submissions with a view to an increase in the present minimum wage?

MR. SPEAKER: The Honourable Minister for Labour.

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona): Mr. Speaker, I received a communication from the Chairman of the Minimum Wage Board, asking me if I would extend the deadline which I had originally set for June 20th to the end of the month, for the consideration of the Board itself. I agree, Mr. Speaker, but I'm hopeful those concerned with in the public and within the industry will still make their presentations to the Board by the date of June 20th.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: A supplementary, Mr. Speaker, and I thank the Minister for his information. The Minimum Wage Board therefore now has until June 30th, I take it, to forward its recommendations to the Minister.

MR. PAULLEY: I think that is what I said, Mr. Speaker. If I was not clear, they actually requested, and I granted, that they did not have to report to me until the 30th of June. But again I want to reiterate I hope that those that are going to make presentations, or submit briefs, to the Minimum Wage Board, will do so by June 20th because I'm anxious, and I'm sure that the employees and the industry itself is anxious to receive that report in order to give what has been termed sufficient lead time before there is any change, if there is to be a change in the rate of the minimum wage.

MR. SHERMAN: A final supplementary, Mr. Speaker. Will the submissions be entered in the form of written submissions or will they be put forward through the form of public hearings?

MR. PAULLEY: Mr. Speaker, it's my understanding that the Board has agreed not to hold public hearings but only to receive written presentations.

TABLING OF REPORTS

MR. SPEAKER: The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General)(Selkirk): Mr. Speaker, if I could have consent to table the annual report of the Human Rights Commission.

MR. SPEAKER: Agreed? Very well. The Honourable Member for Roblin.

ORAL QUESTIONS (Cont'd)

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I have a question for the Honourable Minister of Tourism, Recreation and Cultural Affairs. I wonder if the Honourable Minister would advise the House if the tender has been let for the construction of the lodge in the Gull Harbour area of Hecla Island?

MR. SPEAKER: The Honourable Minister for Tourism.

MR. TOUPIN: No, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

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MR. EARL MCKELLAR (Souris-Killarney): Mr. Speaker, I'd like to direct a question to the Minister of Municipal Affairs. I wonder if he could inform the House the dates of the district meetings to be held in the Province of Manitoba involving the Union of Municipalities?

MR. SPEAKER: The Honourable Attorney-General.

MR. PAWLEY: Mr. Speaker, I don't have those dates all handy just at the moment. I wonder if I could give that information at 2:30 this afternoon.

ORDERS OF THE DAY

HON. SIDNEY GREEN (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, would you please call Bill No. 63.

MR. SPEAKER: Proposed motion of the Honourable First Minister, the Honourable Member for Riel. (Stands)

MR. GREEN: Well, Mr. Speaker, is there anybody who would speak on Bill 57 if I called it? I note that the Member for Fort Rouge is not here. Bill No. 57, Mr. Speaker.

BILL NO. 57 - THE PENSION BENEFITS ACT

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Thank you. I was still waiting for some information on this bill, Mr. Speaker, but I am prepared to go now and let the bill go to committee, and I know it will go to a special committee during the recess. I welcome the legislation, Mr. Speaker, for better disclosure and regulations of private pension plans, because, for the last several years this is something that I had requested the Minister of Labour to bring in to this House, and I believe several years ago I had a resolution requesting the government to bring in some regulations in respect of pension plans. I know that the First Minister indicated that some of the pension plans are inadequate and I agree with him. The only concern that I would have is that it would be very difficult to legislate what a pension plan should be in a private industry with exception of those that are negotiated in the agreements, but otherwise, where there is no union, I don't know how we can impose what the pension plan should be. But I agree as far as pension plans are concerned, and even some of the governmental pension plans that are concerned they are inadequate because today the life expectancy of most people has increased considerably, and in the last 10 to 20 years we can expect a person to enjoy a life expectancy of about up to 70 and 75 years. I think it's quite right to say that when people retire that they should enjoy to some extent, enjoy to some extent a standard of living in retirement that they had enjoyed while they were working in their later years of life. I'm sure that this is not completely possible but surely, I believe, that this is something that is really the public expectation today, that they should have some relation to the standard of living in retirement that they enjoyed while they were working.

Now I know that there are options that the Minister brought in under the bill, one of the principles and regulations, and I feel that really that's necessary, as the Minister indicated - and I jotted notes down - to protect employees after early retirement and sufficient information, and at the present time there is usually not sufficient information as far as the private plans are concerned. I think that this should be applicable to all pension plans, not only government and public plans but also private plans, which does not happen at the present time.

I do ask the First Minister - he indicated there would be full protection after 10 years, and I wonder if he meant that there would be full vesting after 10 years in a plan, and I'm not just sure. As I mentioned, I have not all the information under the bill but I wonder if there will be full vesting after 10 years in a pension plan, if that's what he meant by full protection, because at the present time this is not the case.

The other most interesting principle in the bill, Mr. Speaker, is the one that an integration of a pension plan or an annuity with the Old Age Security Pension Plan, and I think this is most interesting, and I think it's in the right direction, where an annuity of a private pension or a public pension can be integrated with the Old Age Security Pension Plan. Again I say this is really a step in the right direction. I know that I have brought this to the attention of the House before, that we've had many many private plans in Canada, and they probably number in a few million people in membership, and probably 20,000 or so plans that are active, but the point was, what was the result when the people took their retirement? I'll tell you it's unbelievable, because according to the Dominion Bureau of Statistics, and that's a few years

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(MR. PATRICK cont'd)old, with a plan that had over 3 million employees, showed that only 4 percent, 4 percent of the people had any vesting if they took retirement before full . . . when they took an earlier retirement before their full-time retirement. Well this is pretty difficult to comprehend, Mr. Speaker, if that was the case. I think if there was ever a need for some pension regulations and protection, I think there was because I feel that a person could have worked for 25 years with one employer or even longer, 30 years, and perhaps had very little or no vesting at all. So I say to the government and to the First Minister, it's something that we needed, and not only that but I asked for a pension legislation and disclosure during the last several years, and I know that the Minister of Labour has promised one during the last session of the Estimates on Labour, and he's said so a couple of years ago as well.

Again I point out that out of . . . I say only 3 percent that had any vesting in Canada that took an earlier retirement, only 3 percent according to the Dominion Bureau of Statistics. So there sure is a lack of proper legislation as far as the Canada - not the Canada, the private pensions are concerned.

The other point is, I again say that it's only the right course of action that the Minister has taken to have this go to the committee because we would like to hear from some of the employers what effect it may have on the private pension plans that are presently in existence, and what changes will have to take place, and it may alter the whole cost of the pension plans if this would be put in immediately or retroactively. So I say that it should go to committee so we would get more information and what effect it will have. So again I welcome the plan and hope that we will get some of the answers to the questions that we have.

I feel that the high proportion of employees that are covered now under the plans and after a certain period of time - this is what the Minister indicated, that after 10 years tenure should be full vesting. I think is what the legislation should call for and that's what it should be.

So, Mr. Speaker, I am very brief; I mentioned I wasn't quite ready to speak on it, I thought I'd go this afternoon. But I know that the bill, or part of the bill is going to committee and I welcome the legislation.

MR. SPEAKER: Is the Member for Fort Rouge going to speak on this as well?

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I was standing it for the Member from Assiniboia.

MR. SPEAKER: I see. Thank you. The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Speaker. I just have a very few comments on the bill. I notice that part of the section, as mentioned by the previous speaker, is going to committee and it's too bad that the Minister of Municipal Affairs hasn't taken the same approach with Bill 44, but I would like to say that I'm happy to see that by the introduction of this bill it will make pensions more portable. I note that many people in the past when considering, maybe not happy at their particular line of work and were considering moving to another field or another company, and because of the problems that they had in taking their pension along with them, they were possibly forced to stay at that one particular occupation or one particular company. I think that this portion of the Act is welcome to the people in my area because it will allow them to possibly make freer decisions when they decide that they're not happy at one place of work.

I also notice that it sets up minimum standards for pensions, and I think that this is also an important aspect. When we look at the different plans that are being offered today, there's a certain amount of standardization I think that will be good for pensions in Manitoba and that I would just like to say that I do welcome the bill and will be supporting it. Thank you, Mr. Speaker.

MR. SPEAKER: The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Speaker, I just have a couple of questions I'd like to ask the sponsor of this bill because . . . And the one thing is when we were reading the annual reports this year of universities and the Teachers' Retirement Fund, it was expressed by the auditor of these funds, the pension funds weren't being funded properly in case sufficient people asked for their pension at a given time. I just wondered will the University Pension Plan and the Teachers' Retirement Pension Plan come under this Act? Or are they just part of the Civil Service Pension Plan?

Now another thing I'm always curious about pensions because knowing a little about them, there's investment - right at the present time the bond markets aren't very good and the investment market as a whole isn't very good, and it's very difficult to keep these pension plans

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(MR. McKELLAR cont'd) funded to the point where they can be kept up to 100 percent of value. Now I just wonder . . . the nine man commission that's going to be established here to supervise this, if they decide that a particular pension plan is not being properly administered and they in turn offer suggestions and the suggestions that they offer turn out to be wrong, who's going to pay the penalty? This is one of the things . . . I know you can't get nine men perfect men, in Manitoba that are all knowledgeable about pensions because of the investment market changing from time to time. It creates real problems for the private pension plans. I know you'll try to get the best nine men you can, because you'll have to if you're going to make this operate properly. But if they give wrong advice - now there's a lot of people's money affected, and I just wondered can they be sued, can the government be sued or what is the score on that particular point?

MR. SPEAKER: The Honourable First Minister shall be closing debate.

MR. SCHREYER: Mr. Speaker, the Honourable Member for Souris-Killarney and the Member for Assiniboia raised some points which I will try to touch upon at this stage in the processing of this legislation. As the honourable member is aware, this is a relatively detailed and complex matter, this matter of private pension plan funding, and the means of so regulating and the operation of private pension plans, so that there is an actuarial adequacy about them. And because that is the case, we feel that it really is necessary and prudent to have the subject matter of this legislation, and indeed the draft legislation itself, referred inter-sessionally to a more comprehensive and detailed study and consideration by honourable members, with an opportunity to call forward persons in the, I suppose, in both private and public domains to express views and opinions, and offer suggestions on the legislation. In order to, however, not lose time in the interval, part one of this bill, if passed this session, will provide for the gearing-up of preparation in all required detail that is envisaged under the Act.

The Member for Souris-Killarney asks whether the University or Teachers' Pension Plans come under this Act. The answer is this Act will deal with all pension plans that by definition require funding. However, it is pensions that are in the public domain, some of them historically have been funded, some have not, some have been partially funded. This legislation is not being prepared or drafted with a view in mind of necessarily summoning to it and under it those pension plans that exist in the public sector which do not require funding. That's another rather interesting point to debate, sir. The university in any case, specifically University and Teacher Pension Plans are not contemplated to come under this Act.

Also the Member for Souris-Killarney makes reference to a nine man commission, I believe that the provision is anywhere from five to nine and all things being equal, would prefer to see the lesser rather than the larger number. But that is something for working out, I suppose, in the light of just what representative groups in the economy should be involved, etc.

The Honourable Member for Assiniboia was wondering whether this legislation provided for vesting after, what number of years? And that precisely, sir, is one of the reasons why we propose the establishment of a commission with a Superintendent of Pensions, so that there can be variations provided in the first few years operation of this plan because it is realized and admitted that the impact of this legislation on different firms and groups of employees will be a rather complicated thing to sort out because introduction of legislation of this kind, the application of it, for the first few years can very likely cause some considerable problems, and that is why the commission must exist to use good judgment, being authorized in law to exercise that judgment to provide variations in order to accommodate thorny and troublesome particular circumstances to the provisions of this Act. But after a period of five years with the time notice served in advance, after five years, then all firms operating must operate within the provisions of this Act. There's a five-year interim period. Were it not for a five-year interim period, I really must say that it is conceivable that many smaller firms would have been put into bothersome, if not serious financial circumstances. So this kind of flexibility must be provided, otherwise we could never start the process of introducing legislation of this kind.

I might say also that this legislation is not retroactive in its effect and the qualifying date is approximately - we don't stipulate July 1, 1976 - I believe that that is roughly the target date, give or take a few months. So those are the three time factors to bear in mind, no

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(MR. SCHREYER cont'd)retroactivity, qualifying date some time mid-76, five years of interim period in which variations can be provided by the authority of the Pension Commission.

I'm not sure if I have left any other point uncovered my honourable friend has raised but in any case, he will have an opportunity, assuming that he is on the intersessional committee, to go into this in some depth. Insofar as the part that we are passing at this session, it has to do not with the details raised by my honourable friend but rather with the establishment of the Commission and the superintendency of pensions.

QUESTION put MOTION carried.

MR. SPEAKER: The Honourable House Leader.

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Mr. Speaker, I move, seconded by the Minister of Agriculture, 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 of Supply, with the Honourable Member for Logan in the Chair.

MR. GREEN: Just while we're waiting for Mr. McBryde, would honourable members be willing or prepared to deal with the items, Flood Control, Canada-Manitoba General Development Agreement, in the separate committee this morning? The First Minister is ready to deal with those. Well, then, let us say in 15 minutes, in the Committee Room, that those items, plus if he gets through with those items, he can move up to Finance in Room 254, the Committee Room.

COMMITTEE OF SUPPLY - NORTHERN AFFAIRS

MR. CHAIRMAN (MR. JENKINS): I would refer honourable members to Page 39 of their estimate book, Resolution 92(a)(1). The Honourable Minister of Northern Affairs.

HON. RONALD MCBRYDE (Minister of Northern Affairs) (The Pas): Mr. Chairman, it's again a pleasure for me to bring forward the estimates of the Department of Northern Affairs. The challenges faced in Northern Manitoba are considerable and attempting to come to grips with these challenges makes the work of this department not only demanding but very interesting and exciting.

As members know, the Department of Northern Affairs being one of the newest has grown quite considerably over the last number of years. The newness and rapid growth has, combined with the unique problems and opportunities in the North, caused us some difficulties and we have attempted in a sincere and effective way to deal with and overcome these difficulties.

When the estimates of this department were being considered last fall by Cabinet, it was my hope to be able to hold the amounts and the staff needed by Northern Affairs at a level similar to last year. This would give the department some breathing space and an opportunity to consolidate its operations and to ensure that management systems were made as efficient and as effective as possible. However, because of the tremendous need in Northern Manitoba and the strong demand on all levels of government for new and expanded development, it was just not possible to avoid an expansion in some areas. Members will note that our 1974-75 budget was \$14,767,200 and that estimates for the current year are \$17,334,200. You will also note that this increase is mostly in the areas that are affected by federal-provincial agreements. The biggest increase is in the Special ARDA program and the next is in the engineering and construction area as it relates to the Manitoba NORTHLANDS-DREE agreement. There is some increase in the local government development which also relates to the Manitoba NORTHLANDS Agreement.

We of the Manitoba Government would again like to thank the Federal Government for its willingness to join with us in the development of Northern Manitoba through the NORTHLANDS Agreement and the Special ARDA agreement. The decentralization of DREE operation has allowed us to work productively with the Federal Government in developing and delivering worthwhile developmental initiatives. Special thanks are due to the Winnipeg DREE staff, the prairie staff, and the Federal Minister, the Honourable Don Jamieson.

The increase in expenditures in the department also leads to an increase in staff from

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(MR. McBRYDE cont'd)383 to 448. On this point I would like to thank the Leader of the Opposition for the one constructive thing he has done in relation to the north, and that is his criticism of the number of contract positions within the Department of Northern Affairs. This criticism has helped me to get my colleagues to agree that these positions were in fact regular positions and should be changed from contract positions to staff man-years. Forty-five contract positions were converted to staff man-years. The staff of the department, especially the newer native staff who are on contract, were concerned that they did not have the seniority of a Civil Service position. So even though the Leader of the Opposition may have done the right thing for the wrong reason, I would like to thank him for his assistance. This year, I would like the leader to demand that even more effort be made in the north to develop economic and employment opportunities and the government must be prepared to take some risks to bring this about.

I am happy to report that the thrust of the government in relocating the majority of Northern Affairs staff to Northern Manitoba has been successfully completed in its first stage. We hope to continue with further stages next year. You'll appreciate that such a task has not been easy, yet we have set an example which will prove of lasting benefit to development over the long haul. Hopefully other departments will follow suit. At this time, the local government service section of the department has one staff person in Winnipeg, 31 in Thompson, 17 at The Pas, 7 at Selkirk, 7 at Norway House, 4 at Dauphin, 2 at Leaf Rapids, and 17 scattered in the more remote communities. Engineering services has 42 staff all located in Thompson. Manpower corps has zero staff in Winnipeg, 14 in Thompson, 41 in The Pas, 7 in Norway House, 4 in Churchill, 5 in Leaf Rapids, and 12 in the smaller communities.

