

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 4 May, 1982

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY — GOVERNMENT SERVICES

MR. CHAIRMAN, Harry M. Harapiak (The Pas): I will call the Committee to order. We are on Government Services 2.(d) Leased Accommodations: (1) Salaries. The Member for Virden.

MR. HARRY GRAHAM (Virden): Thank you, Mr. Chairman. In the leasing the government does, do they follow a very flexible form or can the Minister give me a general rundown on what the average is on leasing? — (Interjection) — No, terms, three, five, long term, short term, or is it all variable?

MR. CHAIRMAN: Mr. Minister.

HON. SAMUEL USKIW (Lac du Bonnet): Well, Mr. Chairman, the bulk of the leases that I have experienced through the fixing of my signature on the contracts, I believe were three, five years, mostly three years, some one year, a number of extensions. I would think three years is quite normal, judging from the track record anyway.

MR. GRAHAM: In the urban area here of Winnipeg, in the past two or three years, has the market been very stable or is it starting to go up again?

MR. USKIW: My impression is that the market should be rather soft at the moment and probably a few good deals could be had if one were looking. I'm not sure if that's what we've done in the last number of months. The deputy confirmed that there is a fair amount of office space in the area that is vacant.

MR. GRAHAM: Has there been any significant dropping of leases and picking up new ones occurring?

MR. USKIW: I don't recall, Mr. Chairman, too many in that category. A lot of renewals, most of them, as I recall it were incremental increases reflecting inflation and so on. The odd one were significant increases but usually there were special circumstances arising out of those — (Interjection) — yes, and mostly in rural areas where the larger percentage of increases are taking place.

MR. GRAHAM: Now, those were the two or three concerns I had in that capacity.

MR. CHAIRMAN: 2.(d)(1) Salaries—pass; 2.(d)(2) Other Expenditures—pass; 2.(e) Employee Housing, 2.(e)(1) Salaries—pass; 2.(e)(2) Other Expenditures. The Member for Virden.

MR. GRAHAM: In the field of Employee Housing, is that scattered or isolated areas that the housing is most prevalent in?

MR. USKIW: Well, the bulk of them are related to Highways and Natural Resources and a lot of it is remote community. I could give the member an idea just by reading off a number of them: Anama Bay, Ashern, Asessippi, Bissett. There are some southern locations: Birds Hill, Boissevain, Brandon, Brochet, Carman, Cranberry Portage, Cross Lake, Dauphin, Easterville, Eriksdale, Falcon Lake, Garland, Gillam, God's Narrows, Grand Beach, Grand Rapids. A lot of them are resource-related, the bulk of them I believe are in Natural Resources, Mr. Chairman.

MR. GRAHAM: Also, in the field of Employee Housing and I presume it would come under this area, and it is in the field of moving of employees. At the present time, the government pays the full cost of moving?

MR. USKIW: Mr. Chairman, the departments in question pay those costs. We are not involved in that area.

MR. CHAIRMAN: That's 2.(e)(2) Other Expenditures—pass; 2.(f) Security Services: Salaries. The Member for Virden.

MR. GRAHAM: Mr. Chairman, this is the field where there is a very significant increase in the Salaries and it's in response to the change in program that was announced by the Minister. I would like to ask him how many additional staff have been added in response to the advertisement that was placed in the papers some time ago.

MR. USKIW: Mr. Chairman, there are 46 new staff man years. A number of those are in the process of gaining their employment or a number of applications for those positions are just about completed and approved. The incremental costs to the department will be somewhere in the order of \$300,000 or \$400,000 for this fiscal year.

MR. GRAHAM: The Minister still hasn't given me the number that have been taken on.

MR. USKIW: I'm sorry. Perhaps, I did not catch the whole question. Could the member repeat his question?

MR. GRAHAM: I was wondering how many of those that applied for the job that closed on the 3rd of March, how many have been hired?

MR. USKIW: The Winnipeg region had 429 applications; 33 positions are to be filled in Winnipeg and that process is virtually complete.

MR. GRAHAM: Of those 33 successful applicants, how many of them were previously employed by firms that ceased to hold contracts with the government now?

MR. USKIW: 7, Mr. Chairman.

MR. GRAHAM: 7 out of 33. That seems a rather low

number in relationship to the total number. Of the other 26, had they all had previous experience in security?

MR. USKIW: The bulk of them, Mr. Chairman, as I understand it, were involved in either security, military or police work.

There were a number of criteria established and one additional criteria was added to the selection process over the standard criteria and that was the currently employed in government facility criteria, so that if all things were equal, a person that was employed through the contract arrangement had that added factor in his or her favour.

MR. GRAHAM: Would the Minister provide us with the criteria that was used for the selection of those positions?

MR. USKIW: Mr. Chairman, there were 11 points that we addressed ourselves to, the first one being, previous security experience, minimum of two years; public relations experience; first aid training; fire evacuation procedures; high school education; physically fit; military experience; police experience; French language oral; report writing; security training and then the additional point that was added was, currently employed government facility.

MR. GRAHAM: Of the 33 positions that have been filled in the Winnipeg region, are all of them bilingual?

MR. USKIW: No, Mr. Chairman.

MR. GRAHAM: Could the Minister indicate how many were bilingual, seeing as how French was one of the criteria used?

MR. USKIW: Out of the 83 that were interviewed, only five qualified in that sense.

MR. CHAIRMAN: That's 2.(f)(1) Salaries—pass.
The Member for Niakwa.

MR. ABEKOVNATS (Niakwa): One additional question, were all five of the bilingual applicants hired?

MR. USKIW: No, they didn't qualify on other grounds in the competition, Mr. Chairman.

MR. CHAIRMAN: 2.(f)(1) Salaries—pass.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, out of those five, how many were hired?

MR. USKIW: None at all, Mr. Chairman.

MR. GRAHAM: So none of the 33 then met the criteria of having French?

MR. USKIW: No, no, I didn't say that, Mr. Chairman. I said that none of them have the bilingual capacity. Those that did have that capacity were disqualified for other reasons in the criteria, so that we couldn't match them up in order to include them. They didn't qualify

in many of the other points that had to be met.

MR. GRAHAM: Mr. Chairman, the 83 that were interviewed out of 429, there were five that had the French qualification and none of those five were hired.

MR. USKIW: None of those five were qualified pursuant to the criteria that was laid down, although they had that one component qualification.

MR. GRAHAM: So none of those five were hired. So out of the 33 that were hired in the Winnipeg region, then none of them have the French qualification.

MR. USKIW: That is correct, Mr. Chairman.

MR. GRAHAM: That is all I wanted on that. Now of the other 13, for out of the Winnipeg region, could the Minister indicate for what area those 13 were?

MR. USKIW: Yes, we're dealing with 9 positions in the Brandon area and we had 78 applications for those 9 positions, 26 were identified for interview and the interview process is now under way.

MR. GRAHAM: It's still under way?

MR. USKIW: For that group, yes.

MR. CHAIRMAN: I would remind the members that we are being taped for Hansard and you should give me time to recognize you so we can recognize you in the book tomorrow.

MR. GRAHAM: Thank you, Mr. Chairman, there are still 7 more someplace in rural Manitoba. Can the Minister indicate the position there?

MR. USKIW: There are 4 more, Mr. Chairman; 1 position is in Thompson and for that position we have received 20 applications and there are 5 persons to be interviewed; in Portage la Prairie, there are 3 vacant positions for which we received 36 applications, 11 persons are going to be interviewed for those 3 positions.

MR. GRAHAM: Mr. Chairman, this advertisement appeared on the 3rd of March. We are now more than two months past that date. How much longer are these people going to have to wait after having once applied?

MR. USKIW: Mr. Chairman, the fact that there were 429 positions just for the Winnipeg region meant that there was a tremendous amount of screening work that had to be done. The process was therefore slowed down considerably. There is no artificial reason for that process to have slowed down, just the sheer volume of work that was undertaken.

MR. GRAHAM: Mr. Chairman, we're not concerned about those 429 because that portion of the program has been completed. You have now hired the 33 out of that 429 and I presume that is now completed.

MR. USKIW: No, that process is not quite complete

for that group either, Mr. Chairman, but just about complete. Now, the same group is involved in screening all of the applications, Mr. Chairman, so that to the extent that there was a backlog in the Winnipeg region it had an effect on all of the other regions as well.

MR. GRAHAM: Thank you, Mr. Chairman. That would indicate to me that the Minister has placed a priority on the urban area and left the rural to a later date and that causes some concern. I am a rural member and it seems as though the City seems to be getting first priority in this case.

MR. USKIW: Mr. Chairman, I think that we ought to remember one important criteria and that was that we were not at all attempting to pinpoint a deadline by which this transformation would be completed. As a matter of fact, we have an arrangement with the existing contracting companies that they are prepared to carry on as long as is required and until we have filled every one of those positions, so that the transitional period is one of an amicable arrangement between the government and the outgoing contracting companies. There is no urgency with respect to the filling of positions for that reason. We are not unduly rushing it for that reason as well.

MR. GRAHAM: Mr. Chairman, through you to the Minister, that we appreciate, but at the same time, was that information conveyed to those people that applied for the job that it might be some time before they would be hired?

MR. USKIW: Mr. Chairman, I do not know precisely as to what was indicated to the applicants. The sheer volume of applications though were such that there is no way in which one could have rushed that process. We are looking at 500 and some odd applicants for all of the regions, out of which we are employing 46 new people. The screening process involved approximately 120 people who were interviewed, so that is a fairly lengthy process, Mr. Chairman. It is indicative if I may, Mr. Chairman, of the interest out in the public arena and the fact that, I suppose, job opportunities are rather scarce, I suppose that's what is indicated by the sheer fact the numbers of applicants.

MR. GRAHAM: I happen to agree with everything the Minister said in that respect, but at the same time the person that is applying for a job, he has been interviewed and sits and waits for months on end before he hears anything about whether or not he has been accepted, does cause some concern with that individual, particularly if he is looking for a job and doesn't know whether or not he has been accepted.

MR. USKIW: Mr. Chairman, the interview stage began about two weeks ago, so in essence there has not been that long delay between the interview and the acceptance or rejection of the applicant. That process is fairly recent.

MR. GRAHAM: Mr. Chairman, we'll let that part of it go at the present time but I am sure the Minister must have received numerous letters — I know I have

received letters from those that were providing the service to government prior to that — letters which expressed a concern to the effect that there had been no indication whatsoever, given to them that the service they had been providing was unsatisfactory or anything of that nature. I suppose it does cause a fair degree of upheaval in any business when an arbitrary decision is made without consultation that your services are no longer required and what has been done, is done.

But I would have hoped that if the Minister is going to proceed in this manner with the janitorial services, that those involved in providing service to government be given ample warning before arbitrary decisions are made in that nature. Certainly those involved in the security field were caught flat-footed, totally unaware that there was any move in that direction whatsoever, and it certainly came as a shock to most of them.

MR. USKIW: Well, Mr. Chairman, that is not quite correct. The contracts that we have with these firms do require that on termination or withdrawal, that there be a 30-day notice period given and that was done.

We had considerable discussions with them, during a course of a couple of months and they were, indeed, aware of the direction that we were taking in this respect. We were not in violation with any of the terms of the agreement that we were then operating under and I believe it's because of that, it was the companies themselves, as I understand it, offered to continue on until this transition is complete.

It appears to me at least, to be rather a harmonious transitional period, although I appreciate the fact that the companies in question would have preferred to have a new contract, rather than having a contract not renewed, but be that as it may, I believe that the transition period is being carried out in a very decent manner.

MR. CHAIRMAN: The Member for Portage la Prairie.

MR. LLOYD HYDE (Portage la Prairie): Thank you, Mr. Chairman. Just one question: could the Minister repeat the number of applicants he received for the Portage vacancies, please?

MR. USKIW: 36 applications for 3 vacant positions.

MR. HYDE: 36. Is the Minister offering any special opportunities to those who are residing in the particular area of Portage for these open positions?

MR. USKIW: These people will ask their preference as to location, Mr. Chairman, so they were aware as to where their applications were directed to.

MR. HYDE: Well, Mr. Minister, what you're saying is that you're not really giving any opportunity to those who reside in the area, over someone say, from Winnipeg by . . .

MR. USKIW: Now all those that indicated a preference for Portage la Prairie were then looked upon for those positions, Mr. Chairman.

MR. HYDE: That's all, thanks.