I would like to say a few more words about Northern Affairs staff while I am on the subject. The department officials who will be with me as we proceed with these estimates are my Deputy Minister, Mr. Nick Carter and our Director of Administration, Mr. Barry Bernhard. Both of these men have done an excellent job and I certainly appreciate their services. The department as a whole has a very excellent staff, and I think probably the best staff within the government service. For the most part, the staff in this department are people with a strong belief in the worthwhileness of what they are doing. Their dedication is probably not so much to the government or the department but to the people they serve and the belief that what they are doing is extremely important and worthwhile. Because of this commitment, their work, their hours, and their efforts are above and beyond the call of duty. Whether it's the winter roads people working around the clock during the season, the local government staff has late evening and weekend community meetings, the administration staff working overtime to keep accounts completely up-to-date, a pilot flying an emergency mission and his crucial back-up engineering and flight coordinating people, or a Manpower staff person dealing with a family crisis in the middle of the night, the vast majority in the department have done an excellent job. Since the department is only as good as its people, I do not hesitate in taking some time of the Legislature to thank my staff for their excellent work. Of course, being northerners and being of independent spirit and a strong dedication to their work, they're very determined to get on with doing the job. Often they have little patience with the centralized bureaucracies of government and occasionally this impatience has led to conflict and criticism.

While speaking of staff, I would like to mention that the department has lost the services of Mr. Phil Thompson. Mr. Thompson was an Assistant Deputy Commissioner of Northern Affairs and then an Assistant Deputy Minister when the Commission was expanded to a full department. He was the one that had to help me learn my job when I first became Minister. Phil has moved up into the position of Director of Native Citizens Programs with the Department of Secretary of State in Ottawa.

Because this department is involved in placing Northern and native people in northern jobs, it is my feeling that we must set some example ourselves in the hiring and promotion of native northern residents. Also because most of the work in the North relates to remote communities that consist mostly of people of Indian ancestry, it makes sense that our staff should bear some reflection of the people we serve. In my experience, a mixture of staff of professionally-trained people and people with experience of living in remote communities is very productive in that both groups learn from each other and the overall effort is more effective.

In order to ensure the department provides opportunity for native people, I have

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(MR. McBRIDE cont'd) established a special advisory committee to myself made up of native employees to advise and recommend on policies for hiring, training, and promoting, for people within the Department of Northern Affairs. The traditional approach of government, although non-discriminatory, somehow did not attract and hold native people. New methods of advertising and recruiting must be attempted. New training and career paths must be developed and management skill development initiated so that native people are not left out of government employment. The Civil Service Commission and the personnel section of Management Secretariat are involved in helping the department on this matter but there are still serious problems to be overcome. For example, there was a native person capable in winter road construction and management but when it came to the part of the application forms that asked about university education, he didn't even bother to complete the application. In another case, there was an employment opportunity that many native people could fill but when advertised in the normal way, only one application was received. However, when we advertised in the extension newsletters and our staff encouraged people to apply by word of mouth, more than 30 applications were received.

The other experience that we have had is with the Northern Manpower Corps which already has a large number of native people. When they advertise, they receive a large number of applications from capable native northerners. So it would appear that when there are a number of native people working in a branch of government, it becomes easier to attract other good applicants. Hopefully, with the extra effort on our part we'll be able to provide employment opportunities within the government for a significant number of native people.

As I have mentioned, Mr. Chairman, in previous speeches, there are in Northern Manitoba two fairly distinct norths. There is the urban north, The Pas, Thompson, Flin Flon, Lynn Lake, etc. and the remote north consisting of about 45 communities with populations between 20 and 2,000 people. From a political or a policy point of view, governments have a good idea of the necessary programs for the urban areas. Such things as improved highways and transportation, cost of consumer goods, telephones and TV, housing, mining safety, recreation, pollution control, labour laws, taxation, etc. are important concerns which government can develop programs and policies to deal with. However, when it comes to the remote communities and the native people, politicians of all parties and government of all stripes have more difficulty in providing meaningful and positive ways to assist in the development. What could and should be done is not quite as clear. Governments have in the past made a lot of mistakes and funds have often been spent unproductively. The main focus of the Department of Northern Affairs is on the remote communities and the people living there. I would like to outline some of the ways in which we have attempted to assist the people in these communities in their development.

One of our main thrusts has been in the area of local government development. This section of Northern Affairs is headed up by Mr. Orville Strong. In the past year we have made very significant progress towards strengthening self-government in the communities within the jurisdiction of the Northern Affairs Act. This has been made possible by the passage of the new Northern Affairs Act in the last session and the consultation process that preceded the drafting of that Act. In the past year, much of the responsibility and authority and particularly the financial control that was previously with the department has been passed to the community councils and local committees. In addition, the councils and committees have been allowed and are practicing procedures provided for in the new Act. This has happened in the areas of budgeting, financial statements, boundaries, by-laws, election regulations, and in accountability of the councils to their electorate. The result has been that most of the councils are meeting many of the regulations and practices required of an incorporated community although none have as yet incorporated. This is in keeping with our belief that when the incorporation takes place, it should be a natural step rather than an abrupt change. This progress by the councils necessitated massive support from the staff of the department.

To facilitate this, in August last year we brought together three branches - Operations, Extension Services and Training Services, into the division of local government development. The staff of these three branches working together have provided the advice, information and training required by the councils and committees. Many of the dollars that were previously administered by the staff of our Operations Branch, are now under the controls of the council. For example, a resident of Cormorant who was recently elected to council, having been off

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(MR. McBRYDE cont'd) council for two years, expressed astonishment at the amount of control now in the hands of councils. The councils make heavy demands on our co-ordinators for advice and support in carrying out these responsibilities. Those areas of authority which have not yet been passed on to councils have been decentralized to our four regional co-ordinators so that councils have regular and direct access to the people who make decisions concerning their communities.

Our Training Services Branch has been hard-pressed to meet the increasing training needs of councils in financial management, staff management, election procedures, and many other facets of self-government. In addition this branch has carried the major responsibility for the development of a community constable program and for the training council clerks.

At the community level our Extension Services staff provides assistance both to the community and to other agencies of government in carrying out their services to the community. Staff are resident in such communities as Berens River, Barrows, Brochet, Pine Dock and Easterville. Many of these staff are recruited from these communities, given training and support and continue working full-time in their home community or region. At the present time, much of their time is devoted to developing and strengthening the local government. They are often the unsung heroes behind the successful programs carried out by the community or by public and private agencies. One example, the post cutting operation that is now providing employment in Easterville involved nearly a year of intensive work by our Extension Services staff although you will not see any reference to these staff in the news stories about that project.

You may have read in the newspaper this past few weeks about the fire prevention services in Thompson conference, sponsored by the Northern Association of Community Councils. You'll not have seen any reference to our Extension Services Branch although this seminar was one of the three regional seminars initiated by that branch with all of the background work, co-ordinated and funded by the Extension Services. Also there has been recent considerable publicity about the activities planned by the Manitoba Indian Brotherhood concerning gas-sniffing problem at Shamattawa. This action has resulted from several months of intensive work by our Extension Services workers out of Gillam who cover Shamattawa, Mr. Brian Henderson, who has been working closely with the Band Council and other agencies, including Medical Services people and the Manitoba Indian Brotherhood. The combined efforts of these three branches, I have mentioned, Operations, Extension Services and Training Services, have made it possible for us to hand over much of our authority and responsibilities to community councils and community committees. We are well aware that mistakes will be made and that some councils will not accept the need to establish adequate financial control systems until the year end audit uncovers the problem. But these are necessary and justifiable risks on the road to local self-government. I am told that these problems occurred quite frequently in southern communities not so many years ago.

One section of our Operations Branch is responsible for the maintenance and operation of some 30 airstrips and airports in Northern Manitoba. The rapidly expanding use of these airstrips, particularly by the private carriers, is exceeding our capacity to maintain the necessary services, particularly the safety services required. In the current year we will be devoting greater attention to facilities and services required for these airports and airstrips.

An area of crucial importance in Northern Manitoba is manpower and economic development. This brings me to the Northern Manpower Corps which is under the direction of Mr. Murray Harvey. To understand the work of the Northern Manpower Corps you must be prepared to achieve some appreciation for both the environment in which the corps operates and the magnitude of the task which it faces. There are no southern urban situations that are comparable except those which are, in fact, northern in origin and only minimal comparison can be made with rural Manitoba. One conclusion can be drawn, however, and that is that northern unemployment problems become urban unemployment problems if regional solutions are not achieved. It is probably safe to say that the stay option means as much if not more to northerners than any other group in Canada. This does not necessarily mean that northerners are somehow personally unique in this respect but could only mean that isolation in both the geographical and social sense is a considerable barrier towards achieving those capabilities increasingly prevalent in other Canadians that mobility makes possible.

The complex question of mobility alone is a major obstacle to the reduction of unemployment in the north. But even if it were not, if by some magical process we could remove all of

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(MR. McBRYDE cont'd)the obstacles to employment, be they social, cultural, racial or simply lack of technical skills, what would the task be then? Recent estimates of the labour force and job opportunities over the next five years indicate in 1975, this current year, there are not sufficient jobs in the region to provide employment to all the residents of remote northern communities. Indeed the shortfall expressed conservatively - that's small "c" conservatively - is in the nature of 100 percent. By 1980, this shortfall because of labour force growth and an anticipated reduction in regional job opportunities will reach an estimated 200 percent - again a conservative estimate. It could be much higher. During that five year period alone, it is estimated that 500 to 600 people will leave the labour force because of age, while 3,000 to 4,000 will enter for the same reason. At the same time the jobs in major industries alone are expected to drop from 11,000 in 1975 to 8,000 in 1980.

That in a brief summary form is both the magnitude of the corps' task and the environment in which it operates. Obviously we must pay more than lip service to the so-called "northern problem" because it is not, short of a miracle, containable within the northern region. Simplistic solutions of job placement and training will not suffice and it is not, as can be seen, a territorial impulse that causes this department to take the goal of more northerners in northern jobs. We need in the best interests of all of Manitoba to ensure that what has been expressed by many to be a regional problem is reduced to reasonable proportions by affirmative action within the region. What this means is that all resources of the region, both public and private, need to set upon a common course of action to utilize northern opportunity for northern purpose, for the task is such that it is no longer a question of who should do it but rather of how we can do it together.

An example of the department working together with private industry is the Tawow project in which we work with Sherritt Gordon Mines in the placement of people from remote communities for work at Leaf Rapids in the Ruttan Mine. A somewhat similar program is under way with Inco at Thompson, and we are presently in the discussion stage with the Hudson Bay Mining and Smelting Company for a similar program in the community of Flin Flon. Also, to this end, the department has, through the Northern Manpower Corps taken where necessary the responsibility of creating jobs roughly in the order of 267 and engaged directly in activities considered by some to be outside the role of government.

This thrust to provide a job in environment capable of supporting the northerner in a productive situation is exemplified by the following projects: The Pas Ready-to-Move Housing Plant operated by Northern Manpower Corps - 30 jobs; the Cranberry Portage Logging project - 32 jobs; Minago Contractors Limited under the Natural Resources Act - 30 jobs when at full capacity; the Churchill Prefab Plant - 175 jobs. For a total of 267 jobs. Admittedly, not all the jobs are at the moment occupied by northerners. About 200 of the 267 are but the goal is for at least 90 percent. I would like to stress that these are not mere training activities, although training is a valuable sub-objective, but activities designed to stimulate both the inclusion of northerners in developing opportunities and the creation of a better economic base.

That this job creation thrust is essential can best be illustrated by the Cranberry Portage experience where graduates of the logger training went to work for the ManFor Complex, stayed on a time comparable to their southern colleagues, who are by nature a very mobile group, then unlike these colleagues, returned to their home communities rather than seek employment at other mills in other provinces. In more than a few instances, these same northern loggers called on the project manager at Cranberry Portage seeking further employment with the Northern Manpower Corps.

So, Mr. Speaker, although the people have been trained to become efficient and productive loggers, when they went to work for the large company, their turnover rate is about the normal turnover rate in the logging industry, which is very high, but instead of going out to other jobs, moving out from Manitoba, these people would return to their home communities and be unproductive. Within the environment of the Cranberry Portage logging operation, they were able to take regular employment and continue to be productive loggers.

Our answer to this question has been to create an environment in which northern people can work productively at a skill for which they are trained rather than engage in a debate over what seems to be a moot point of who shall provide that environment while the logger sits in his home community.

There are, of course, Mr. Chairman, limits to job creation but these limits are many

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(MR. McBRYDE cont'd) times needlessly bounded by the narrow application of the economic efficiency model. Which simply stated is that if it cost more than you get over a specified period, then why do it. We do not deny that there are substantial costs involved in job creation, a fact well recognized by many government funding agencies. There are, however, direct benefits that simply because they are foreign to the economic efficiency model are excluded. This measure may suffice for private enterprise who have a tendency to be more concerned about complaining about their tax dollar than embarking on employment programs which might reduce the amount of taxes they pay. Governments, however, on whom all social responsibility seems to fall, can and should take direct measures to quantify in terms of their economic efficiency model, the benefits of employment and job creation programs and what the word subsidy in this case really means.

It has been calculated that a family head of four - and northern families are usually larger than this - on direct social assistance can receive as high as \$480 per month with administrative costs excluded; and that the same person if employed at the average labourer's rate in the north, would pay approximately \$1,000 in income tax annually. Reduced to a man-day cost to government this works out to something like \$18.00 per dependent day. During the last fiscal year the Northern Manpower Corps created 5,000 man-days of employment. If we assume that only 50 percent of these people involved would have received some assistance, we can arrive at a direct saving to government of \$475,000 over and above the project revenues where applicable. Expressed another way, it would pay the government to subsidize meaningful employment to an otherwise unemployed individual up to a maximum of \$6,000 per annum.

There are, of course, Mr. Chairman, other less tangible benefits to meaningful job creation, such as the reduction in crime rate and the reduction in incarceration costs, improved family well-being, the restoration of human dignity and of course regional and local prosperity. These benefits, though no less desirable than those of a quantifiable nature, are those that can be best expressed I think, Mr. Chairman, by the following excerpts from a diary of the Northern Manpower councillor at the Churchill Prefab Housing Plant this last Christmas. Quoting from his report: "The plant ceased operation for two weeks during the Christmas holidays. I, being the councillor, anticipated a very busy Christmas and New Year week. As it was, I could not have been more mistaken. No dealings with the RCMP or hospital and only one minor family misunderstanding. Compared with last year, there was a significant improvement in the behavior of plant employees. Last year there were many hospital trips with injuries caused by fights. The most rewarding aspect related to the children. It was the first time at Christmas for many to receive gifts from their parents. This was one of the many positive signs. Since these people have been given a chance of employment, a fair wage and some hope for the future, it has brought about family unity."

While job creation is a major thrust, the Corps has not ceased to attack the problem on a variety of fronts. It continues a direct job referral placement service and last year, working in conjunction with Canada Manpower, had at October 31st placed some 1,300 northerners in jobs.

Driver training, while it is taken for granted in the south and in the urban north, but a lack of which is a major employment obstacle to northerners, resulted in the granting of 40 driver licences to northern residents during the past fiscal year.

Another point, Mr. Chairman Concern for the families of northerners undergoing either financial or social change has resulted in the mounting of a home visitor service in some 18 communities last year directed at the families of Corps project participants or of those northerners moving into new housing under the Remote Housing Program. A general home adviser service is also provided where resources permit.

Central to achieving some measure of mobility and rationalization of the employment and economic problems at the community level is the Community Manpower Planning process which is designed to allow communities to come to grips with the problems of expanding population and an eroding resource base and to assist in meaningful and acceptable alternatives. That is, staff of the Corps have worked with the communities, developed and designed economic development projects at the local level.

Another point. Training projects either for basic skill development or work orientation continue to be mounted at the community level where this activity would lend itself to continuity of the development process.

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(MR. McBRYDE cont'd)

And finally, the Northern Manpower Corps has established an apprenticeship program by which work performed is now applied as credit for journeyman status. What used to happen in the past, that people would work in one place for awhile, then work in another place for awhile, then work somewhere else and did not work at one place long enough to accumulate their journeyman's papers. This new program allows them to obtain these papers and I believe to date 10 people have so qualified under this program. All of these activities, which are designed to cope with a complex and by no means small regional problem are not without cost. That as I have mentioned earlier, we are dealing with the tip of the proverbial iceberg, and as you examine the cost of doing something as proposed on my departmental estimates I would suggest that you also consider the cost of doing nothing.

The special ARDA program, Mr. Chairman, is another developmental instrument within the Department of Northern Affairs. As with most of the projects mentioned, this program is a joint program with Canada and this one assists in the economic development and social adjustment of people who have little or no regular employment opportunities, especially individuals of Indian ancestry. There are in essence under this special ARDA program two kinds of projects. One related to improving the capacity of people to earn better returns from primary production, such as fishing and trapping, and the other designed to enable native people to establish a business or earn an income from commercial ventures. Manitoba takes the main responsibility for the former, and the Department of Regional Economic Expansion for the latter, although the province frequently arranges for the associated training.

This program started in 1971. Currently negotiations are in progress to extend it for a further two years. Since inception help has been provided to 893 fishermen in 43 different fishermen's groups, to 1,257 trappers in 52 fishermen's groups. Training by Manitoba has been given for 231 jobs in 26 different ventures.

The increase in the Budget can be explained by an acceleration in the knowledge and acceptability of the program. The item "Manitoba Supplementary Special ARDA" is provided to allow in some supporting aspects of the program to be provided where federal shareability is not available under the program. Examples of this are the Molson Lake Lodge and the Norway House Nursing Station are particularly noteworthy. We have outfitted groups with humane traps, provided transportation in remote areas, and helped to increase incomes. God's Lake Fishery was activated this winter. Special ARDA contributed to the present Ilford thrust in fishing. In general Manitoba would expect 50 percent of the costs in the primary producer category to be met by Canada, but this portion is increased according to the number of Treaty Indians involved.

Also included under Special Programs in the Estimates Book is the Northeast Development Initiative. This can be seen as an experimental approach to the northeast part of Manitoba to get local people in the remote areas to identify and optimize the real opportunities for social and economic development of this part of Manitoba. It combines a very deliberate and systematic process of community consultation with technical expertise. Resource Inventory, Feasibility Studies, Priorizing, etc., and appeals to the combined knowledge of both private and governmental experience that exists within that area.

These developmental thrusts are closely linked with the provision of necessary infrastructure. The infrastructure that is much needed in Northern Manitoba, and the development of this infrastructure creates employment, training and business opportunities. The engineering and construction divisions under Mr. John Reader is involved in winter roads, airstrips and airports, water services and major community infrastructure.

On winter roads, Mr. Speaker, during the 1974-75 fiscal year the department constructed 854 miles of winter truck roads in Northern Manitoba, over which 44,465 tons of goods were delivered to the following remote communities: Bloodvein, Little Grand Rapids, Berens River, Ste. Therese Point, Wasagamow, Garden Hill, Red Sucker Lake, Cross Lake, Oxford House, God's Lake Narrows, Norway House, Moose Lake, and South Indian Lake. And the cost for the program was \$1.6 million.

A new roadway was developed between Cross Lake and Oxford House along a route where the conditions will permit the gradual improvement of this route to provide a prolonged hauling season. Work has also been performed along a similar route between God's Lake Narrows and Garden Hill. This is a major change from the traditional winter road construction

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(MR. McBRYDE cont'd) . . . techniques that develop routes across lakes and muskegs. The advantage of the new approach being taken is the extension of the hauling season thus reducing the continuous increase to freight rates, or even lowering them. The eventual reduction of construction costs for these roads as they need to build ice roads across swamps and lakes will be reduced or removed completely. Also the reduction of the uncertainty of the completion of a winter road which is so dependent upon severe frost conditions prevailing prior to the heavy snow falls, as well as condition on low water table condition. Also the roadway may be used for the purpose of harvesting timber and fish as well as for mineral exploration.

During the past season the winter road program received much more favourable public comments than the previous year partly due to the improved public information services, the increased confidence that the systems are well managed, and the realization that the criticism raised during the previous season was poorly founded, and I might add, merely raised by some media for political reasons. The department emphasizes the need to enable northern residents to profit financially from this program as well as receive a training in all aspects of the trade and management. For this reason the work forces consisted of a very high percent of native northerners who are either operating as contractors at various levels, or supervisors and foremen, as well as other trade and labouring occupations in the construction of winter roads. This year we are making improvements to some of the new route locations, as well as building a new roadway between Jenpeg and Cross Lake that is necessitated due to the fluctuations in water flow and levels in the Cross Lake area as a result of the hydro development at Jenpeg. The roadways are expected to be developed in the same communities that were serviced last year at an estimated cost of \$1.8 million for the upcoming fiscal year.

Another aspect of the Engineering Services Section of the department Mr. Chairman, is the Airport and Airport Construction program. During the 1974-75 fiscal year the department spent \$1.3 million performing construction work on the northern airstrip development program at the following locations - and I'll just remind the members again, Mr. Chairman, that many of these programs are cost shareable under the Manitoba Northlands Agreement. The following locations: Brochet, Pukatawagan, South Indian Lake, Moose Lake, Cross Lake, God's Lake Narrows, Garden Hill, Ste. Therese Point and Shamattawa.

Construction forces employed on these projects varied from registered construction companies, band councils, to two or three individuals from the remote communities who formed partnerships to undertake the work. In these cases the contractors hired a very high percentage of local staff where they were available. As a result of this program, together with the training provided by the contractors and the department, many permanent jobs for the operation and maintenance of the airstrip facilities have been filled by these trainees.

The Airport Development Program is supported by the Ministry of Transport and the Department of Regional Economic Expansion, who recognize it as a significant program for the improvement of transportation and communications for remote communities. This program also provides the services in communities to enhance the Patient Air Transportation Program. A beneficial by-product of the program is the development of a Class 3 air carrier service on wheeled aircraft that has significantly reduced the cost of air travel in the remote north.

This year we expect to spend about \$2 million on the further development of this program at the following locations: Brochet, South Indian Lake, Pukatawagan, Cross Lake, York Landing, Red Sucker Lake, Little Grand Rapids, Berens River, Garden Hill and Shamattawa.

A very important program under the Northlands Agreement that is administered by this section is the Waterworks Delivery Program. This is a new program for 1975-76 fiscal year which is funded under the Northlands to the extent of about \$1 million. With present plans the department expects to spend approximately 850,000 of this fund to provide an all-year-round portable disinfected water supply system this year to the following communities: Cormorant - and this system, Mr. Speaker, is a very basic system. The water service will be of a basic service only with one outlet to each area providing reasonable all-year-round accessibility, and having sufficient capacity to be extended in the future to provide a house delivery service. But at this time it is merely an outside tap system, or a pump system, which enables the people in the community to get healthy water supply from a tap outlet. In Cormorant there'll be two such systems, at Sheridan and Cold Lake there'll be two systems. In Pikwitonei two systems, Thicket Portage one system, and Ilford one system. Work on this project has progressed to the geological and fiscal data gathering stage, and detailed design work will

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(MR. McBRYDE cont d). . . . commence shortly. The department expects to complete the work this year and train local residents of the community in the construction and operations of the system so the community will have trained personnel to maintain the system after the initial running-in of the plant.

The other item under Engineering Services is roads and bridges. This program enables the department to construct or reconstruct external roads and bridges for the winter road system, as well as roadways and bridges, in areas where the service is not provided by the Department of Highways. This year the department will build bridge crossings along the winter road system and is making emergency repairs to the Homebrook bridge. We will replace this structure when alternate access can be provided by a means of a detour across the frozen river. Roadways to be constructed will include the Fisherman Road at Long Point and other short roadways identified by the communities and community planners for housing sub-division purposes.

The Engineering Services also has a property management division within it and provides the engineering services for major construction programs within the various communities.

The Planning and Policy Division of Northern Affairs provides necessary planning and research support, and is very directly involved in community sub-division planning, Northlands negotiation and delivery, economic development and a Waste Management Research Program. Basically stated the planning and policy development division assists the Deputy Minister and other parts of the department to meet their responsibilities by providing a centralized policy program evaluation, development and co-ordination capacity by co-ordinating the Western Northlands Agreement, by providing physical planning capabilities to department and communities, and by carrying out a variety of pilot projects. The major objective of the section is to help communities become more capable of dealing with their problems. In the last year the division has set up on a pilot basis the Community Economic Development Service Mani-gotagan to draw communities into planning their economic future in collaboration with officials. Funds are made available to help them to do this. This service is to be extended to one more community this year to further test this method. In addition the division has regionalized most of its community planning services - Thompson last year and Dauphin this year - so they will be able to assist communities to more effectively deal with the community planning, the land, sub-division and zoning type problems.

Further decentralization of the divisions' functions are planned. Government and communities need information if they are to plan properly, and a 30 volume set of social-economic profiles of northern settlements has been prepared and distributed. In addition a comprehensive community based mapping program was started, and is continuing to assist local councils and government departments to make appropriate decisions. The division also is continually seeking ways to streamline and hasten the speed with which government plans can be developed, sub-divisions registered, and lots developed for the use in the new rural and native housing program and other housing programs.

To assist in co-ordinating the division has provided a northern input into the planning and development of a wide variety of government programs, and including the Patient Air Transportation Program, transportation study, correction studies, local government, social development, and resource development. We are presently working with other agencies on a comprehensive social and economic development strategy for all of Northern Manitoba. A substantial effort is under way to co-ordinate the implementation and planning for a long-term Manitoba Northlands Agreement with DREE. A second year substantial programming under the Interim Northlands Agreement was negotiated. A good deal of attention is being paid to the mechanisms for increasing the participation by northern residents in planning for their future.

And finally, this division has engaged in a substantial pilot project to find and evaluate the effectiveness of natural means of waste management, thereby to improve the health standards and to provide government with a greater variety of means of meeting northern needs in terms of waste disposal.

The Administration Branch of the Department of Northern Affairs has been involved in a number of things during the past year:

No. 1 is the development of the departmental personnel policy that emphasizes the employment and promotion of native northern people in the department.

No. 2 has been emphasis on the training and development of existing staff to retrain

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(MR. McBRYDE cont'd) additional staff requirements and to approve program management and delivery.

No. 3 the initiation of an audit program to ensure that community council records are audited annually and adequate financial statements are prepared and available, outlining the community financial affairs. By the end of August the community council records will have been audited to date. statements and reports will have been produced.

No. 4. The initiation of selected internal departmental audits to check the efficiency of program spending. This was the case in the internal audit on the South Indian Lake Camp.

No. 5, increased contact with community councils about tax collections has resulted in improved tax payments. Last year 86 percent of the total taxes levied were collected.

No. 6. Steps are being taken to help streamline the administrative procedures and costs of the department by

- a) a communication study,
- b) an employee housing study,
- c) administrative systems and procedures improvement.

Working closely with the Provincial Auditor's office we have acted upon their suggestions and recommendations involving the Churchill Prefab Housing Plant, the Northern Affairs Trust Fund, the Departmental Accounting Operations, and the Community Council Financial Statements and Reports.

My administrator has advised me that, however, that because of the Frontier northern environment there will continue to be administrative problems both internal and external to the department. But with prudent management to identify problems, make improvements, and take remedial steps, there has been success, and will continue to be success in improving the administration of local government affairs and northern remote government programs.

Again, Mr. Chairman, the Community Council operations and the Economic Development initiatives will involve a number of risks. There is an old saying that goes: "Behold the turtle, he makes no progress unless he sticks his neck out." In this case, we will attempt to do our very best to make sure that proper administration and accounting is carried out by councils and by fledgling economic development enterprises. We know there will be problems but we feel that we'll have to take the risks in order to bring about development in Northern Manitoba.

Finally, Mr. Speaker, the Manitoba Government Air Division, or Air and Radio Services, continues to provide a service to all government departments and Crown agencies, and to run the Patient Air Transportation Program. Government Air owns 17 aircraft, and last year leased for various periods and purposes up to 20 different aircraft. This division also employs technicians in electronics who look after radio equipment in aircraft, air bases, forestry towers, survey camps, field camps, vehicles, parks, etc.

While introducing my estimates, I would like to make a few more comments on PAT. When you say PAT up North, people know what you mean. Some terms like air ambulance and medi-vac, etc. are used but they have the same meaning. PAT gets injured or sick people of the North to where the services are. Air Division aircraft give PAT priority and often dump passengers in order to take sick or injured people to the nearest hospital. The Premier can remember the MU-2 leaving him at Flin Flon on one flight in order to carry out an emergency flight, and he had to make other arrangements for the rest of his trip.

Ask any doctor or nurse in the North about the service on a 24-hour, 7-day basis, when a government aircraft comes for a patient under difficult conditions and poor weather, they will tell you that this program, started by this government a few short years ago, is second to none and has saved many lives; ask the people in the North how it feels to know that they have this capability in case they need it; ask the parents of several children from Berens River; ask the wife of the miner injured at Thompson. Ask the mother of the newborn baby at Moose Lake; ask the girl friend of a young man injured in a car accident at Leaf Rapids; ask the wife of an American tourist who had a heart attack at God's Narrows; ask yourself, Mr. Chairman, how you would feel if you lived in the North and knew that this service was there. This government started this program, which is being copied now by other governments, but its success to a great extent is because of the excellent pilots and dedicated staff of the Air Division. This staff is well qualified and extremely proficient but I'll have to admit, Mr. Chairman, that on occasion, even they break the law. Not too long ago, a pilot took off with two passengers shown in his log book but landed with three passengers, and unrecorded passengers are against

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(MR. McBRYDE cont'd) . . . the MOT regulations. It appears that Captain Leo Dumontelle from our base at The Pas dropped some passengers at the Easterville airstrip and before he could take off again, Pam Potter of the local nursing station caught him and asked him to wait and take a woman in labour to The Pas hospital. This is a distance of 80 miles but only half-hour flight by the Cessna 337 push-pole government aircraft. He took Mrs. Annabelle Captain and Mrs. Sarah Alcrow, an elderly midwife, along and started for Grace Lake and was only off about five minutes when the mother started to deliver, and when he landed at the Grace Lake airstrip, he had a brand new baby boy, or three passengers when his flight log showed he took off with two passengers. The post-flight entry was made, Mr. Chairman, to show the third passenger joined the flight en route at 9:40, so that the breaking of the law was not too serious in this instance.

The Manitoba Government has had aircraft of its own since 1932, but it's only after we formed the government that the Patient Air Transportation Program was introduced, along with the co-ordinated use of aircraft by the staff, in order to prevent duplication. You don't have to ask me, Mr. Chairman, about the PAT program, you can ask some of the honourable members across the floor, or ask the people in Northern Manitoba, they all know what PAT does, and has done, and will continue to do. The people of the North feel a little less isolated and a little more secure knowing that this service is available.

Mr. Chairman, that is not a true brief summary of the department and its estimates. I am looking forward to answering questions from the members, giving more detailed explanations as the opportunity presents itself.

MR. CHAIRMAN: Resolution 92(a)(2), Salaries and Wages. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I wonder if the Minister could at this point - I assume that the staff will be with us - but I wonder if he's going to be in a position to give us a breakdown of the number of employees - he's given us an aggregate - a breakdown of the number of employees for each item, that is, each resolution, and in turn would he still indicate the number on contract, and whether in terms of the global figures that he gave, whether they included people who are either salaried, or on contract for specific programs, either identified as a specific program under the Canada Manitoba Northland Agreement or special ARDA, or found in other expenditures where programs are being undertaken.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: First of all Mr. Chairman, I'll give the Leader of the Opposition a summary in terms of location, because I have that immediately before me.

The executive has a total of 12 persons in it, and the majority are located in Winnipeg except for one at The Pas.

The Planning and Policy Development Section has 35 staff: 30 are located in Winnipeg, 3 in Thompson, and 2 in Dauphin.

The Administration Branch has 43 people; 30 of these are in Winnipeg, and 13 are in Thompson.

The Air Division has 132 positions: 47 in Winnipeg, 34 at Thompson, 15 at The Pas, 1 at Norway House, and 35 at Lac du Bonnet.

The Local Government Development Section has 86 staff; 1 in Winnipeg, 31 in Thompson, 17 at The Pas, 7 at Norway House, 7 at Selkirk, 4 at Dauphin, 2 in Leaf Rapids, and 17 scattered in the smaller remote communities.

The Engineering Services, the construction has 42 staff, all of which are located at Thompson.

The Northern Manpower Corps has 83 staff; 14 in Thompson, 41 in The Pas, 7 at Norway House, 4 in Churchill, 5 in Leaf Rapids, and 12 scattered in remote communities.

Special Programs have 15 staff, all of whom are located in Winnipeg.

The total figure there is 448 staff, and I believe I have some detail on the contract - I have a very efficient administration person to give me that breakdown, and I can't find it. I'll see if he can dig it out. The total staff-man-years, and some of those staff-man-years are permanent, and some are term. It's a regular Civil Service status of a program that is not a forever program such as those under the Northlands Agreement and the special ARDA agreement the staff in those programs are term. So the total is 448, as I've mentioned. The permanent staff-man-years are 292. The Northlands term positions are 154. The budgeted contract

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(MR. McBRYDE cont'd) . . . positions are 2, and those are in the planning and policy section.

Now there is Mr. Chairman, a category of employees within all departments termed casual, and like in the parks that work part-time, or highways, people at certain times of the year are casual employees. I think the number of contract positions that are presently existing is 12 in the Northern Manpower Corps. There are 156 casual positions, and these come mainly within the local government development, and these are the people that look after the small airstrips and maintain the buildings at those airstrips, or operate the graders to clear the snow off and keep the airstrips in good condition.

The total of not specifically budgeted employees, that's those two figures, 12 and 156, is 168.

MR. SPIVAK: I wonder if I understand correctly what the Minister is saying. And I wonder about making a comparison, if we can, to last year. There are no contract employees other than those employees who we classify now as casual. It is my understanding that there were approximately 45 contract employees last year, they've now been incorporated within the department. If that's not correct then I wonder if I could just have it accurately. And I wonder if we could make a comparison between how many employees there were last year, both permanent and contract, and how many to the aggregate that we have now.