MR. CHAIRMAN: 2.(f)(1) Salaries. The Member for Niakwa.

MR. KOVNATS: Well, Mr. Chairman, just to get back to Security Services, I don't think that we passed that department yet, but I'm almost, almost astounded that none of the security officers that were being hired are bilingual. I think that with the amount of openings and to be bilingual could have been the criteria as to the opportunities of securing the job. It surprises me that the Government Services wouldn't have extended themselves a little bit to see that there was somebody of a bilingual nature that did apply. You know, this comes out to show that a bilingual person is not qualified to be a security officer. I don't think I want to push that particular aspect of it. But would the Minister advise whether the people who have applied for the job and have been chosen for the job, and there are none who are bilingual, is there any type of a program to see that these people will be trained to be bilingual during their tenure as being a security officer in the employee of the Government of the Province of Manitoba.

MR. USKIW: Mr. Chairman, I wish to make a correction. I'm advised by my staff that the information we gave was incorrect; 5 of the 33 are being considered within that group of 33 to be employed, but have not completed the security check that is standard procedure for those positions.

MR. KOVNATS: Yes, it's not that important to the Honourable Minister but I think the important thing is that, as one of the criteria was that an applicant be bilingual or have command of both official languages. Would the Honourable Minister advise whether there will be a program to train the security forces that are being hired to be of a bilingual nature during their tenure, their time that they will be serving the people of the Province of Manitoba?

MR. USKIW: Well, Mr. Chairman, that is not a requirement under the present arrangement. The need for bilingualism is not as apparent in the area of enforcement and security of public buildings as it might be where one is dealing with the general public sort of over a counter or disseminating information to the general public. Security is nothing more than that. It is merely security and it's a police operation in essence.

MR. KOVNATS: To the Honourable Minister, you know, I'm not looking to cause the Honourable Minister any problems but I think those people who support the bilingual nature of this country might not be very satisfied with that type of an answer inasmuch as public buildings are being requested to be signed in both official languages. I'm not sure whether I agree or not. I'm just saying that I know that there's a very strong force that's supporting that public buildings be signed in both official languages. Here we are hiring security officers and it doesn't seem to matter whether they qualify in both official languages. I don't think that the Franco group of the Province of Manitoba are

going to be quite satisfied with that type of answer. I would hope that the Honourable Minister did have some sort of a program where these people could be trained in the second language.

MR. USKIW: Well, Mr. Chairman, again I want to remind the Member for Radisson that the 11 points that were, indeed, the criteria for employment, one of them was a bilingual consideration, so that all things being equal, the bilingual person had that opportunity to score a little higher on the point system. However, out of the 80-some-odd applicants that are being interviewed only 5 were able to perform in that area; so one cannot escape the fact that the bulk of the 85 people who applied for those positions did not qualify in that way. Now, one cannot answer for those that haven't applied for those positions. I mean they are open to everyone and if others have an interest then the application process was there for them. We're merely pointing out that out of 85, 5 of them had those qualifications and it appears that all of them will likely be employed. We're certain of 4 out of the 5 at the moment.

MR. KOVNATS: To the Honourable Minister, I now represent Niakwa rather than Radisson although I speak French every bit as well as the Member for Radisson, or almost as well. I'm fooling because he speaks French very very well. That's right. The good-looking one's from Niakwa, so, you can't mistake us.

Was it ever considered when hiring these security forces, that other than French or English as a second language be considered in the opportunities of securing the position as a security officer with the Province of Manitoba, particularly Ukrainian of which we have a large population in the province?

MR. USKIW: Well, Mr. Chairman, they're certainly not precluded but it's not part of the point system if you like or the criteria that was established.

MR. KOVNATS: Okay, the only thing I'm establishing at this point is that French and English were criteria and Ukrainian or any other language was not.

MR. USKIW: Well, Mr. Chairman, I would presume that in the traditional sense of things, yes, that's correct. We are operating as usual.

MR. CHAIRMAN: The Member for River Heights.

MR. WARREN STEEN (River Heights): Thank you, Mr. Chairman, to the Minister, I've been asked by a number of my colleagues if I would raise this question with you and I believe it would come under Security Services and that is public parking on the Legislative grounds for persons coming to see Members of the Legislature, constituents who are coming and hopefully going to be here for, say, an hour or even less. A good example would be one of my colleagues this morning had six farm representatives come in to see him and these people had the foresight to leave their cars on the outskirts of the city and doubled up and two came in one car and four in another one. But, they had great difficulty finding parking and one of them said that they had to park down by the former Civic

Auditorium Building - that far away. Could the Minister look into this? And perhaps he could tell me what space is available for the public on limited terms. Would he give some thought to perhaps trying to encourage more employees to perhaps park in that lot across on the east side of Kennedy Street or perhaps maybe, Sir, we need to provide some more parking off the grounds for employees? Because I think today within this building we likely employ less people than we did 20 years ago since the building has been practically turned over to legislative purposes.

MR. USKIW: Mr. Chairman, the member is quite on target. That is one of the issues that we are currently dealing with and that is the assessment of the parking requirements for this immediate area and what adjustments we will be recommending in order to allow for more public parking space for the very reasons that were already started by yourself. So, Mr. Chairman, we are addressing that problem and we will be coming up with some sort of a recommendation, hopefully, in a couple of months, but we are dealing with that. We're not in a position to give recommendations at this point.

MR. STEEN: Mr. Chairman, through you to the Minister, I would hope that we wouldn't have to go to a parkade because they are very expensive. I also would hope like most Manitobans that the lawns and the gardens that are provided within the Legislative grounds would be maintained. So, that makes the Minister's job very difficult to squeeze additional parking spaces out of the confines that he has, but perhaps off-grounds parking for employees and more of them being encouraged to use such facilities would be the procedure that the Minister and his department might follow.

MR. USKIW: Well, again I say, there's not much point in belabouring the issue, we are aware of those concerns and we have been concerned for some time, Mr. Chairman. It's not a new issue, we've discussed this several years ago and had not come to dealing with it. But we intend to come up with some proposals on this issue very very soon.

MR. STEEN: I thank you, Mr. Minister, and your staff for taking it under advisement and I do hope that you can come up with a solution in the near future.

MR. CHAIRMAN: 2.(f)(1).
The Member for Virden.