MR. McBRYDE: Mr. Chairman, the contract conversion that was agreed to by Cabinet and had to go through the whole management process is not 100 percent completed. So there's probably listed still on contract, and these would be some of those who have not completed their conversion from contract to staff-man-years, and some that are project staff. That is, they're attached to a certain project for a limited period of time, and there are twelve of those people all within the Northern Manpower Corps.

MR. SPIVAK: So then in effect in terms of projects, whether listed under other expenditures or under any special project of Northlands, special ARDA, there are no other employees that are charged through as either casual or as part-time or as permanent staff. The total figure of 448 is then the correct one.

MR. McBRYDE: The total figure of 448 is the staff-man-years. Then to the 448 you still have to add those 12 contract positions I mentioned, plus the casual positions, which is 168, which comes to . . . --(Interjection)--

MR. SPIVAK: All right, that makes it about 620 employees, part-time and casual. Now how does that compare to last year, comparing apples to apples in total? My understanding is that it would be about 345, is that correct?

MR. McBRYDE: I think the figure that the member mentioned was the staff-man-year positions. There was always a large number of casuals, and I'm just going to check with last year's book and make sure we have the exact figure for last year.

The 168 positions do not formally appear within the budget. But there'll be funds for our program, a fund for airport maintenance, a fund to maintain the airport building, and it'll not show up as a staff person, but those dollars will be used for people to do that work.

The quick estimate we can get of last year was 535.

MR. SPIVAK: So that's 535 compared to about 620, which is an increase of about - that would be about a 15 percent increase in terms of total. That's just an approximate figure.

Can I ask, with respect to the procedures - unfortunately I guess we have to do this under salary and wages, because I don't know what contract we'd be talking about. Can you tell me the procedures that were followed in the conversion between the contract into the Civil Service position? Are the procedures automatic that the persons on contract fill the position offered by government with respect to the contract position that now became a permanent position? Was there in fact a normal Civil Service procedure followed? Did the normal Civil Service boarding take place, was there interviews that were undertaken; was there advertising for these positions; or was it simply a conversion of the people who were on part-time contract, or full-time contract, becoming employees?

MR. McBRYDE: Mr. Chairman, the Leader of the Opposition might remember that last year I explained to him that the contract positions were hired by advertisement, by a very similar process as the others were hired. The Civil Service Commission is in the process of, or has agreed that those persons on contract would be directly converted to staff-man-years. The only, I think, area of disagreement is between the classification, whether we classified them at the right level on contract and the right range. I don't think there's a disagreement on

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(MR. McBRYDE cont'd) switching them from contracts into staff-man-years.

MR. SPIVAK: I wonder if the Minister can indicate under Salary and Wages how many executive assistants are included in that figure?

MR. McBRYDE: One executive assistant to the Minister, Mr. Chairman.

MR. SPIVAK: That would be the political assistant that is charged to the administration in terms of Northern Affairs, or are there other political assistants?

MR. McBRYDE: Mr. Chairman, the Minister has one assistant, and that'll be the only political assistant.

MR. SPIVAK: Some time ago there were questions that were asked in the House and the Minister replied, and there was more recent questions, dealing with the application for permission, I guess, to acquire a licence to build something in Wabowden, this was the Callow application that was not dealt with and went to the Ombudsman. I believe the Minister indicated that a report had been given. I wonder if he can indicate who in his department was the person responsible, or has been suggested by the Ombudsman was the person responsible, who attempted to influence the Planning Committee with respect to the licence application that had been made on which this complaint had been undertaken.

MR. McBRYDE: Mr. Chairman, as the report of the Ombudsman is fairly complicated, and as a matter of fact to understand it myself I had to have technical planning staff in to explain it to me. This Advisory Planning Commission at Wabowden was set up when the commission was still attached to the Minister of Municipal Affairs, so they took a strictly southern structure and plopped it onto Wabowden, and as a result of that I think there were a number of omissions made in terms of the full legal procedure as the Ombudsman perceives it. I have not had the opportunity as yet to discuss with the Ombudsman the contents of his report. As a matter of fact the meeting was scheduled for today or tomorrow, if I'm not involved in the estimates procedure. There was some concern expressed by myself, and by people within our Planning and Policy Section, about the length of time being taken in terms of the procedure, and I think what the Ombudsman is worried about, and I'm worried about, is that, there to the questions at the time implied to some people that they were recommending one person over another in terms of that procedure, because at that time only one person was before the Planning Commission with a proposal. I don't know if I can add that much more. The recommendation of the Ombudsman is that the rezoning, which is the initial thing required, be completed and that then the Planning Commission call for submissions by anyone wishing to develop in that rezoned area. According to the Ombudsman, digging back into old records, there were over the last number of years about four people had indicated an interest in that development. Myself, and within my office, I had only been aware that one person had applied for that rezoning in that development.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I wonder if the Minister can confirm that the Ombudsman in his report indicated that someone from the Department of Northern Affairs attempted to indicate to the Planning Commission that the application of the individual who ultimately received the approval, should be given to him. I wonder if he can indicate the position of the individual, where he was a political executive assistant, whether he was within the Department of Northern Affairs, and what portion and what branch of the department he was involved in.

MR. McBRYDE: Mr. Chairman, a program advisor with the Planning Section, Mr. Monty Lowe, indicated to the Chairman of the Commission that they should hear an application, not that they should accept it or not accept it but that they should hear a person's submission for a proposal in that area.

MR. SPIVAK: Can I ask whether that request to the Planning Commission came from the instructions of either the Minister or anyone within the executive branch of his department, the recommendation to the individual to request that of the Planning Commission?

MR. McBRYDE: Mr. Chairman this is the area that I'm not positive on because the concern was expressed by myself over the length of time that it was taking for the procedure, but at that time I was only aware that there was one applicant, and that could have come from my office or myself, the concern over the length of time that was being taken in the operation.

MR. SPIVAK: Well, Mr. Chairman, then this begs the question of the Minister, how was he aware that there had been such a delay in procedures? Who brought it to his attention to raise some anxiety about the timing?

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MR. McBRYDE: Mr. Chairman, I received a direct call from one of the applicants, who told me his woes of time and procedure, and I inquired as to what was taking so long.

MR. SPIVAK: Well, just so I understand the answer. I guess the applicant was the only one who you thought at the time had an application was the one who called you then. He in turn raised some questions, and as a result the person in the Planning and Policy Development, was asked to call the Planning Commission to determine what had happened. Is that the procedure that took place?

MR. McBRYDE: I'm not clear on the exact procedure. I'm not sure whether the person made the call as a result of my concern over the slowness, or whether it was directly related or not. I'm just not sure of that information.

MR. SPIVAK: Well, Mr. Chairman, you know, we've got a very difficult question, and the Minister has admitted that there was concern expressed to him by an applicant, and I don't think that's an unusual thing for a Minister to be reminded by anybody that some problem exists in which the department may have, may have not an interest. What I am concerned about is determining how that information was communicated to whoever acting on behalf of the department, communicated information. The two issues are how that information was communicated from the Minister to the individual, how it went down the line; and the second thing is what the individual did to the Planning Commission in requesting that the matter be considered, whether it was just a matter that there was some delay, or whether it was more than just a question of saying it was delay, whether in fact there was any leaning on the commission with respect to an application by one individual, giving preference to that person over another. Now, that of course is part of the, I guess, the concern the Ombudsman would have. There are other matters I'm sure that will still come. But I'm concerned because of what would be a general impression, that the Minister may not want to accept, but I think it has been accepted by many people in the North, that there are certain people who have access to him and others who do not. Depending upon their political affiliation, that becomes a very important factor as to whether you will or will not be able to be able to facilitate matters. So we're in an area which I'm sure he doesn't want to deal with, and I'm sure is a particularly sensitive area. But the concern at this point is, I would like to know how the information was communicated from him to someone in one of the branches of his department, and how that person happened then to call the Planning Commission, in the words of the Minister, to facilitate the matter on the assumption there was only one application, but in which I would suggest there was, in a general sense, that there was a preference for one applicant over others to be undertaken or considered by the Planning Commission.

MR. McBRYDE: Mr. Chairman, I have no hesitation to deal with the insinuations and allegations that the Leader of the Opposition continues to make on many subjects, even those that have been shown to be completely untrue, and where he had misled the public in terms of those allegations. But in this particular case, all I can give the facts on is my own particular knowledge of what took place, and the gentleman, the other person, one of the other people that was involved in this is no longer available to ask them exactly what took place. Upon receipt of a call from a person who was hoping to develop a site in Wabowden, I myself at that time assumed - I found out from the Auditor's report incorrectly, subsequent, even before the Auditor's report from my own staff incorrectly - was the, I thought, was the only applicant for that piece of land, and he had been requesting resolution of whether he could proceed with development for, I believe, up to three years on that piece of land. And I inquired of my planners. I inquired of the co-ordinator for the area, who is also the Chairman of the Planning Commission, as to what's going on here. How come this takes so long? And that is what I know of what took place. As I said, my understanding is that the person from the Planning and Policy Section who talked to the Chairman of the Planning Commission, I assume was in that same context as, what's going on here? How come this procedure is taking so long? But I can't answer beyond that.

MR. SPIVAK: All right. We have now established that the Minister did then make the request to determine what was happening, and that went down the line to the Planning and Policy Development, or someone within the branch, and that person - and I think he named him - called the chairman or someone on the Planning Commission. I guess the issue then fundamentally is, what did that person say, and how was it really interpreted? Was it interpreted to simply mean a request for information as to why the matter was delayed, and to suggest that the matter be

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(MR. SPIVAK cont'd) . . . hurried up, or was it really a request at that time for consideration to be given to the applicant? The Minister indicates that in his opinion there was only one person being considered, and the question is whether the people who actually called at that time knew that there were more than one application, or knew that there was more than one application being considered. And I think, Mr. Chairman, it comes back to a very fundamental situation. The Minister, you know, makes the suggestion that many of the things we've suggested have not been proved. I think it's been exactly the opposite, Mr. Chairman. I say to the Minister of Northern Affairs that I think that in general most of what we've said in the past has in fact been borne out by the facts. The fact is there was an application made to the Ombudsman, and the Ombudsman intended to proceed, he had to go to court to be able to indicate that he had the authority to do that, the report is now in the hands of the Minister, and I have no doubt will be part of the report of the Ombudsman next year. But I say to him that I would think that, however, at least the impression I have and I'd have to be proved otherwise, either by the evidence of the Ombudsman's report or the portions of the report that would indicate the opposite, I would suggest that there is at this point, to be disproved by the Minister rather than proved by the Opposition, because of the report and the information we've been able to compile, that there is a prima facie case, that in fact the person who applied, whose political affiliation was close to that of the Minister, was given additional help by the Minister, and in fact the Planning Commission of the community was leaned on, leaned on through the department to in effect accomplish an objective for the individual to the detriment of another applicant. I believe that this is the impression, and I think the facts have borne this out.

You know, we're in a position where the Minister has given his answer, and there's nothing I can do except to say to the Minister that his answer, I hope, is supported by the Ombudsman's report, and I would look forward to the publication of it or the tabling of the report in this committee to be able to indicate that there has been an independent evaluation of the Minister's action by the Ombudsman which would vindicate him, and would not support the proposition that I've suggested, and many believe has occurred. If that's the case, then I would hope that he'd produce the Ombudsman's report. If he's not prepared to do that, I would think that we will have to wait for publication but I must, at this point, raise a caveat that the Minister's explanation I do not think is complete, and I believe that the prima facie case of interference in the Planning Commission stands, and that this is only one of many examples of concerns the people in the North have expressed, of preferences and efforts that have been undertaken in the North in which priority has been given to those people who have been close to the Minister personally, or close to the political party which forms the government, and this has been one of the problems in the North.

You know I listened with great interest to what he said with respect to the North and, you know, I'm not in disagreement with him. There are fundamental problems, and it's not easy. Any kind of action you undertake you're going to find difficulties in implementation and really being able to measure achievement. It's not going to be something that is going to happen overnight, and to a large extent every government that is going to attempt anything is going to find difficulty, and there are going to be immense failures, and there are going to have to be adjustments and alterations and amendments to any program. But the difficulty has been I guess from the very beginning that part of what has happened has been developed on a patronage basis; and part of what has happened has been developed on the creation of a network of people whose political affiliations were part and parcel of the total employment undertaken by the department in the carrying out of its programs. Those political affiliations are important in the administration and carrying out of the government's program, and in the attempt to hold and continue support for the government. It's very hard to distinguish between the legitimate concerns of the people and the operation of the department, and the political realities and significances that are to be attached to the actions of the department, and I only cite this particular example because I think it illustrates the basic problem in the confusion that's existed in the main, and I think to a large extent that has been allowed to be perpetuated by the Minister and by those who have associated - not all, I don't want to make a blanket statement - by many who have been involved whose concerns with respect to the government's position as opposed to the actual administration of the department activity has been such that they have fundamentally bent over backwards to become spokesmen for the government, to see that the programs are implemented, so that they will be credit for the government, and thus as a

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(MR. SPIVAK cont'd). . . . result of it, have in many respects probably overstepped the actions that should have been undertaken.

When you have a politicized Civil Service you have problems. When you have a politicized Civil Service you're going to have severe difficulty, and you're going to have those who will be supportive and those who will not. I would suggest that the programs and the earnestness with which the Minister would like to see some of those things accomplished, that you know, it has to be offset by the reality that to a certain extent part of the undoing of what has happened has, in fact been the politicizing of the Civil Service in the north, and the actions that are undertaken. This particular example is one, and one that is I think pretty important, because access to the Minister comes from those people who are friendly to him, and the way in which actions are undertaken and the follow through of this is pretty important.

I would suggest unless he's prepared to produce that Ombudsman's report, which would prove the opposite, that the case that could be put forward is that in effect someone from the department leaned on the Planning Commission to be able to award a contract to someone who is friendly to the Minister, and this unfortunately is part of the quality and characteristics of the way in which it was operated in the north, the department, and has serious ramifications for achieving the kind of real objectives that the Minister talked about in the beginning.

MR. McBRYDE: Mr. Chairman, I have to admit that I do get a little tired of dealing with some of the allegations and accusations made by the Leader of the Opposition. But I have to agree with him that in my opinion at one time the Commission of Northern Affairs was used in a political manner, in a patronage manner. That existed, Mr. Chairman, prior to 1969. The same civil servant whom I heard saying, "Duff Roblin is doing this for you." And then I heard him saying, "Walter Weir is doing this for you." And I heard him saying, "Ed Schreyer's doing this for you." And it just was not acceptable to me, Mr. Chairman, that that approach be taken.

I don't want to go back into all the history of the member's approach, of the member's strategy; I would just say that his interpretation of my approach as Minister, since I've had responsibility for the Commission and for the Department of Northern Affairs, is not as the Leader of the Opposition has outlined it, and I suppose I would term his approach, or his method of political maneuvering is to attempt to take a situation of which many southern people know not of the details, and where there are and always will be problems in administration. When the Department of Indian Affairs began initiating more local government to band councils they experienced numerous problems, but neither of the opposition parties in Ottawa attempted to blame that onto the government of the day. The Conservative Party didn't adopt that as a political strategy, the New Democratic Party didn't adopt that as a political strategy, the Social Credit Party didn't adopt that as a political strategy, but the Leader of the Opposition has developed a political strategy which began with attempts to say that there was vote buying within certain instances at Wabowden - that there was a "Wabowden Affair."

I don't want to get into all the details of those charges, etc., etc., but we now know that the Wabowden affair should be termed the Spivak affair, because that's basically what it was. None of the allegations were substantiated; the main source of the allegations has shown his mental problems in recent months and the Leader of the Opposition jumped on that as a political strategy, as a method of his attempt to try and form a government. I don't agree with that type of strategy and I certainly didn't get into public life to involve myself in that type of a strategy and I can only give my sympathy to the Honourable Leader that he feels he has to use that type of strategy.

We've seen the strategy adopted before in a case that the Ombudsman was involved in and a case where the Leader of the Opposition joined in allegations of bribery by staff of the Department of Northern Affairs at South Indian Lake. Those charges were shown to be completely unsubstantiated. At that time the charges were shown to be completely unsubstantiated. The release of the Ombudsman Report, Mr. Chairman - it's my understanding that the Ombudsman works for the Legislature, that is all the members of this House gathered together, and he does not work for the government - and if the Ombudsman wishes to release this report and he has it within his Act to release a report before his Annual Report then he's perfectly at liberty to do so. And as I said, I am meeting with him in the next couple of days to discuss with him the contents of his report because many of the matters are, in terms of regulations

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(MR. McBRYDE cont'd)and municipal proceedings, somewhat complex and I've had some difficulty in exactly understanding those details of a technical nature. I have no objection and if the Ombudsman sees fit to release this report then well and good and then maybe it will end some of the hypothetical statements that have been made by the Leader of the Opposition. I don't think I can make very many comments beyond that, Mr. Chairman.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I made my point and I was sort of prepared to leave it, the Minister was not. I mean that's his privilege and prerogative. I'm prepared to deal with this maybe in a bit more detail and I'm prepared to deal with the so-called concern that he has, the Wabowden affair, and that's not this particular matter, it's another matter, Mr. Chairman, is not something that has been sort of settled in such a way that I have egg on my face. And I want to tell the Minister that at this point the government by far has egg on its face. It has an RCMP Report in which it's not done a thing and I have had to take the only prerogative of going to the Ombudsman . . . --(Interjection)-- That's not Wabowden? --(Interjection)-- That's on Schmidt Cartage, that's not Wabowden. Well what's Wabowden? Wabowden is R & M and J. M. K. is that what Wabowden is? That RCMP Report is . . . --(Interjection)-- Well it happens to be located. . .

A MEMBER: That little road that leads nowhere.

MR. SPIVAK: Yes, a little road that leads nowhere. But you know, Mr. Chairman, all it is is just typical of the way in which the government's operated. You know it's a strange thing, there are two RCMP reports that have not been acted on yet, matters that have been before this government for about a year and a half. You know, the university students were picketing and were involved in some hassle on the picket line in Fort Garry; within a matter of 12 hours, 6 hours, 4 hours, they were charged. You know they had violated the law. Whether it was correct that they should have been charged or not, whether it was morally right, the fact is that's what the law said, there was no question, there was action immediately. But in a little situation in Wabowden, the town that leads nowhere, the government for some reason just can't act, can't ask the RCMP to investigate. When it's forced to investigate it can't deal with the report, it's always continually asking for information. My God if the administration of justice took as long as has happened in these particular situations, nothing would happen. Does anyone not believe that there's some political overtones to this? Now, does anyone really accept all of a sudden someone phones the Minister, the Minister sends it down the line, somebody down the line phones the planning commission and says, "Hurry up with that application". Does anyone not believe that the person who called the Minister had to be someone who was affiliated with the NDP, that could essentially ask the Minister for that information and ensure that his request would be given? The individual who had applied who by the way, as it happened, happened to have an undertaking being financed through the CDF by one of the companies involved in the RCMP investigation. That's another side issue, because it sort of makes it rather curious, because on one hand the government does one thing and then loses money on the other hand and they don't know what's really happened. In all this procedure does anyone suggest that there wasn't any action at this point on the part of the Minister or his people with respect to this matter, that it did not have any political overtones?

You know, I don't know at this point what the final report of the Ombudsman would suggest, but I would suggest that there is sufficient evidence to indicate that the Minister's leaned on someone to lean on someone to get it done for someone that he wanted to happen, and that that meant that the rights of other people were in fact negated. Now, you know, we're going to go over and over and over again these things, and if the Minister wants to suggest that this tact on our part is incorrect, then he's failing to recognize what a lot of people in the north are saying - and a lot of people in every walk of life in the north who have had contact - because you see there are ones who are in and ones who are out, and that's the problem with the politicizing of what has taken place up north. And there's no better example than this. And these cases that come forward have to be dealt with either because there is wrongdoing - in which case the Attorney-General's office is involved, and you know what that's going to mean as far as timing is concerned, if it has political implications - or to look to somebody independent to be able to do an evaluation and a judgment of it. That's exactly what the Ombudsman has done and he's the only person that we have that can get inside the department and be able to determine whether what has happened has been proper or not. And I suggest that the Minister may want to stand

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(MR. SPIVAK cont'd) . . . up and basically say that nothing has happened, that nothing has improved. Well, the Wabowden matter is not closed, and even though the government has attempted to put road blocks in every legitimate way that they could to stop the kind of discussion and information coming forward, it is going to come forward.

It's very simple for me, Mr. Chairman, and I do not want to prejudice the cases that I think will ultimately come forward, to lay out those cases -right out, complete - I'm quite capable of doing it. I'm quite capable of putting it on the table of this House without any difficulty, of naming names and of citing dates and of giving specifics and of indicating who likely action should be undertaken. And I think some of the things that I would say would be surprising. But I believe that proof exists - or sufficient at least evidence exists for consideration to be given by a court of law. I do not particularly want to prejudice that situation and I have taken the only alternatives that I have as that of going to the Ombudsman. But I say to the Minister here, it's true, the Ombudsman's report is a report to the Legislature. If he's going to release that information then we'll have to wait until his report comes in, I can't deal with it. But I do not want him to suggest that, based on my understanding, that he can simply pass it off, has simply been a matter in which there was really no attempt to lean on the planning commission in this particular situation, because that's not so. There was an attempt to lean on the planning commission to the detriment of other individuals.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the Leader of the Opposition has already made the decisions that normally would follow with the Ombudsman or the court or a number of people. Since he's already made up his mind there's probably not much use speaking with him. But as a Minister of the Crown, and I assume that it happens to other Ministers, that we get calls from many sources and from many places. I get questions from the Member for Roblin or from the Member for Swan River about such and such and such and such, and I'll give staff a call or send them a note and say, "What is the situation in regard to such and such?" Now there is always that possibility since the Minister is asking his staff what is happening here, that the staff person could interpret that as the Minister wants that to happen, if I say, how come that the Member for Roblin wrote to me, why didn't such and such get a lot in Camperville?

A MEMBER: Right.

MR. McBRYDE: So I enquire, "why didn't such and such get a lot in Camperville?" My staff could pick that up and say, well, gee the Minister wants such and such to get a lot in Camperville, we better get him a lot. You know, that can happen. I assume that sometimes staff will interpret things that way. I made an enquiry of staff just the other day about the Community Council budget at Pelican Rapids, because I was in Pelican Rapids, and I found out the other day that the staff interpreted my request for information as a way for him to proceed in terms of that budget. So I had to explain to them that that's still the council's decision and your decision and I was only getting information that the community asked for, and that that doesn't mean you do it this way or that way, but you have to make that decision on site. You know it could happen that staff does think because the Minister enquires, or somebody in the Minister's office enquires about something, that's what the Minister would like to see happen. That would be an interpretation that they are at liberty to take or not to take and I would hope that they would interpret these as enquiries, not as insistence that certain courses of action be done.

MR. CHAIRMAN: (Resolution 92 was read and passed) Resolution 93, Air and Radio Services, Administration (a)(1). The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Mr. Chairman, I'd like to ask the Minister on the Patient Air Transportation just what percentage of the emergency air ambulance service is carried out by government forces?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: The patient air transportation system operates in the following way, that the doctor or the hospital in an area makes a direct request that goes through an air division co-ordinator that's responsible for flights, or in a remote community a nurse, or in some cases where there's not even a nurse, from somebody in authority in the community that can authorize such a flight to take place. That co-ordinator will then attempt to see who's the closest available. That is, if it's in The Pas, for example, and there's a Transair flight

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(MR. McBRYDE cont'd) leaving in a short while, they'll put the person on the Transair flight. If it's at Shamattawa and it happens that Ilford River can just land it at Shamattawa, then they'll try and get Ilford River to do the work.

Now in most cases because of the MU-2 aircraft, one of the quickest ways in emergencies is to send that plane from Winnipeg because of its speed and get them right back into the Winnipeg hospital as quickly as possible. This program is also dealing with some that could not be termed emergencies, cases that are not determined as emergencies, and those usually go the normal commercial carrier flights that take place.

MR. GRAHAM: I thank the Minister for his explanation, but he didn't give me the answer. I asked him what percentage was carried by the government air service and what percentage was carried by other services.

MR. McBRYDE: Approximately 25 percent of the flights were carried out by air division and the majority of flights would have been carried out mostly by scheduled carriers arriving in the community. I'd say of that 25 percent, my guess is, from my knowledge of what I've seen is that the air division would handle most of those. When something happens in the middle of the night at Berens River, it would be the air division.

MR. GRAHAM: Well, Mr. Chairman, I thank the Minister for that rough estimate and he mentioned that if it was a night flight it would probably be government services rather than other services. Is that correct?

MR. McBRYDE: Mr. Chairman, I think one thing that the honourable member maybe is not fully aware of, and it was even a bit of a surprise for me as I saw the figures coming in, is that a large portion of the PAT flights are not emergency flights. They are flights where they cannot get a medical service up north and they have to come to Winnipeg for that service, but there's not an emergency attached to it. And I would guess that Transair is probably the biggest percentage on the regular scheduled flights. See, what happens is, when a real emergency comes forward it goes to an air division co-ordinator of the PAT program and they attempt to track down who's available first. Now it happens that there is not flights going in and out of these communities at night, because most of them don't have lights on them. So in that case there wouldn't be another carrier handy and the air division would more than likely be the one to take the case because we have the fastest, most capable airplane of doing that, and then flare pots would be put out or car lights or whatever to facilitate that plane getting in and out.

MR. CHAIRMAN: The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Chairman, I thank the Minister for that information and that reassurance, because the information that I have received, somewhat sketchy as it may be, has indicated that probably the reverse is true; that when it comes to emergency night flights that it is usually the private carrier that is called to go in rather than Government Air Service, the Government Air Service does most of it from 8:00 a. m. till 8:00 p. m. and it's the private carrier that does it in the middle of the night.

MR. McBRYDE: The service provided is a 24-hour day service and there's no time it's not covered. Now our pilots who are on duty at that time, there is an answering service and a bleeper system. They carry this with them to their bedside and they're available immediately to get down there and of course they're not allowed - if they're on duty, waiting, having a possibility of a call, of course then their social life is inhibited because they're not allowed to drink or anything like that because they're on call at all times. But if even at night time, if for example, an accident took place at Brochet, Air Division has no planes at Lynn Lake so it might be that we would try and track down the local carrier at Lynn Lake and get him to do that flight. But the majority of those kinds of flights are handled by Air Division and unless you get really close to one of the other centres like The Pas or Thompson, the majority are handled by the MU-2 from Winnipeg.

MR. GRAHAM: I was wondering then, in order just to sort of clarify the issue, and I hesitate to file an Order for Return, I was wondering if the Minister could give us a breakdown, not at this particular time but at some time in the future, of the number of - and this is emergency rather than the other - the number of emergency flights made by Government Services during the 8:00 a. m. to 8:00 p. m. period, the number that are made by other services other than Government Services, and then also the same for the night period. I think it would be interesting to see just what is occurring in that particular field.

SUPPLY - NORTHERN AFFAIRS

MR. McBRYDE: I shouldn't have too much trouble, Mr. Chairman, because I've asked for that similar information because I heard a rumour out of Thompson, somebody was saying up there that the Air Division was getting somebody else on the bad flights and night flights and stuff, and not using their own forces and I've asked for that information from the Air Division. I haven't got it back yet. I don't suspect there's any grounds to that remark.

MR. GRAHAM: Probably the Minister has heard the same rumour that I have heard then.

MR. CHAIRMAN: Resolution 93(a)(1). The Honourable Member for Brandon West.

MR. McGILL: Mr. Chairman, to the Minister. I have before me a notice from the Air Transport Committee that they've received an application from Sky West Limited to carry on a business under the firm name and style of Sky West. The Minister is familiar with the proposal in respect to Sky West and my question to him now is: Has he or any official of the Manitoba Government Air Services been involved in the submission of this application and consulted or in any way involved in the preparation of the application to conduct this service which has now been filed with the Air Transport Committee?

MR. McBRYDE: Mr. Chairman, that application under the name of Sky West would have been handled entirely by officials and advisers to the Department of Industry and Commerce. So I don't think I can tell him anything more on that application.

MR. McGILL: Mr. Chairman, I take from the Minister's reply that the answer is negative, that none of his officials in Manitoba Government Air Service have had anything to do with the filing of this application or have been consulted in any way with it. And I'd like to ask the Minister if, at the present time or at any time within the past few weeks, has Manitoba Government Air Service been involved in training pilots for flying Saunders Aircraft for the operation of this service?

MR. McBRYDE: Mr. Chairman, I think the Member for Brandon, I don't think deliberately, sort of went beyond my answer. The Manitoba Government Air Division or my department was not involved in the preparation of the Sky West application. Now whether or not we were consulted; the Air Division has a proposal in terms of how that system could be operated and so in that way we were consulted. We put in a submission and we have discussed how that prairie air service could be operated. My understanding at the present time is that one proposal that has not been accepted or agreed upon or announced is that the Sky West establish itself as a company, as a manager of an air service and contract out specific aspects of that service, and we have discussed with them the possibility of Air Division contracting for the pilots and Air Division contracting for the mechanical work. The other aspects of the administration would be done by the Sky West Services Limited. That we have discussed with them.

We have trained some key pilots on the Saunders ST-27 because there's quite a procedure to not only getting checked out but there's an exam attached to that size of aircraft in terms of getting the authority to fly that type of aircraft. We do have pilots that are checked out and capable of checking out others on the ST-27.

MR. McGILL: Mr. Chairman, I'd like to ask the Minister then, approximately or precisely how many pilots are being checked out and brought up to competency to conduct IFR sched flights?

MR. McBRYDE: Would you repeat the last part of your question please?

MR. McGILL: Yes. I asked how many pilots are being trained and brought up to a stage of adequate competency to conduct IRF flights on a scheduled air service by your government air service at the present time?

MR. McBRYDE: I think the honourable member knows this - I want to make sure. That the pilots would already be IFR, very competent instrument pilots and the checking out is on a specific type airplane. They are pilots that have before, and could operate on scheduled air services with planes if they are licensed to fly. When you get into the weight category of the ST-27, then there's a special exam for that particular plane and a special test and of course a checkout for that particular plane. We have six pilots that are now qualified ST-27 pilots and it is my understanding there is an intention that four more should be trained.

MR. McGILL: Are these pilots, Mr. Chairman, presently employed and on staff of the Manitoba Government Air Service, or are they pilots that have been brought in for the purpose of training for this particular job?

MR. McBRYDE: Mr. Chairman, these are all senior pilots within the Manitoba

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(MR. McBRYDE cont'd) Government Air Services. If agreement should be reached and if we are contracted for the pilot's service by Sky West Limited, then there would be the necessity to move some people up into their positions and hire some people at the bottom to fill those vacancies. But we haven't done that at this time because we have no contract or no agreement with Sky West to do that.

MR. McGILL: Well, Mr. Chairman, as the Minister points out, he has no contract for the conduct of this proposed air service but he is training pilots. Now can he tell the House what the cost has been of conducting this training and bringing these people up to the satisfactory competency and who is paying that cost?

MR. McBRYDE: At this time, Mr. Chairman, the Air Division is picking up the costs of the training of the pilots, an accounting is to be kept of that. I am assuming - as a matter of fact I am going to be sure that if and when a contract is agreed to that those would be part of the costs billed to that contract. If in fact there was no contract forthcoming, then we would have broadened the experience of our pilots but we wouldn't have had a direct benefit to the Air Division.

MR. McGILL: Mr. Chairman, then I take it that the Minister is not billing anybody outside his own organization because he's assuming that he's going to get the contract to conduct the air service? Is that a proper interpretation?

MR. McBRYDE: Mr. Chairman, I understand the member's deep interest in this subject. The Air Division and myself particularly haven't been over-excited about getting into the experimental Brandon service because it's going to be, no matter who runs it, a subsidized operation, a money losing operation, and if the Government Air Division is operating it people are going to say the Government Air Division is inefficient, but the fact is that whoever operates it is going to be inefficient. We have no guarantee of any contract with Sky West at this time although obviously we wouldn't put pilots in training if we weren't hopeful that we are going to get that kind of an agreement.

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COMMITTEE OF SUPPLY - FLOOD CONTROL AND EMERGENCY EXPENDITURES

MR. CHAIRMAN (Mr. Walding): Order please. I direct the attention of honourable members to Page 47 in their Estimates Book. There are three resolutions - 108, 109 and 110.

Resolution 108. The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, Resolution 108 with respect to flood control expenditures, the estimates of last year had a pro forma entry of \$5 million. I say "pro forma" because we really could not anticipate with any precision what to expect relative to flood damage and flood damage claims. Members will be interested to know that in its totality - and I will try to give the numbers to the nearest million - claim costs incurred would be in the order of 13 million, of which the recovery under the Federal-Provincial Disaster Agreement would be in the order of 10 million. We have not yet received the \$10 million but we expect no particular problem in so doing. For honourable members' interest, I would indicate that about 60 days ago it seemed as though we would have the transfer of those funds imminently but, for whatever reason, that has not yet taken place. A follow-up letter has just gone in recent days.

Perhaps that's all the introductory comment that's needed at this point.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: Mr. Chairman, I should like to ask the First Minister, does that include - that total amount - does that include the flood damage that occurred on the 24th of May last year in the basement flooding of the homes in Winnipeg?

MR. SCHREYER: Yes, the figure I've given, Mr. Jorgenson, is the aggregate, all-inclusive 1974 flood damage claim amounts.

MR. JORGENSEN: Am I correct in my understanding that following the announcement that the City of Winnipeg, the Province of Manitoba and the Federal Government would be assisting those people who suffered basement damages as a result of that rainfall - there had been applications by some of the smaller towns outside of the City of Winnipeg for the same kind of treatment by the various levels of government - am I correct in assuming that there have been some agreements signed with a number of towns in the Province of Manitoba providing for the same kind of assistance?

MR. SCHREYER: Not to my knowledge, Mr. Chairman, but I could confirm to the member that certainly members of the Manitoba Flood Assistance Board primarily through the persons of either Elswood Bole or . . .

MR. JORGENSEN: Mr. Philippot.