MR. GRAHAM: Mr. Chairman, as a follow-up on that, the present policy on the legislative grounds for employee parking is not one of assigned parking at all.

MR. USKIW: It's scrambled parking, Mr. Chairman.

MR. GRAHAM: That also applies for employees of the Woodsworth Building?

MR. USKIW: Mr. Chairman, it's a combination of things. The bulk of the parking is scramble parking but there are some assigned areas for certain categories

of employees.

MR. GRAHAM: When the Minister is taking it into consideration and studying the program, I wonder if he would consider that the employee parking on the legislative grounds be confined to those employees that are employed in this building?

MR. USKIW: Mr. Chairman, that's a very valid point and I tend to share that opinion. I'm not certain just what the implications of that opinion are, if it were implemented, but I would tend to think that it is the sensible thing to do.

MR. CHAIRMAN: The Member for River Heights.

MR. STEEN: I'd just like to mention to the Minister that perhaps if his colleague, the Member for Elmwood when he was Minister, got his wish and the purchase of the Great-West Life Building had proceeded, we would have acquired considerable acreage for parking and he wouldn't be wrestling with the problem to the degree he is today.

MR. USKIW: Mr. Chairman, I can't comment on that at this stage.

MR. CHAIRMAN: That's 2. (f)(1) Salaries.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, just before we leave Security, I would like to ask the Minister just one more question.

In the field of Security all of the security provided in government buildings is provided by Manpower, is it? There are no animals used?

MR. USKIW: I believe that's correct, yes, Mr. Chairman. I'm told that we have a very vicious executive director.

MR. CHAIRMAN: That's 2. (f)(1) Salaries—pass; 2. (f)(2) Other Expenditures—pass; 2. (g) Gimli Industrial Park: Salaries.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, I notice a drop in the salaries here. I presume there's been two or three less staff at Gimli.

MR. USKIW: Mr. Chairman, that reflects a staff turnover which results in the new employees being hired at a lower rate than the outgoing employees but it's not a reduction of staff.

MR. GRAHAM: We have the same staff then.

MR. CHAIRMAN: That's 2. (g)(1) Salaries—pass; 2. (g)(2) Other Expenditures—pass; 2. (h) Alterations, Furniture, Furnishings and Incidental Expenses - Project Management: 2. (h)(1) Minor Projects.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, in this particular appropriation, the Recoverable from Departments still leaves \$150,000.00. I would presume that that

\$150,000 applies to this building, is that correct?

MR. USKIW: A substantial portion of it does with respect to furniture repair, Mr. Chairman, but not exclusively as such.

I'm advised that there's a breakdown of furniture in any department, something that was not expected. It's sort of brought to this particular component in the department for attention and it's incorporated in those figures.

MR. GRAHAM: Mr. Chairman, I notice in this room a couple of the old Committee Room chairs and these ones here don't appear to be standing up too well. Could the Minister indicate whether there are sufficient of the old chairs still in stock or in storage to replace these if, in the next two or three years, should they continue to deteriorate?

MR. USKIW: We're not certain as to how many are in stock but I would think that the direction would likely be to re-upholster in something other than the old standard, Mr. Chairman.

The leather chairs are durable. There's not doubt that they're a little bit tough on clothes and the fabric material is a little more comfortable from the point of view of the aeration process and everything else that is desirable with respect to the use of it.

MR. GRAHAM: Mr. Chairman, with the hopes of having air-conditioning in the not too distant future, it may be that the old leather chairs and the great woodwork that went into those types of chairs, they may become something that we would want to have around again.

MR. USKIW: Mr. Chairman, I don't know that I want to belabour this part of it. We have tended to move towards the softer fabrics for better comfort and I suppose it reflects changing moods and perhaps affordability, I don't know.

The other chairs are, I guess we used to say they were awfully sweaty to sit on.

MR. GRAHAM: I found them very comfortable.

MR. USKIW: Leather is leather. It's not quite as comfortable as fabric. Perhaps I have my own bias, Mr. Chairman.

MR. CHAIRMAN: 2.(h)(1), Minor Projects—pass; 2.(h)(2), Less: Recoverable from Departments—pass; 2.(j) Energy Management and Technical Services: 2.(j)(1), Salaries.

The Member for Virden.

MR. GRAHAM: Mr. Chairman, several years ago we had a great experiment in this building with a solar heat collector and I would ask the Minister, has all of that material now been removed from the roof or is some of it still up there?

MR. USKIW: Mr. Chairman, all of that has been removed.

MR. GRAHAM: That was all I wanted on that.

MR. CHAIRMAN: The Member for Niakwa.

MR. KOVNATS: Was the removing of that solar equipment from the roof the cause of the extensive damage and repairs that are going on right at this point to repair the roof? Was it caused by the removal of the solar equipment that was up on the roof?

MR. USKIW: No, Mr. Chairman, the roof is part of the general maintenance program and it is the entire roof that is being done. It isn't just the areas where the solar systems were installed. It is the entire roof system that is being repaired.

MR. KOVNATS: That is not the point of which you are to be questioned under Roof, this is different. I just wanted to find out whether, in fact, it was caused by that solar system.

MR. USKIW: No, Mr. Chairman.

MR. CHAIRMAN: 2.(j)(1) Salaries—pass; 2.(j)(2) Other Expenditures.

The Member for Niakwa.

MR. KOVNATS: One question on Other Expenditures. Is stamps or postage considered under Other Expenditures, in any Other Expenditures, or does it just come under that post office where it says postage later on?

MR. USKIW: No, every appropriation will have stationary, etc., Mr. Chairman.

MR. KOVNATS: Would I be right in assuming that postage which comes under Other Expenditures in all of these departments would be double what it was previous to now or was it considered? Did we know when these Estimates were going through that postage was going up from 15 cents to 30 cents?

MR. USKIW: Yes, the new cost of postage stamps has been billed into the Estimates throughout, Mr. Chairman.

MR. KOVNATS: One thing that comes to mind. I know that the Federal Government has, I guess it's free postage, or members have free postage, it was brought to my attention at a very early time when I first came into the Legislature where I took the opportunity of using the postage system to my own use rather than for government use. It was brought to my attention that wasn't the right thing and I haven't done so since that time. Is there any opportunity of government members being given the opportunity of using the postage system for their own personal use rather than have to pay for it as is the general practise now?