MR. SCHREYER: Not Mr. Philippot, the three members of the board. Mr. Bole or Mr. Rebeck or - yes, the Reeve of Rosser, his name is well known, Evered Lawrence, did communicate to the municipalities that the same formula would be applicable if circumstances were analogous. The Member for Morris should know that the formula for municipal services inadequacy or a lack of capacity - there is a program and there's a formula and the formula does require the same graduated input by the municipality as in the case of the province vis-a-vis the Federal Government. In other words, first dollar per capita of damage so and so much - first, one dollar per capita; next, two dollars per capita, next, two dollars per capita, it's a graduated percentage input. The City of Winnipeg is putting in an amount very roughly of about \$800 to \$1,000 to \$1 million towards the cleaning up of the damage claims.

MR. JORGENSEN: Well you partly answered my question then. That formula or that program is available . . .

MR. SCHREYER: Oh, yes.

MR. JORGENSEN . . . it's just a question of whether or not the towns and municipalities have applied for it. Have any of the towns and municipalities outside of the City of Winnipeg applied for the same kind of assistance?

MR. SCHREYER: I can only say, Mr. Jorgenson, that some towns certainly made inquiries. I believe Glenboro and Winkler and Morden, but I cannot confirm that any, in fact, did then formally indicate that they wished to proceed.

MR. JORGENSEN: I see. Also, in response to a question that I asked in the House a week or two ago, the Minister of Mines and Resources said that there was still a number of outstanding claims that had not been processed yet and they were awaiting confirmation from the Federal Government as to further amendments to the regulations outlining the conditions

SUPPLY - FLOOD CONTROL

(MR. JORGENSEN cont'd) that assistance would be available. And I wonder now if the Federal Government have given any indication that they are going to accept the changed regulations as a formula for assistance?

MR. SCHREYER: Mr. Chairman, I'm wondering if perhaps we're thinking of two different things. I am aware only of one aspect of Federal-Provincial Disaster Agreement that is under discussion with possible revision and that has to do with diking and other preventative type works.

MR. JORGENSEN: Yes. My question, I should have mentioned related to this other aspect of it, not the emergency flood . . .

MR. SCHREYER: Right.

MR. JORGENSEN: . . . but the diking and prevention.

MR. SCHREYER: Right. Well then we're on the same wave length. I can confirm that quite apart from claims for actual damage, which I repeat, I am not aware of any current negotiations of the formula - I believe whatever the formula is stands - but we are trying with some persistence and I believe with some success, or likely to achieve success in the next few weeks, is confirmation of an acceptance by the federal party to the disaster agreement that will provide the same kind of formula of assistance from senior governments for diking and related preventative anti flood works on private property. And that really has to do with persons who are residents in towns, and Turnbull Drive, I suppose, is a classic example, other than farm property where there is now already and has been for several years, many years, provision for diking, but that provision was not extended to non farm residents and we are trying to get it extended. I would be speculating if I were to say that we expect that to be accepted but . . .

MR. JORGENSEN: Well is it not also a case that in some areas, in most cases, the criteria that was established was on the basis of the 1950 flood and that criteria has proven to be inadequate in areas such as Brunkild, for example, where the most recent flood was higher than 1950 and what they were attempting to do, as near as I can understand, is to renew that criteria so that it would accommodate the kind of water that was experienced in 19 . . . when was it? Last year, '74. I want to get that clear because I'm not exactly sure, a lot of people have been asking me about it and I'm not exactly sure just what the changed criteria is going to be, if it is going to be related to the 1974 experience in Brunkild or whether it is something different than that.

MR. SCHREYER: Unfortunately I must say to the honourable member I believe that insofar as levels are concerned that there is no intention, as I understand it, to alter the formula with respect to levels to which they will try to provide flood protection works. Really the basic change in criteria that's being sought here is to provide eligibility for grants for preventative works for persons who are non farm residents who up until now have not been eligible.

With respect to levels, I can only say to the honourable member that if he feels convinced that a program that relates to 1950-type levels is inadequate then perhaps he should communicate very formally and forcefully as he can in writing so this can be further communicated federally-provincially. I think the honourable member will agree that there's a good deal of folklore attached to descriptions or definitions of floods and I have not yet heard confirmation that any of the flooding last year was in fact at levels higher than 1950. I have made inquiries and have tended to get those assumptions denied or shot down, you might say; any allegation that the flood levels last year were higher than '50 have not been accepted by the experts so far as I can recall.

MR. JORGENSEN: My experts are the ones who experienced the flood and they tell me that in the Brunkild area in 1974 the waters were higher than they were in 1950. And what they're seeking is protection, a criteria that will protect them from levels that they consider to be quite possible in the light of the 1974 experience and yet which makes them ineligible because the criteria that's being used is based on the 1950 experience.

MR. SCHREYER: Well, Mr. Chairman, I do put the suggestion forward, I believe it has some value, that if the honourable member wishes to communicate any proposal with respect to the levels of flood protection work, levels exceeding 1950, then it's not too late still, he should do so.

SUPPLY - FLOOD CONTROL

MR. JORGENSON: Well I have been discussing this with the Flood Board and they tell me that such a resolution has gone forward and I was under the assumption that it had been accepted.

MR. CHAIRMAN: Resolution 108. The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Chairman, through you to the First Minister, just a general question back on the general program of compensation for damage to farm buildings and property. I was unaware, Mr. Chairman, that there was any kind of a means test applied to whether one had to establish eligibility for receiving compensation. I thought if the damage fell within the general rules laid down by the Flood Board that any and all were applicable. Now it's come to my attention that that isn't always the case, that in some instances if the board or the government decides that the person with the damaged property can afford to fix it on his own, he is so advised. Is that a matter of policy or is that just a matter that might have taken place?

MR. SCHREYER: Mr. Chairman, I can indicate very unequivocally that there is no income or means test criteria that is applied with respect to flood damage assistance. We do not apply it either to municipalities, although theoretically you could apply a means test to a municipality just as to an individual by simply taking the equalized assessment per capita or some such measure and in the case of individuals a means test not unlike a means test we apply in other programs, but that is entirely academic because thus far, for sure, we have not applied that kind of policy.

I'm wondering if perhaps the honourable member is not thinking of those few cases - and they are relatively few in number - where the Flood Board has, in its own discretion, some \$150,000 I believe from the Private Disaster Fund which the government has not laid down criteria on and which the Flood Board historically and by renewed Order-in-Council has discretionary authority to utilize.

MR. ENNS: Well, Mr. Chairman, I'm not speaking on behalf of any injured party and certainly I recognize in this particular case the injured party can well afford to pay - I'm referring to Richardson Stock Farms which suffered extensive damage somewhere in the order of 15,000 to 20,000 dollars to their farm buildings on which, by the way, they pay full tax assessment is my understanding; they made application to the board and received such a letter indicating to them that they felt that in this instance the injured party had the capacity of paying for his own damages and undoubtedly he has. But my interest really is about this; if there is this kind of a means test applied, is it being done arbitrarily, is it established policy or is it what? I don't wish to pursue the question any further, Mr. Minister, but it may be something that you may wish to inquire into this particular case as to on what grounds this claim for compensation which, in my judgment, would fall into the normal, you know, coverage plan, was rejected. It was relegated to farm buildings, farm property directly as a result of the flooding on the Red River but the claim was denied for what I was given to understand those kind of reasons.

MR. SCHREYER: Mr. Chairman, the criteria here - I might add that I have no awareness whatsoever of the particular claim - but it seems to me that there is no basis upon which the board could accept or reject a claim on the basis of financial circumstance. That much is quite clear to me. The formula, however, relates to a dwelling house, \$6,000 maximum minus \$100 deductability per claim; for a building used for the conduct of a business owned by a person or persons who in the opinion of the board are engaged in a small business \$6,000; for an apartment block owned by a person or persons who are engaged in business \$6,000; each of these subject to \$100 deductability; the replacement of heavy household equipment, refrigerators, freezers, washing machines, dryers, 50 percent to a maximum of \$500; clothing 50 percent to a limit of \$400. There is no coverage here of movable chattels other than that. Maybe that's what the basis was.

MR. ENNS: This specifically involved farm buildings, farm structures.

MR. SCHREYER: Well if it's a structure then I don't know on what basis it could have been turned down if it was in fact damaged. It would be certainly not on a means test. It would be subject only to the limits that are imposed in all these cases. So I can inquire, I'm quite curious.

MR. CHAIRMAN: Resolution 108. The Honourable Member for Riel.

SUPPLY - FLOOD CONTROL

MR. DONALD W. CRAIK (Riel): This, I gather, includes the flood-fighting costs on Lake Winnipeg last summer. I asked the Minister of Mines in the House on Saturday regarding costs, he indicated they were \$3 million. Would that have been included in last year's budget or who would pay for that? Is it Manitoba Hydro or . . . ?

MR. SCHREYER: For which, Mr. Craik?

MR. CRAIK: For the costs on Lake Winnipeg last summer, for the diking?

MR. SCHREYER: Oh, that would be covered through appropriation of the Water Resources Branch.

MR. CRAIK: Rather than through this year. This is just for the . . .

MR. SCHREYER: This covers the generality of flood damage claims throughout the province including those damages which take place in an area or of a kind that are not the direct responsibility of the Water Control Branch. Private property damage. Diking is a responsibility of the Water Control Branch and the appropriation would take place there.

MR. CRAIK: Do you know in that case whether the costs were borne by Hydro or by the province?

MR. SCHREYER: By the province.

MR. CRAIK: Last year?

MR. SCHREYER: Yes.

MR. CRAIK: Any sharing from the federal?

MR. SCHREYER: I believe so. The standard sharing which is . . .

MR. CRAIK: On the Lake Winnipeg?

MR. SCHREYER: In the case of organized municipalities along Lake Winnipeg, towns, incorporated towns, villages and municipalities, the province reimburses 100 percent of the cost and then that gets put into the overall flood disaster agreement calculations and shared on the basis of that graduated formula, which is - we have it here somewhere - I think on the first dollar per capita of cost, federal input is zero; the next two dollars per capita - province-wide that is - 50 percent federal; the next two dollars per capita, 75 percent federal; remainder, 90 percent federal, which brought us last year with all in figures of an anticipated input, as I said at the beginning of this meeting, of approximately \$10 million of federal funds, and approximately 3.5 million of provincial funds.

The City of Winnipeg will be putting in an amount of roughly, I would think, about 3/4 of a million pursuant to their municipal service-related sewer backup damage.

MR. CRAIK: So it's all lumped together anyway regardless of whether it's here or in water control, it's all put into one common pool.

MR. CHAIRMAN: Resolution 108 - passed.

MR. SCHREYER: Except the Member for Riel should know that there's 3 million that's shown under Resolution 108; 5 million last year, it's a balancing item in a sense, or an omnibus item, it does not include the water resources appropriation.

MR. CHAIRMAN: Resolution 108 - Resolved that there be granted to Her Majesty a sum not exceeding \$3,318,900 for Flood Control and Emergency Expenditures - passed.

CANADA - MANITOBA PLANNING AGREEMENT

MR. CHAIRMAN: Resolution 109 - Canada-Manitoba Planning Agreement - pass? The Honourable Member for Riel.

MR. CRAIK: Regarding the Item 1 there, the Northlands Agreement. Why is it down to zero at this point? Is it all . . .

MR. SCHREYER: Well, it has to do partly with the nature of the agreement and partly with the timing. In the case of No. 2, when the appropriations were being prepared for print we still did not have the agreement signed, although we - that is to say No. 2 - but we felt that on the basis of all the prior discussion that it was only a matter of time. There wasn't much doubt about eventually signing that Planning Agreement, so we put the appropriation, the estimate of 850,000 in this format.

The other two, however, if that's what you're asking, Mr. Craik, Northlands Agreement? The funds for that are embodied in the line departments, primarily in Northern Affairs, but I believe some of it - well in the Department of Highways for example, etc., and rural areas agreement is in Agriculture. But the planning's primarily in Agriculture, some in Mines and Resources with respect to No. 3. But No. 2 we could not readily handle in that fashion.

CANADA-MANITOBA - PLANNING AGREEMENT

(MR. SCHREYER cont'd) --(Interjection)-- Yes. This was signed, I might add, about four months ago. I believe it has been signed since late February. It was signed in February, late February. Okay.

MR. CHAIRMAN: Resolution 109 - Resolved that there be granted to Her Majesty a sum not exceeding \$850,000 for Canada-Manitoba General Development Agreement - passed.

GENERAL SALARY AND COST OF LIVING INCREASES

MR. CHAIRMAN: Resolution 110 - General Salary and Cost of Living Increases.

MR. CRAIK: Is this figure still - I might ask, is this \$23 million figure still of the right order considering these were drawn up two or three months ago?

MR. SCHREYER: Perhaps Mr. Miller could reply to that. I would simply indicate that whether the figure proves to be ultimately correct, it is about \$4 million more correct than our initial draft, you might say.

MR. CHAIRMAN: Honourable Minister of Urban Affairs.

HON. SAUL A. MILLER (Minister for Urban Affairs): Well, Mr. Chairman, no, I would venture to say the figure is not complete. We don't have the final figure yet because the matter is still not complete.

MR. CRAIK: It depends on the outcome of your negotiations?

MR. MILLER: That's right. Yes, that's right. That was a ball park guess taken last December.

MR. CHAIRMAN: Resolution 110 - Resolved that there be granted to Her Majesty a sum not exceeding \$23,000,000 for General Salary and Cost of Living Increases - passed.

DEPARTMENT OF FINANCE

MR. CHAIRMAN: I refer the attention of honourable members to Page 20 in their Estimates Book, the Department of Finance. Resolution 50 (a). The Honourable the First Minister.

MR. SCHREYER: Well, Mr. Chairman, I'm sure if you're inviting me to give a long discourse extolling the virtues of the operation of the Department of Finance, I would be pleased to do so if we were in the Chamber. But in the committee I assume that it's just a matter of - well, I assume that the general orientation is well known to the honourable members of this committee, and therefore it's a case of proceeding line by line.

MR. CHAIRMAN: Resolution 50(b) - passed. (c) . . .

MR. CRAIK: Back to (a) . . . bill there imply that there may be a use for that salary this year.

MR. SCHREYER: I could honestly say that I don't know the answer to that of myself.

MR. CHAIRMAN: (The remainder of Resolution 50 was read and passed)

Resolution 51 - Resolved that there be granted to Her Majesty a sum not exceeding \$2,769,100 for Finance - passed.

Resolution 52(a)(1) - The Honourable Member for Riel.

MR. CRAIK: Generally in this section here - why would the Manitoba Tax Credit Office be included with the Federal-Provincial Relations and Research Division, is there any . . . ?

MR. CHAIRMAN: The Honourable Minister.

MR. SCHREYER: That is because that was felt to be the most logical internal administrative arrangement. I don't think there's any more profound answer than that.

MR. CHERNIACK: The administration is actually handled in Ottawa and the Federal-Provincial division is the one that relates to the . . .

MR. CRAIK: And here it comes off the income tax. . .

MR. CHERNIACK: That's right.

MR. CRAIK: . . . or partly.

MR. SCHREYER: And that's our liaison branch with the Government of Canada with respect to fiscal matters, so it's pretty logical.

MR. CRAIK: The Manitoba House in Ottawa?

MR. SCHREYER: In a sense . . . through Winnipeg.

MR. CHAIRMAN: Resolution 52(a)(1)-passed; (2)-passed; (a)-passed; 52(b)(1)-passed; (2)-passed; (b)-passed. Resolution 52(c)(1)(a) - The Honourable Member for Riel.

SUPPLY - FINANCE

MR. CRAIK: There's a very substantial increase in the cost of operating the Tax Credit office here from \$450,000 up to \$790,000.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: We pay a percentage to Ottawa for administration, and since we increased the amount of the credit their percentage payment is increased. We are negotiating to try and get it down because there's not that much for extra work.

MR. SCHREYER: One percent administration costs is felt to be, I think, everywhere, a one percent administrative cost is felt to be a very low administrative cost now. On the other hand simply because we have increased the amount of the property tax credit, the cost of living tax credit, let us say by a factor of 40 percent in the base of the cost of living tax credit, that it seems just a bit hard to take that therefore automatically the one percent applied in that uniform fashion, yields that much more to the Federal Administration. Their counter argument is that where in the world can you get anything administered for one percent, so why complain. That's basically where the argument's at.

MR. CHAIRMAN: Resolution 52(c)(1)(a) - passed; (b) - The Honourable Member for Riel.

MR. CRAIK: Yes. On the other item, Mr. Chairman, we want to get some breakdown. We should probably handle 2, 3, and 4 sort of as a block.

MR. CHAIRMAN: Will you wait till we get to it. I haven't passed (1) yet sir. 52(c)(1) - passed; 52(c)(2) - Property Tax Credit Payments. The Honourable Member for Riel.

MR. CRAIK: Yes. Well, these are all lumped together normally and in dealing with them otherwise, in locations other than this, this portion of the Estimates Book, and we'd like to get some explanation on this breakdown here to tie it in with . . .

MR. SCHREYER: But what is your question though specifically?

MR. CRAIK: I'm referring to - usually you referred to this as the property tax rebate.

MR. SCHREYER: Yes.

MR. CRAIK: And they're all lumped in together. I'm looking for a press release here that you had where you indicate \$100 million in total and these all get lumped in together. Now which part is actually for education, which part is for general property tax credit, and I see here No. 4 is okay on its own, it spelled out the cost of living tax credit.

MR. SCHREYER: Well, Mr. Craik, there are two parts in reply, and then if I've left something out perhaps Mr. Cherniack could reply on that. But basically, the property tax credit advance is paid to the municipalities. So we show it separately through the municipality. The payments are to the individuals on the income tax files, and the cost of living tax credit is as stated; I don't think I need elaborate on the last line.

Now in addition to that, the reason you're having a problem in reconciling the figures is because, in addition to what you see here, they're in the Budget Address, which came after the printing of these estimates, we in effect are supplementing these two credit programs to the extent announced in the Budget Address, and that should bring you to a figure of - this is 77 million, the supplementation is in the order of 21 million - which brings you to 98 million or 98-1/2 million. And I think that reconciles out.

MR. CRAIK: Do you differentiate here, do you have the breakdown of how much is it that goes to school tax as opposed to municipal tax?

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, if I may. Members will remember that the original property tax credit was education only, only the education portion then, in the event that the education tax was less than the amount payable otherwise, and it was only paid for the amount payable. Now that we've enlarged on it, we applied it to property tax and therefore it takes care of all education to the extent of its maximum, that is, to the extent that education is fully covered, and anything beyond that comes over onto property tax. But it is not shown in any tax form separately any more because now it is applied against the whole tax imposition on property taxation. So that it could be calculated readily enough, I imagine, to see how much would be education and how much would be property tax. But that would be an academic calculation, and I don't know whether it was done here.

MR. CRAIK: Well, it would seem, Mr. Chairman, that sort of information would, rather than being academic I think it would be sort of elementary to know what portion was going to the school boards and what portion was going to the municipalities.

MR. CHERNIACK: No, but in the end the municipalities have to collect the taxes.

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MR. CRAIK: They collect the whole thing but they can do it under . . .

MR. CHERNIACK: And they have to pay the school board whether they get it from government or from the people or from no one, they still have to pay the school board. So it really is academic unless politically it might be advantageous to talk about it. But you know, we're so modest we don't.

MR. CRAIK: That wouldn't have been my interpretation, Mr. Chairman, that the modesty of the Minister entered into the question. But this money is referred to usually as - it's referred to by the Minister of Education as being the school tax rebate, and when he presented his estimates, he indicated that the total portion of the public education system was borne at a certain ratio by the province, but he was attributing the full amount of this as being school tax rebate rather than being split between municipal and school tax.

Now, having questioned him in the House on it, we didn't receive as I recall, a breakdown of what was school tax and what was property. But he was using the full amount, the full amount, the combined amount, as being all for schools. Now, the Minister of Municipal Affairs can use the same thing, and break it out to his advantage. What's happening is, we have three different programs being lumped into one, and in the case of the Minister of Education using it entirely as a school tax rebate.

MR. SCHREYER: Well, Mr. Craik, there are two programs, I concede. Where do you get the third program, though? There are two programs, I fully admit. What's the third one?

MR. CRAIK: Well, there's the cost of living tax credit payment.

MR. SCHREYER: Yes. That's the second.

MR. CRAIK: Well, there's the municipal part. There's the school part.

MR. SCHREYER: Oh well, all right. There's a property tax credit program which is cash flow in two parts. Yes.

MR. CRAIK: But it's being stated by the Minister of Education as being entirely school tax rebate and in fact it's not. Part of it's school tax, part of it's municipal.

MR. SCHREYER: I cannot deny that you have, you know, the germ of a case, let me put it that way, and I'm not putting it sarcastically. The fact is that the program is one of the first priority of being to school cost account, and I'm satisfied that well in excess of 90 percent of the total flow of funds does get credited to school cost account. In certain cases there is what you could call, what I would call, for lack of a better word, some slop-over of funds into other than school board account, that is, to say in general municipal accounts. But in excess of 90 percent of this program does get to where it was intended and described, to school cost account.

In order to ensure that none of these funds got allocated ultimately to other than school board cost account, we could have done so but at the expense of considerable administrative detail, and therefore undesirable cost, administrative cost. So we were quite satisfied to proceed in this fashion, with only a marginal incidental amount of these funds as it were ultimately being against the municipal account rather than the school account.

MR. CRAIK: Is it possible that when it goes to municipal purposes that it could be used for paying improvements, or is it just ordinary levies, operating levies?

MR. MILLER: It would be operating. When you say . . . do you mean local improvements?

MR. CRAIK: Local improvements. Does it apply to local improvement?

MR. MILLER: Yes. Well it could. Yes, it . . .

MR. CHERNIACK: I'm sorry. It's the taxpayers' liability that's being refunded and whatever is liability on the tax bill is the amount that he will claim in his credit from the way he files his tax return. It's the bottom line.

MR. CRAIK: Right. If that's the case you know I have to really ask the government whether this is the, you know, a fair way to be rebating, to have people getting tax credits against local improvements. I mean supposing you voted yourself a local improvement. You know, there is no intention of this, it was to relieve school taxes. And I think it's still a fine purpose. I can see some slop-over as the First Minister says into operating for municipalities, but isn't it extending it a little far to let it be applied to local improvements?

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Well, Mr. Chairman, theoretically I think that Mr. Craik could build a case with a theoretical tax bill and maybe the very exceptional tax bill. There are not many

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(MR. CHERNIACK cont'd) people whose taxes are fully paid by the credit, and when you are faced with the desire to have an efficient and administratively inexpensive system, you have to recognize the possibility of some funds being possibly dealt with, as Mr. Craik describes, knowing that it's a very small amount that could be affected, and since we are dealing with someone else who handles the administration, and even if we ourselves are dealing with it, I would think that it would be completely too expensive to try and distinguish the local improvement portion from the total bill because in the end it's the bill that is sent in or vouched for in the tax return, and you can't expect the machinery to start differentiating because the amount involved must be very small and the cost would be very great. I think that recognizing the possibility still means that the cost would be greater than any - may I use the word leakage, in the correct sense, such as described - maybe it's in the right sense because it might be water pipe local improvements. I just don't think it's meaningful.

MR. CRAIK: Just to finish this off, Mr. Chairman. I would think that we would want to see if it's at all possible some sort of a breakout out of the municipal statistics, if that's possible, to indicate what, you know, where it does go, what portion does go to education and what portion goes to municipal. I have some sort of, you know, reservations about the validity of the complexity of the thing because our tax bills come to us with I think basically three columns, school tax, operating, and local improvements. And I would think that this must be somehow processed through the statistics in the same way.

MR. CHAIRMAN: The Honourable Minister.

MR. SCHREYER: I cannot give Mr. Craik fact, or statistical fact rather, but I certainly am prepared to give him an opinion, that the extent to which the property tax credit goes beyond school costs to give certain numbers of families relief against general municipal costs, is a very small proportion of the total. Then when Mr. Craik raises a third level of costs, namely, neither school nor general municipal, but special improvements, local improvements, then for sure I'm prepared to say that that, while it's theoretically possible, I would be surprised if there were more than a handful of cases in the whole province where that would be so. And it would be so, and even those few cases where it might be so, it would be only with respect to those families whose income was so low, and whose total school and municipal taxes were so low, that within the limits of this program there was still residual funds to apply to local improvements. I confess that might be theoretically or academically possible, but I cannot see this as significantly occurring.

MR. CHAIRMAN: Order please. Just before we proceed may I remind honourable members again that we're in Committee of Supply, members should refer to others by their constituency not by their name. And furthermore would members wait until they're recognized so that their remarks may be recorded accurately. The Honourable Member for Riel.

MR. SCHREYER: Well, Mr. Chairman, on a point of order.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Not that one way is more difficult than another but I'm embarrassed to say that it's my distinct recollection that in committees we do not use constituency names.

MR. CHERNIACK: It's the aura of the big room.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. JORGENSEN: We are in effect in Committee of Supply, and the rules apply.

MR. SCHREYER: Sorry. Quite right.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, I made the request that, you know, we think that there should be a breakout of where the moneys are going, if this is at all possible, and I don't expect that you can produce it, or that the government can produce it at this point, but if we could have this for future purposes I think it is important. We have the situation where this started out being a school tax rebate. It's now become municipal, there's the possibility in some cases that it could be for local improvements.

MR. SCHREYER: Theoretically.

MR. CRAIK: Theoretically. It could be if it's the bottom, just sort of applied against the bottom line on the tax bill.

We also have the case, you know, where this rebate is being given to people in personal care homes, where it's used partially as a supplement to social, you know, a social service supplement. It's losing the original intent which was to take the burden of school tax off of

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(MR. CRAIK cont'd)property tax. Once you get it watered down to that extent, it becomes ineffective, and unless you're in a very low assessed home, this program is not helping that much, and I can tell you that probably in . . .The members here must be very familiar, that in the cases where they probably live themselves that the school taxes have gone up by a multiple of times greater than the rebate has gone up this year. And as long as the spread is as wide as it is here, it's not going to solve the school tax problem.

MR. CHAIRMAN: The Honourable Minister.

MR. SCHREYER: Mr. Chairman, I was just going to say to Mr. Craik, to the Honourable Member for Riel, that I have not a fictional Aunt Mary, I have a real Aunt Mary, and I just watch the annual tax bills to see the impact with respect to her rather moderate residence, and clearly there is no spilling over of excess or residual funds after school account. It gets fairly close to that but it doesn't even spill over into general municipal account so that the incidences where these funds would be applicable to local improvement, I . . . Unfortunately I can't say that it's theoretically impossible, it's theoretically possible but only theoretically. We will certainly undertake to accede to the honourable member's request to get a breakout of this data. But I say in advance that it is a relatively formidable administrative task. The points that are being raised by the honourable member are points indeed which have been subject to prolonged discussion. But for reasons which I've tried to outline, and Mr. Cherniack's outlined, we felt that the substance of the concern really wasn't there, it was a theoretical, valid theoretical concern.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: Mr. Chairman, just to add a bit further to the general line of questioning taken by the Honourable Member for Riel. I simply want to state through you, Mr. Chairman, to the First Minister, that education financing has historically been far from an academic matter. The level of it, the priorities of it as shown by governments, we have, Mr. Chairman, attempted from time to time to establish the overall position with education finance as taken by this government. In debating the foundation program and the direct contributions made to it, to education by the government, we of course are always reminded in those debates about the nature of this program, and the direct contribution that the government is making to education in this means. So I simply want to indicate to the First Minister that the request made by the Honourable Member for Riel is, in our judgment, is not, hopefully one to be taken that lightly, and it's certainly not academic. I think it's rather important to be able to debate with a reasonable amount of honesty precisely the current contribution made by the provincial level of government towards education costs. It's for that reason that this breakout is being requested by the Honourable Member for Riel.

MR. SCHREYER: We're not resisting . . .

MR. ENNS: I leave it at that, Mr. Chairman, the aura of peace and goodwill that seems to be prevailing in this committee this morning.

MR. SCHREYER: I'm not resisting the request, Mr. Chairman, I'm just indicating that there will be a considerable amount of difficulty in getting that kind of precision in breakout. If it's any comfort to the Honourable Member for Lakeside, I would say that whatever the Minister of Education argues, or alleges is going into the school costs, towards school costs under this program, the Honourable Member for Lakeside may be justified in mentally multiplying by .9 and then he will have a figure which he can use with perhaps considerable . . .

MR. ENNS: Mr. Chairman, I wonder if the First Minister would accept that the government has in fact through its various devious means of collecting money and redistributing money, found successfully a manner of blurring the Provincial Government's contribution to education.

MR. SCHREYER: By about .1 perhaps.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: I don't think there's any problem in discussing this matter honestly; it may be a question of discussing it with complete detailed accuracy. And I still believe that the possibility of anybody's local improvement being paid is a negligible amount, and I think that it is largely academic in terms of cost, and I think that the request . . . I find on checking that there are no existing statistics that would be available and the only way it could be done is by a, accurately, is by detailed examination of every tax bill. --(Interjection)-- And the income tax on the other side. And, you know, I just think it would be a tremendously costly

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(MR. CHERNIACK cont'd)thing to do, and I still think it would be academic. And that could be a fair debate as to how academic it could be.

I would normally suggest that possibly some interested MLA could well discuss with the research people what information can be obtained from available statistics and what the cost might be for the acquisition of information which is not available in any statistic that we know of. I cannot see the point to the individual review of tax bills and income tax returns until we are reaching the stage where people are not paying any property tax at all. At which time it would be pretty clear. But we're far from that, and I don't think our estimates are that far from accuracy to have to be reviewed that carefully. Therefore I would think it's very difficult to get that kind of information. There's no doubt that every individual taxpayer knows to the penny the extent to which his education bill is being paid.

A MEMBER: He knows.

MR. CHERNIACK: To the penny. That's right. Well, every recipient knows, there's no question about that. As to the totals, we know the totals payable. But as to the individual breakdowns and how they add up in their entirety, I just don't think that information is available or could be made available without a tremendous expense.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I might add to the Member for Lakeside that we are aware of this sort of difficulty inherent in the program in quantifying precisely how much of the total funds under this program are indeed going purely and entirely to school financing and how much is going to general municipal, except we are satisfied that the amount going to other than schools is a relatively small percentage of the total, and then we resolved the dilemma in our minds as follows, and I will now engage in some imparting of, sort of, internal discussions on the matter. That not only is the amount going to other than school costs relatively marginal or small, but even so, what is the ultimate disposition of the funds in those cases? It is funds in excess of school costs going to families - what families? Those families that have exceptionally low income and exceptionally low, below average obviously, assessment on their property and dwellings. And so we feel that it is, even though it is not the primary intent of the program, it is an incidental effect, but it is an incidental effect we feel is not harmful in a social sense. It is going to the significantly below average income families and below average assessment families. That's why we don't worry about it too much. Although we freely admit that there is a slop-over effect or a spill-over effect.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. ENNS: I can quite readily accept the First Minister's explanation. I think it's in tune with his general philosophy and approach to public financing and the return to the public of certain benefits. I just repeat what I said before, there's no argument that whether some of this goes to subsidize the care of personal care homes or to municipal operations in his general overview of the thing he is quite satisfied, the government is satisfied, this is moneys redirected, redistributed back to people by classification that the government believes should in the first instance receive it. It's classified by incomes. It does, Mr. Chairman, however, make, you know, with the inroads being established, with increases of rebates perhaps in the future, will continue to blur the precise identification of programs, identification of priorities programs that this government wishes to support one way or another.

It's certainly in keeping with the general philosophy, I think, that my friends opposite hold, namely that in due course substantial amounts, ever greater amounts of money should be entrusted in their hands for them to distribute as they then see fit, with not too many specific questions asked by members in the Legislature as to just where the money is going.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): Mr. Chairman, through you to the Minister. I believe this is the proper subject for the particular item that we're dealing with because it's related to the income tax form, etc. If not, if you want to discuss it under Item 4, Cost of Living Tax Credits, but I think all of these tax credit programs are involved in what I wanted to comment on. And I ask the Minister, not facetiously, if he had or his government had considered possibly the reduction in an income tax, personal income tax this year in the Province of Manitoba, because when one looks at the credit program that's before us at this time, it appears that it's increased by some \$12-1/2 million this year, yet when we look at the revenue statement for this year, the actual individual income tax, I believe, if the estimates are correct,

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(MR. MINAKER cont'd) will increase by some \$44,300,000, and when we look at this, it looks like it's an increase of about 23 percent. So that one wonders if the Minister had looked at this possibility because of this particular increase in tax without actually raising the percentage, and if one assumes that the provincial income tax paid will increase by 23 percent, then presumably the federal income tax that the individual will pay will also be proportionately increased because of our multiplier we use. I'm just wondering if the Minister had given consideration to this possibility.

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Well actually, Mr. Chairman, consideration was given to a number of options as to how we should proceed on fiscal and taxation matters, but it is certainly, I hope the well-known understanding of our policy that if we have funds available after all government operating requirements, programmatic requirements are met, we have residual or surplus funds, then we would propose to adjust the tax credit programs, both of them, which indeed is what we have done and which we have announced in the budget. The increase combined in the two credit programs as announced in the budget would come to approximately twenty some million dollars, some of which we have to appropriate this year and some of which will be required next year on a cash flow basis, so we have not even included in these estimates those amounts of funds required by the province to reimburse Ottawa under the tax credit program. Some of it is here and some of it is really deferred, as a requirement is deferred until the next fiscal year because this is a cash flow requirement. And specifically to the relative merits of decreasing the standard income tax as opposed to increasing the tax credit, well, for very obvious, we feel, very important policy considerations, we've chosen the augmentation of the tax credit programs as an alternative because we believe it has a preferable socio-economic impact. I don't know that I could elaborate more than that. I say to the Honourable Member for St. James, it's really a matter of basic policy.

MR. CHAIRMAN: The Member for St. James.