MR. USKIW: Mr. Chairman, that would be a bit enriching I would think. The former Speaker tells me it would require a change in the Legislative Assembly Act. You're probably right, Mr. Chairman.

MR. KOVNATS: I was just looking for whatever benefits befall a member of the Legislature where I see just earlier we are given parking facilities and I don't quite

agree. I certainly accept it, I think that parking is something that everybody should be allowed to pay their way, employees as well as elected members and I don't think that they should be given any special privileges unless it's part of their contract of employment and if it is then I say give it to them. I don't really know whether in fact it is part of their contract of employment and I didn't want to go back to that other item. I just wanted to find out, to get back to whether postage was part of each department and the Honourable Minister has advised me that it is so I'm satisfied.

MR. CHAIRMAN: 2.(j)(2) Other Expenditures—pass.

Resolution No. 69. RESOLVED that there be granted to Her Majesty a sum not exceeding \$35,623,500 for Government Services, Field Services, for the fiscal year ending the 31st day of March, 1983—pass.

The next item is No. 3 Supply and Services, 3.(a) Executive Administration, (1) Salaries.

The Member for Virden.

MR. GRAHAM: Thank you Mr. Chairman. Perhaps the Minister could, someplace along the line here, spell out what the present policy is with respect to word processing, photocopying and what other services are available to members of the Assembly. It might be a good time to start now.

MR. USKIW: Mr. Chairman, the Deputy reminds me that we are still awaiting a sort of recommendation from the Speaker on that very question now. It is apparently a question that's under review and until we have some direction we really are not in a position to indicate any change from what was the practise but there's a review under way on that whole question.

MR. GRAHAM: So at the present time then there is no change?

MR. USKIW: Yes, the members have access to the word processing capacity providing it's a modest and reasonable request at the present time but the whole question of policy is somewhat up in the air at the moment; raised under consideration, Mr. Chairman.

MR. GRAHAM: Mr. Chairman, one of the reasons I asked the question I noticed that in the last two months we have a photocopy machine now in our caucus room and I don't know whether we asked for it or not but it suddenly appeared there and we're not asking too many questions; we're using it. I didn't know whether it was through the generosity of the Minister or the generosity of the Speaker or how it got there. I didn't intend to ask too many questions.

MR. USKIW: I remember there was a discussion on it, Mr. Chairman, and it was recommended that all the parties in the Assembly ought to be supplied with one for convenience of the operation of the political parties in this building so I suppose that's a decision in itself that can be considered good or otherwise but we think it's better that way then having to share one or having to locate a facility elsewhere.

MR. GRAHAM: Proceed.

MR. CHAIRMAN: That's 3.(a)(1) Salaries—pass; 3.(a)(2) Other Expenditures—pass; 3.(b) Central Vehicle Branch, Salaries.

The Member for Virden.

MR. GRAHAM: Perhaps we should let the Salaries go.

MR. CHAIRMAN: Salaries—pass; 3.(b)(2) Other Expenditures.

The Member for Virden.

MR. GRAHAM: Mr. Chairman, can the Minister indicate, he did indicate earlier that in the automobile fleet we are moving to smaller vehicles. Can the Minister give us an indication of whether we are getting the same performance, mileage wise, total miles before we have to replace them or what is the policy in that field?

MR. USKIW: Mr. Chairman, it's a bit too soon to come to a conclusion on that question since the program is merely two years old. It'll be another year or so before we can give a specific answer on that question.

I gave a figure earlier to the effect that 40 percent of our fleet is now in the compact car size. In fact, what I really said was, 40 percent of the total vehicle fleet which includes vans, trucks, station wagons and so on, if you separate out the large vehicles and you simply take a percentage of the cars, then we have 1,052 cars that are compacts and 174 that are the larger car. So it's over 80 percent that are compact cars, Mr. Chairman.

MR. GRAHAM: Mr. Chairman, perhaps the Minister could give us a breakdown on how the compact cars are standing up. Are the work orders for maintenance heavier for the smaller cars than the other?

MR. USKIW: Mr. Chairman, the cars are relatively new. Anything that is two years or less, it's obviously not going to show up too much. It'll take another year I believe for that component to reveal itself.

MR. GRAHAM: In the top-line cars — and I'm talking now about Ministerial cars — can the Minister indicate how many Ministerial cars we have in the fleet at the present time?

MR. USKIW: I wonder if the member would indicate what he means by top line?

MR. GRAHAM: Well, I understand that the Ministers usually have a little more, I guess, chrome and interior finish than the ordinary government cars.

MR. USKIW: Perhaps maybe what the member should be interested in is, who is eligible and what are the specs for those cars.

On the eligible list for that upper-class vehicle if you like, is the government or the Executive Council and the Leader of the Opposition and the specs on them are as follows: four-door sedans are minimum 114-inch wheel base complete with all standard equipment including the following: approximate price is about \$13,000 and the items included are vinyl roof,

305 engines, V-8 or 225 six-cylinder jobs, five standard tread tires, steel belted radial, white walls, air-conditioning, automatic temperature control, heavy-duty battery, front and rear bumper guards, cruise-control, engine block heater; the light package, exterior remote-control mirrors, body-side protective moulding, radio AM/FM stereo four-speaker system, split front seat, custom wheel covering, tinted windshield, electrically-heated rear window.

Now there probably is some possibility of Ministers trading off some of these components for other things that they would prefer. When it comes to mine in particular, for example, is for rural travel my own preference would be to have a heavy-duty system, a suspension system. If that were decided then it would be traded off against something else, but the \$13,000 criteria is what is important.

MR. GRAHAM: I think there's maybe one other criteria in there. In the purchase of Ministerial cars I believe there is a certain amount of discretion left with the Minister himself, is there?

MR. USKIW: Well, Mr. Chairman, within those guidelines, yes, but that's what I was alluding to when I said there's some trade-offs possible.

MR. GRAHAM: But the purchase of Ministerial cars is not done by a mass tender or anything; each one is more or less individually purchased?

MR. USKIW: That is up to the Minister himself or herself as to where they would like their vehicle to be purchased from, and so on, yes.

MR. GRAHAM: Are there any other members of the Legislative Assembly that are authorized to use government cars besides the Cabinet Ministers? Are Legislative Assistants?