MR. MINAKER: Mr. Chairman, I was in error on the \$12-1/2 million, I appreciate that now, in that I'd forgotten about the \$9 million added to the cost of living tax credit, but it still seems a relatively smaller amount when we compare the \$21-1/2 million to the \$44 million. And we have reason to believe that from the actual data included in your annual budget statement, some statistics and also graphs, etc., that in probability it's our opinion that the \$242 million in personal income tax will probably be low when one uses the figures, and they seem to be relatively correct, the charts that are in the budget when you relate them back to past history and one can't predict what will happen tomorrow. But the other area why we were concerned was this 23 percent increase in the actual amounts that will be gained from the individual income tax which we think might even be higher will in the majority part be handled by what would appear to be a stagnant employment force, because when we look at last month's statistics of 403,000 people employed and compare it to the following year, you're looking at about the same figure, 403,000. So that what happens it appears would be that the labour force will be hit with a fairly high income tax rate, both federally and provincially, and when you compare that to the inflation rate we have, that the average person whether he be in the \$12,000 bracket or the \$8,000 bracket will have less money in his pocket yet the Finance Department will appear to have more.

That's why I was raising the point really because further, if you look at the labour income growth last year and in personal income, it was in the order of about 18 percent, and I would presume will probably be in that order or possibly even less this year if there is a downturn which appears to be happening in the economy. So that we were asking in seriousness if this consideration had been given because we appreciate the policy of the government on the rebate program which they are aware that we don't agree with but we are looking from the point of view of the overall taxpayer, that because of this apparent growth in the income from the income tax, both provincially and federally, that many of I can say us, period, will have less money in our pockets to buy with. We have more in terms of sum but with the buying power less. This is why I think a serious situation is occurring with the personal individual and we noticed that the corporate income tax has grown by 39 percent so that obviously there's moneys available for other increased costs. So we would hope that the government will give consideration to this from the approach of an individual initiative, that what appears to be happening, Mr. Chairman, is that the average person said, "Well, it's not worth it

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(MR. MINAKER cont'd) . . . any more because even if we get an increase, when we slide up that ladder on the income tax, both federally and provincially, we end up with less money in our pocket." And I think I can cite an example where I know of a person who received an increase I think of about \$70 a month and not a high-income earner and results in something like about a \$23 increase for the month and hardly covers the growth of inflation costs, etc.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well, Mr. Chairman. I would say to the Member for St. James that it is perhaps a little difficult to verbalize the varying interpretations that can be drawn from the changes that have been made in the income tax and in the related property tax credit plans, but Pages 76 to 80 do give you some, as in the budget document, do give you some sort of written or charted comparisons. And taking just as a case in point, the \$10,000 gross income level which is fairly close to the average, anywhere between \$8,000 and \$12,000 perhaps, one sees that it's not just that the property tax credit has been increased by the provincial administration but there's also been a diminution in the tax payable federally and provincially at any given level of gross income quite apart from the property tax credit plans. One sees that as a result of the indexing, the federal indexing, which by the way some provinces objected to, as a result of indexing under the Income Tax Act, there is a decrease at \$10,000 of approximately \$52 in tax payable, and then taking the property tax credit programs into account, there is a further decrease of about \$100, so that the total reduction in tax payable at the \$10,000 level is \$160 less in one year. And that's just on the provincial side I pointed out, so that it's not a single track but rather a dual track in which reductions are being affected in the tax payable at any given level of income. Even at the \$100,000 level, there is a \$405 diminution in provincial tax payable as a result of federal indexing and provincial cost of living tax credit adjustments. Well, a \$400 diminution is perhaps not very significant at that level, but it is nevertheless more than just a token amount.

And then, of course, on Page 80 which draws a 6-year comparison, one can see that again at \$10,000, there is approximately \$540 in provincial tax diminution and there would be a counterpart federal reduction as well amounting to, at least equal, so we're looking at a \$1,000 reduction in federal-provincial taxes at \$10,000 income in five or six years. Now sure, there's been inflation but \$1,000 over \$10,000, I think that it's fair to say that nevertheless at any given level of income, there is less tax incidence today than last year or the year before and so on. On the other hand, yes, who can deny that the inflation is causing the general level of average incomes to rise, but even after you squeeze out that effect, the net disposable income per capita in constant dollars, which is the ultimate acid test, has continued to rise.

MR. CHAIRMAN: The Honourable Member for St. John's.

MR. CHERNIACK: Mr. Chairman, the Member for St. James has been misled, maybe even fooled by his friend who said that he had a \$70 increase and a \$23 increase in take-home pay attributable to income tax deduction. It just doesn't jibe. If he were in the \$100,000 bracket, if he were paying - what's the highest rate? - 61 percent arithmetically, it couldn't happen, and then it could only happen to the very highest income tax bracket. It would be interesting if he actually could find out where that \$70 was redistributed. Certainly some was tax, but if you take into account the adjustments in income tax that the Premier described, then clearly it's not an acceptable statement, you know, it's not logical.

As to the estimate of revenue, it's been traditional since well before the time that we came to government for the Finance Department to be guided by the federal estimates of income tax revenue and I think it's as good a system as any because they presumably have much more information available to them to make the prediction.

The Member for Lakeside made some point about fuzzing the issue and about making it unclear as to how the money is being raised. Firstly, I should remind him - he's not here - that his colleague from Sturgeon Creek is the one who wanted a doubling of the per capita payment to municipalities, which is really a complete confusing of the picture as to where revenue comes from because it comes out of all the general revenues of the province without any designation of any kind and if the Member for Sturgeon Creek finds that palatable, I wonder that the Member for Lakeside finds it difficult to follow a program which we adopted and which mirrors the one that Alberta and B. C. has and they seem to find that it was most acceptable to them. And I may say in passing, it always surprised me that the Manitoba Conservatives opposed our program of property tax credits since they had a pretty good example, but they've

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(MR. CHERNIACK cont'd)disassociated themselves from the Ontario Conservative Party.

It seems to me that we have to again stress the basic difference, the basic philosophic difference between the two parties and clearly, ours is one which demands that taxation be on the most progressive level, and we haven't achieved that yet.

MR. SCHREYER: So does Ontario.

MR. CHERNIACK: Well, Ontario, but not the Manitoba Conservatives. I've made that distinction. You know, we've heard Manitoba Conservatives saying, "Never mind Ontario." Matter of fact, one of them thought they were more liberal than the Manitoba NDP at times, I believe. But within Manitoba, there is that big difference. Flat across the board income tax cuts was the recommendation of the Conservative Party. We've never accepted it. We said we believe in a progressive system, as progressive as possible. We, I think, are self-critical that we're not as progressive as we'd like to be, but certainly we are working. When I use the word "progressive", I'm not using it in the general sense of progressive Conservative or Liberal progressive or progressive labour party, I'm talking in terms of what is accepted to be a tax system which taxes the higher income people at a higher rate, at a higher rate than it taxes lower income people and this program that we are now discussing is a clear recognition and a carrying forward of that very principle.

I think that if we could persuade the Federal Government in our tax agreement, in our agreement to have a joint taxation system, if we could persuade them to be more progressive, in our terms, in the way they devise the tax system, then we might not find it incumbent on us to introduce a property tax credit which is related to income. But because we find that their system is not as progressive as we think it ought to be, then rather than give a flat across-the-board cut, which we don't agree with, we've had to bring in this system which, as pointed out, Ontario also found advisable. And when we talk about this \$70.00 man with his \$23.00 take-home pay, I think we have to recognize that, and we do in our budget papers, we always demand that we recognize taxation as not being related only to income tax. Now we talk about personal taxes and we do bring in the premium, the health premium, and we should because when you draw a comparison then that is a personal tax, but we haven't taken into account the sales tax which is the lowest of all provinces with the exception of Alberta which has no tax. But you go from east of the Manitoba-Ontario border and the taxes there are higher, and even Ontario, which we know is facing an election year, reduced from 7 percent to 5 percent in sales tax, and said clearly that's only for the balance of this calendar year. So you know that fellow with his \$70.00 take home of \$23.00, which I challenge, he doesn't even recognize the fact that he's got a lower sales tax than most of Canada has in terms of population, and no premium taxes for health that are a reduction of personal tax. On balance I think we still have cause to be proud of the system we have devised to adjust taxation relief to people in the greatest need.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, Mr. Chairman, this committee was doing pretty well this morning, getting through the work here until this last deviation that was taken here off-track. Let me point out to the Member for St. Johns that the Conservative Party brought in this tax rebate system when it was in power, for a short period in 1966, a rebate plan . . .

MR. CHERNIACK: Not related to income. Not related to income.

MR. CRAIK: . . .and it was brought in in lieu of the fact that there was required at that time a more adequate system of school financing. So it was removed from the scene of financing when the foundation program was brought in for financing of the public school system. It was removed because it wasn't a logical plan from the point of view of the looking at overall government responsibility, which is to finance the municipalities and the school boards to an adequate level to run a good municipal system and a good school system. Now since it is provincial responsibility, what your rebate plan is, is an admission that the level of financing and the method of financing of those two systems is inadequate. And that's what we maintained, and that's why we have voted against, in view of the fact that we had an alternative plan which was to provide a proper foundation program, we have on occasion voted against the rebate scheme, because we had an alternative. Now it's got to the point that this scheme has become such a built-in part of the whole system that it gets more and more difficult to make the adjustments that should be made in the foundation program to overcome the amount of money that is now going into this plan. In other words, it's going to take a very major move, the longer this

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(MR. CRAIK cont'd)thing is in life, to correct the financing system back to the point where it is logical. I think this thing is very illogical. We've said that it's an admission by the government that their financing of municipalities, and particularly the public school system, is inadequate. So you somehow have to take the money away in one area - you take it from the people in one area, and you give it back to them on the other hand and make it look as if you're rectifying the problem that wasn't your own making in the first place. But the problem is the making of the Provincial Government in the first place.

The scheme is a very illogical scheme. What's logical about using a school rebate scheme to pay tax credits to people that are living in personal care homes? I mean you would not normally have to go through the bookkeeping of doing that. Why not, if you're going to look after personal care homes, include it in the grants through the Health Department that go to the personal care homes, and not by making out separate cheques to the individuals that live in those personal care homes through a scheme that was intended for school tax rebate. You know, the thing's become such a grab bag for everything that the Member for Lakeside is absolutely right, it has nothing to do with what the Member for Sturgeon Creek is talking about, increasing the per capita grants to municipalities, that's a whole different ball game, that's a different item entirely. We're talking about a rebate program that is set up because somehow the government has decided, with good cause, that taxes at the property level are too high.

Now this introduction by the Member for St. Johns here is just absolutely inadequate. The scheme is, to a very large extent, a political scheme. It allows a contribution back to taxpayers and overlooks the fact that there is a very basic reason for its existence, and that is that property taxes, primarily for school taxes, are too high, and the government rather than going the direct route of removing those property taxes through adequate financing of its school system has to pay, through a complicated system, individual grants to individual property tax payers across-the-board.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't want to go too far down the polemic path but I do think that there is one very salient point to make here. I mean one of the values of any closely reasoned discussion I suppose is that both sides end up having to concede a point or two. I am not going to try to extend the justification for the extending of this program to personal care home residents. I'm not even sure that that is central by any means to the concept of the program. So then personal care homes to one side, what is the rationale and justification for this program? It is that the Manitoba and the Ontario property tax credit program of the 1970s has one very overwhelming difference with the tax rebate practised in Manitoba in one year, in the 1960s, and that difference is that the Manitoba and Ontario programs of the 1970s are income related and graduated thereto. I fully agree with the Member for Riel, if this property tax program was not graduated inversely to income, then there wouldn't be a single reason for its existence. A simple flat rebate of 50, a 100 or even 200 bucks, if it was simple and flat, there's no sufficient justification for it, and we might as well revert back to an enhancement of the foundation program, or some modernization of it, up-dating of it. But these are not simple rebates. They are income related, inversely graduated, and therein lies the whole difference. Now either one accepts that or one rejects it and whatever the case, that then provides the basis for a bona fide difference of policy, which is what two contending parties should have from time to time. Otherwise I don't much see the point in us being around this table.

MR. CHAIRMAN: The Honourable Member for Riel.

MR. CRAIK: Well, that being the case though, Mr. Chairman, if the government wants to impose a tax on, you know, wealth, why don't they impose it through the income tax system? This really amounts to a form of a tax on wealth because often, not in all cases but often, and probably usually the type of home a person lives in is somehow equated to his level of income. But there are enough cases where that is not the case that it doesn't work out fairly either. Now if the government wants to get at, you know, a tax on wealth, the mechanism is there. It's the time tested mechanism of income tax. But getting back at it, a second kick at it through the property tax can well bring in difficulties as well. You know, there's cases where people's income levels change. You know, taxes now, property taxes now in the urban area which I'm most familiar with, property taxes are running over a \$1,000 in many cases and people are living in - you know, they're not extravagant homes. Now the increase this year,

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(MR. CRAIK cont'd) in that case, you know, their increases are running \$300, their increase in tax levels. The rebate isn't looking after that. It really amounts to a tax on their wealth, and they don't have to be wealthy people to be in the \$1,000 plus property tax range now. I think that it's much more equitable in the long scheme to simply say a tax on wealth will be gotten at through the income tax scheme, not through property tax, and this is sliding further and further under the rebate type of rationalization into a tax on wealth.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Craik's point about, as to why rely on this mechanism if what is desired is, in policy terms, is a tax on ability to pay that use the historic basis for so doing, namely, the conventional income tax points. One of the answers to that is the fact that all provinces who are party to the tax collection agreement do not set the criteria for taxation, the definitions of taxable income, etc., that easily. There has to be a consensus, which then has to be, worked its way into amendments to the - well, a formal amendment of the tax collection agreement. And that's perhaps why Ontario and Manitoba - as a matter of fact those two provinces first, and I don't even recall if there was a hair's breadth of space or time differential as between which of the two provinces implemented this alternative first, but then followed later by British Columbia and Alberta, with only slight conceptual modifications, and New Brunswick now, and I understand in the past two years, 30 states of the Union. I am not trying to say that there is some dazzling dramatic new concept here but I believe it is different. It is, we feel, logically tenable, and one of the specific reasons we are relying on it to the extent we are is primarily because it is income related, otherwise, I quite agree, why bother with a rebate system if it's flat.

And secondly, it is a means of accomplishing an end without having to become involved in the difficult, and for a period of time impossible task of getting formal amendments to defined taxable income. In other words, we do not set as a single province some of the basic, well the definitions and criteria of taxable income.

Quebec is in a different position, and therefore I would be surprised if Quebec entered into this tax credit program, because it has provincial discretion as to definitions of taxable income.

MR. CHAIRMAN: Resolution 52(c)(2) - passed; (3) - passed; (4) - passed; (c) - passed. Resolution 52, Resolved that there be granted to Her Majesty a sum not exceeding \$77,556,400 for Finance - passed. (Resolution 53(a) to (c) was read and passed)

Resolution (d)(1) - pass? The Honourable Member for Riel.

MR. CRAIK: This item (d) the cost of operating the program, Salaries and Other Expenditures combined are \$250,000, roughly quarter of a million dollars. The revenues from it would appear to be somewhere around the order of four or five million. We've had discussions on this in the House since the changes were brought in, and it doesn't seem to have made a great deal of difference to the amount of money gained by the Provincial Government. It would seem a pretty high ratio of cost compared to the return.

MR. SCHREYER: Roughly 5 percent, isn't it?

MR. CRAIK: Well it's a quarter of a million out of five.

MR. SCHREYER: It's a 5 percent cost split.

MR. CHAIRMAN: 53(b)(1) - passed; (2) - passed; (b) - passed. Resolution 53, Resolved that there be granted to Her Majesty a sum not exceeding \$2,721,900 for Finance - passed.

MR. SCHREYER: There's an error here, Mr. Chairman, that I should point out. Excuse me, are you on 5?

MR. CHAIRMAN: No, just about to read it. Resolution 54. The Honourable First Minister.

MR. SCHREYER: There's an error here but I'm not sure if it's been up-dated in the honourable members' books. Has it? --(Interjection)-- Yes. You have the correction.

MR. CHAIRMAN: Resolution 54(a) - passed; (b) - passed. Resolution 54, Resolved that there be granted to Her Majesty a sum not exceeding \$58,200 for Finance - passed.

We can go back to Resolution 50(a), the Minister's Compensation - passed. Resolution 50, Resolved that there be granted to Her Majesty a sum not exceeding \$102,200 for Finance - passed.

That concludes the estimates of the Department of Finance. It's time for us . . .

MR. CRAIK: Item 6 on Page 22, how does it get into the . . .

MR. SCHREYER: That's for information.

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MR. CHERNIACK: It's not a voted upon resolution. It's what we have to pay regardless of . . .

MR. SCHREYER: It's statutory, so we don't . . .

MR. CHAIRMAN: The time has come for us to join our colleagues in the House, so that the committee may rise.

MR. CHAIRMAN: The hour being 12:30. Committee rise and report. Call in the Speaker.

Mr. Speaker, the Committee of Supply has adopted certain resolutions, recommends them to the House and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for St. Vital, that the reports of the committee be received.

MOTION presented and carried.

MR. SPEAKER: The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 2:30 this afternoon.