MR. USKIW: I'm not certain, Mr. Chairman, but I would hazard a guess that a Legislative Assistant could use a pool car. I'm not certain that I have the answer, Mr. Chairman, but again I think the legislative assistants would logically be entitled. I don't think others would be. The suggestion is that maybe MLAs are entitled to and I doubt that very much because, if they were, then MLAs of all parties should be entitled to them.

MR. CHAIRMAN: The Minister of Natural Resources.

HON. AL MACKLING (St. James): Mr. Chairman, I thought it made good sense when someone suggested to me that if the Minister requested an MLA, one of his colleagues to perform some function for him, attend somewhere or do something when he would otherwise be engaged here in the building meeting or something, that would be in order to do something on behalf of the Minister. It seems to me that made good sense rather than have to get a pool car. The Minister's car is sitting out in front there.

MR. USKIW: Well, Mr. Chairman, it's logical. I'm not sure whether or not the legislation prevents it taking place.

MR. MACKLING: I see.

MR. USKIW: It is logical because if the Minister is unable to attend a function, normally he would take his car or her car and in his place, of course, an MLA takes the same car, the exposure is the same. I don't see any risk factor or cost factor involved. It makes common sense, of course, but I don't know whether that possibility is inhibited by legislation. That's something we would have to check out I suppose. We'll have to take that under advisement, Mr. Chairman.

MR. CHAIRMAN: The Member for Niakwa.

MR. KOVNATS: Just not to complicate the issue, but I guess I do agree with the Minister. If somebody was representing the Minister at a function and took the Minister's car, I don't think that I would be the least critical of it at all, there's just no extra cost factor involved.

But to progress a little bit further and to allow any member to take a pool car, I think I've got to say that I couldn't possibly agree with it inasmuch as, where do you stop? I think if you allow a Legislative Assistant to take a pool car, then I think that maybe somebody who has some knowledge of a department should be allowed to take a pool car and maybe an Opposition member should be allowed to take a pool car and then maybe a secretary should be allowed to take a pool car, you know, just to be ridiculous.

But I think that the Honourable Minister's attitude is right and I think that pool cars should not be used by anybody other than those people qualified and I don't think that Legislative Assistants or just straight members because we're low on the totem pole anyway.

MR. GRAHAM: Mr. Chairman, perhaps I should not have asked the question.

MR. CHAIRMAN: 3.(b)(2)—pass.

MR. KOVNATS: I guess it kind of goes from one to the other because under Other Expenditures it's \$9,630,000, less recoverable from departments, \$9,859,000 which is more recovered from the departments than expended. Is it a profit-making venture to recover this money from the departments or am I reading the figures correctly, or are some of the Ministers not smart enough to pay the right amounts?

MR. USKIW: Mr. Chairman, I think, there were two sets of people doing the Estimates, one on the out-flow, one on the income.

MR. KOVNATS: To the Honourable Minister, I can accept that that's probably the reason, there's quite a difference of over \$200,000 . . .

MR. USKIW: They are Estimates though.

MR. KOVNATS: But if there is a profit what do we do with the profit?

MR. USKIW: Mr. Chairman, we can only accept what is our due for services that are provided and if we've

overestimated the income we will not have received it.

MR. KOVNATS: Well, I would accept that the Honourable Minister of Government Services is running a non-profit department and I'm not sure whether it's meant to be that way but that's the way it turns out.

MR. USKIW: It appears that, yes, I agree, Mr. Chairman, but we can only recapture what is actually spent.

MR. KOVNATS: But those two figures should balance.

MR. USKIW: They should, logically.

MR. KOVNATS: Okay.

MR. GRAHAM: Mr. Chairman, we have a large fleet of vehicles scattered all over the province and we have several government garages, is it the policy to have the repairs to those vehicles done only in those garages or is there some leeway for repairs to be done in the local communities?

MR. USKIW: Mr. Chairman, the bulk of our repairs are done in private garages, although I suspect that the major repair work is probably directed into our own facilities where they're able to do them but, by and large, the bulk of the work is done outside the government system.

MR. GRAHAM: Mr. Chairman, I'm pleased to hear that that policy is in effect and the reason I asked it was several years ago - I'll recall the story to indicate that centralization sometimes doesn't work.

MR. USKIW: It works but may be expensive.

MR. GRAHAM: There was a public health nurse who had a problem with the battery in her car and they would not allow her to purchase a battery in that local community, they would have to send one out to her and that took a total of five days to send the battery out. In the meantime, every morning the local garage had to go out, make a service call to start her car until such time as she received the battery and then they installed the battery and I think the service charge for starting her car were more than double what the cost of the battery was.

MR. USKIW: Was anybody fired?

MR. GRAHAM: I don't know.

MR. USKIW: They should have been. Certainly, Mr. Chairman, if I have the floor, that is an example of something that is counter-productive. There is no rhyme nor logic in insisting that everything be done in-house. Common sense in the end ought to prevail. On the other hand, if there is in-house capacity with relative convenience, then it's foolish to go outside and not use the in-house capacity, it works both ways. But I certainly would agree with the Member for Virden that for the sake of wanting to centralize, for ideological reasons or whatever, I could not accept a proposition like the example that he has just indicated.

MR. GRAHAM: Mr. Chairman, in this particular case I think central garage had several hundred brand new batteries sitting there and they didn't see any reason why one should be purchased in a small isolated community when they had several hundred sitting there. But it does indicate that sometimes discretion is the better part of valour and the common-sense approach usually turns out to be the best.

MR. USKIW: Mr. Chairman, the rule is that a person may use their credit card up to \$100 without authorization. Over \$100 they must have authority to spend on car repairs.

MR. CHAIRMAN: That's 3.(b)(2) Other Expenditures.

MR. GRAHAM: Before we pass that, Mr. Chairman, the licensing of government cars, is that still done in the local area or do we find that most of the cars are being licensed out of town?

MR. USKIW: My understanding is that wherever the vehicle happens to be at the end of the calendar year is where it is renewed, so that if you're located in Virden that's where you would be renewing your license. Just to clarify further, Mr. Chairman, Autopac has districts and that's what I'm referring to when I say in whichever district the vehicle is located at the end of the calendar year that's where they must renew.

MR. GRAHAM: Mr. Chairman, I believe this issue was raised several years ago and because different districts have different rates for Autopac the licensing seemed to be carried out in the area with the lowest rate. That program has since been changed has it?

MR. USKIW: That's right, because of that very fact, Mr. Chairman.

MR. CHAIRMAN: 3.(b)(2) Other Expenditures—pass; 3.(b)(3) Acquisition - Vehicle Replacement.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, in the Acquisition of Vehicles what size tender is normally called, does it go in lots of 25 or 50 or, is there any set policy?

MR. USKIW: What has been traditional is a one-shot approach, Mr. Chairman, once a year for the whole amount and what is being considered is splitting that into two times in one year but it's one effort.

MR. GRAHAM: Up till now then there would only be one deal made for the entire year, with the exception of emergency cases.

MR. USKIW: Mr. Chairman, I'm not sure why that is a problem because any dealer can bid on any number or even on an individual vehicle or any number of vehicles. So it doesn't preclude anyone from participating in the tender process.

MR. GRAHAM: But it doesn't preclude one person either from bidding on every one of them?

MR. USKIW: I suppose that's correct. Well, you know

there is a bit of a — it's not an anomaly, I guess it's a policy — of some of the car companies or at least one where the manufacturer submits the bid for a whole flock of vehicles if you like then distributes that successful tender amongst the dealerships within that corporation. I believe Chrysler does that. They're the only ones. Yes, Chrysler Corporation submit a bid on behalf of all their dealers, so to speak, or at least their dealers.

MR. GRAHAM: Mr. Chairman, in the past several years has there ever been a case where it all went to the one tender?

MR. USKIW: No, because of the variation in requirements, Mr. Chairman, it's not possible, I would hazard a guess. Just to give the member an example in this year's fleet, we are purchasing 227 compact sedans out of a total of 627 new vehicles and the others are various sizes and various vehicles from trucks to station wagons to vans; all sorts of things that are being purchased under this appropriation, so one supplier would not be in a position to supply all of those.

MR. GRAHAM: Well, those 600 and something, will they go out in one tender call? You're now talking of splitting it to two, is it?

MR. USKIW: Well, this year we've already called the tenders on these; on the whole lot.

MR. GRAHAM: No, that's all.

MR. CHAIRMAN: 3.(b)(3) Acquisitions—pass; 3.(b)(4) Less: Recoverable from Departments—pass; 3.(c) Office Equipment Branch, 3.(c)(1) Salaries—pass; 3.(c)(2) Other Expenditures—pass.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, in the field of office equipment could the Minister indicate in rough figures how much equipment is owned and how much is leased?

MR. USKIW: Yes, the information is that every piece of equipment except for copier machines are owned. The copying machines are leased.

MR. GRAHAM: Does that include word processing?

MR. USKIW: Yes, the word processing equipment could be owned, leased or a combination of owned and leased, Mr. Chairman.

MR. GRAHAM: That's all thank you.

MR. CHAIRMAN: 3.(c)(2) Other Expenditures—pass; 3.(c)(3) Less: Recoverable from Departments—pass; 3.(d) Purchasing Bureau, Salaries; 3.(d)(1)—pass; 3.(d)(2) Other Expenditures—pass; 3.(e) Materials Branch; 3.(e)(1) Salaries—pass.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, in the field of materials. We find that — I think this is probably the section to discuss it and it's tied in to some degree with pur-

chasing as well — that in the field of materials and equipment that is required, quite often we find that the specs are drawn up very often are drawn in such a nature that it effectively prevents some people from bidding on the equipment because it might in fact specify one particular brand of equipment. I think there's probably a reason that should be given for doing that.

MR. USKIW: Well, Mr. Chairman, for that very reason we are moving away entirely from brand names. We recognize the point that the Member for Virden is raising and we're trying to get away entirely from brand name requirements. We're relying very much on performance specs rather than brand specs.

MR. GRAHAM: That was my number one concern.

MR. CHAIRMAN: 3.(e)(1) Salaries—pass; 3.(e)(2) Other Expenditures—pass; 3.(e)(3) Acquisition — Materials Inventory—pass; 3.(e)(4) Less: Recoverable from Departments.
The Member for Niakwa.

MR. KOVNATS: Can the Honourable Minister advise how this department balances exactly?

MR. USKIW: Well, in this section they probably spoke to each other. I really can't tell you, Mr. Chairman. My Deputy confirms that's probably what happened.

MR. CHAIRMAN: 3.(e)(4) Less: Recoverable—pass; 3.(f) Telephones; 3.(f)(1) Salaries.
The Member for Virden.

MR. GRAHAM: Mr. Chairman, in the field of telephones we could probably pass salaries and get down to Other Expenditures.

MR. CHAIRMAN: 3.(f)(1) Salaries—pass; 3.(f)(2)e
The Member for Virden.

MR. GRAHAM: Mr. Chairman, in the field of telephones could the Minister indicate what improvements are going to be made to the Norquay Exchange and the availability of outside lines to this particular building? I know from my own personal experience as an MLA trying to use the Watt system that you can use ten minutes trying to get an outside line. It's obviously because there is either an overload at certain periods of the day or else there's insufficient equipment in place.

MR. USKIW: Well, we're not certain whether the centric system is going to change very much with respect to that problem, Mr. Chairman. It is a problem at certain times of the day. I know I've encountered it many times. Quite often in disgust, I might add. I just simply go directly to the straight direct dialing system because there just isn't the time to dilly dally. It's too costly to wait for the WATTS line sometimes.

MR. GRAHAM: Would the Minister make inquiries and consider this to be an official complaint about the operation of the WATT system and see if there can be some improvement made or failing that we'll have to

go to the Department of Legislation and get the changes made for member services in that respect.

MR. USKIW: Well, Mr. Chairman, I share the member's concern there. I know I've been frustrated many times over it. So, yes, we'll undertake to see whether we can improve on that.

MR. CHAIRMAN: 3. (f)(2) Other Expenditures—pass; 3. (f)(3) Less: Recoverable from other Departments—pass; 3. (g) Post Office, 3. (g)(1) Salaries—pass; 3. (g)(2) Other Expenditures—pass; 3. (g)(3) Postage—pass; 3. (h) Manitoba Gazette, 3. (h)(1) Salaries—pass; 3. (h)(2) Other Expenditures—pass; 3. (j) Queen's Printer Management and Brokerage 3. (j)(1) Salaries—pass; 3. (j)(2) Other Expenditures—pass; 3. (k) Queen's Printer Operating, 3. (k)(1) Salaries—pass; 3. (k)(2) Other Expenditures—pass; 3. (k)(3) Less: Recoverable from Departments.
The Member for Niakwa.

MR. KOVNATS: Can the Honourable Minister advise under what department or where this item appeared in last year's Estimates?

MR. USKIW: Mr. Chairman, I would like to draw attention to the fact that the Finance Department is recovering the \$481,000 so it's shown as an expense here but it's recovered at the Department of Finance level or the Consolidated Revenues, in other words. Revenues from Board's Commissions and their agencies, Queen's Printer is \$481,000.00.

MR. CHAIRMAN: Resolution No. 70. RESOLVED THAT there be granted to Her Majesty a sum not exceeding \$12,139,000 for Government Services for Supply and Services for the fiscal year ending the 31st day of March, 1983—pass.

The next department is Project Services, 4. (a)(1) Salaries—pass; 4. (a)(2) Other Expenditures—pass; 4. (b) Design Services, Salaries.

The Member for Virden.

MR. GRAHAM: Mr. Chairman, we're dealing with architectural design and that field of activity. Could the Minister indicate how many architects we have on staff?

MR. DEPUTY CHAIRMAN, Phil Eyer (River East): Mr. Minister.

MR. USKIW: We have four in the design area, Mr. Chairman.

MR. GRAHAM: Could the Minister also indicate whether or not on any government buildings we hire outside architects or is it all . . .

MR. USKIW: Mr. Chairman, every building that is built for whatever sum, about 8 percent of that building is into private consulting fees for architectural services, Project Management and so on.

MR. GRAHAM: All new buildings of government then are done by outside architects?

MR. USKIW: Mr. Chairman, we do about 25 percent of the work and 75 percent is contracted out. In the renovations end, we do contract out the major jobs as well, where there's a major renovation.

MR. GRAHAM: The small jobs are done by in-house staff?

MR. USKIW: That is correct.

MR. DEPUTY CHAIRMAN: 4. (b)(1). The Member for The Pas.

MR. HARRY M. HARAPIAK (The Pas): I'd like to bring up a subject which I've had quite a few questions on in my locality and that's during the election of '77 there was a jail tendered in The Pas area and after the election the tender was cancelled. Apparently the contractor was paid off and a while later, probably a year later, it was again tendered.

MR. USKIW: Mr. Chairman, just on a point of order. I wonder if we couldn't leave that to Item 6 which is Acquisition/Construction of Physical Assets. I think that's where that should be debated because we're not at that level, at that stage in the Estimates yet.

MR. DEPUTY CHAIRMAN: 4. (b)(1)—pass; 4. (b)(2)—pass; 4. (c)(1)—pass; 4. (c)(2)—pass; 4. (d)(1).
The Member for Virden.

MR. GRAHAM: Mr. Chairman, dealing with the Land Acquisition Branch, and in this particular field, maybe the Minister is wearing two hats at the particular time because his other department makes extensive use of this particular branch of the government.

We have seen a fair degree of activity or, perhaps I should say, resentment towards the activity of the Land Acquisition Branch over the past several years and it appears as though government now doesn't hesitate but goes through expropriation rather than a lengthy bargaining process. Could the Minister give us an explanation of why there seems to be this increasing use of the expropriation proceedings?

MR. USKIW: Mr. Chairman, I really am not terribly familiar with the whole process although my own opinion is that the fairest approach is expropriation. If you are buying a number of properties in a given project, what we have had many times, and I recall discussing it before, is a long drawn-out period of land acquisition for a major project and it could take perhaps two or three or five years to purchase all of the property required and you end up with a situation where the first person that made the deal, so to speak, on his or her property received a much lower compensation for their property than did the last holdout on that project and therefore resulted in some bad feelings at the end of the project. People do compare notes and especially if it's in a small community and therefore it seems obvious to me that the fairest way is to file an order at which time your valuation day becomes affective for all the properties that are to be acquired for the project. I think that is the fairest system, although I'm just going to check with my Deputy as to whether that process is indeed what we

are doing.

I am advised that old problem I alluded to is still with us, Mr. Chairman, so I guess we're going to have to take a good solid look at that one. I'm not at all enamoured with the idea that in the same project, where people receive a fair variation in compensation for the same kind of land or buildings or whatever it is, I would prefer that they be treated all alike. It ought to appear to be just, is what I'm really saying and the odd hold-out tends to make it unjust, Mr. Chairman. My preference is the notice of expropriation is probably the fairest method, even though it appears and sounds like a harsh approach, I believe, in the end it is indeed the fairest approach.

MR. GRAHAM: Mr. Chairman, there is no doubt this problem of land acquisition will not be solved for probably many years to come. When government, in its collective wisdom, attempts to take from people, the very people that they are elected to protect, it begins in a conflict of interest position which as time goes on doesn't diminish at all. There has been an awful lot of hard feelings built up over the years, in some cases quite justified, when farmers have been either expropriated or their land has been purchased, only to find that it is probably 5-10 years down the road before government actually needs it. This is only one problem that occurs.

Another problem that I brought to the Minister of Highways' attention quite sometime ago where the holder of property is more than willing to accede to government wishes if they request fill material to build a highway, he's more than willing to give it to him provided they will put the black dirt back and allow him to farm it once more. But through the various bureaucracies and planning and engineering, I suppose, they like to see everything stereotyped and, I don't know what it is, but there always seems to be a dozen different reasons why they can't go that route. It causes concern to myself and to people and does not leave government in a good light in the public eye.

That has nothing to do with the Land Acquisition Branch by itself but the activities of the Land Acquisition Branch, I believe, through my own experience of talking to people over the years, I think the members of the Land Acquisition Branch, while they do have a great deal of diplomacy, I think they could probably use a little bit more at certain times.

MR. USKIW: Mr. Chairman, I know the sensitivity the member is dealing with. I personally was very much annoyed some years ago when the government decided, in its wisdom at that time, that with a stroke of a pen they were going to effect expropriation without actually paying for land and somehow society has accepted that. I'm somewhat still overwhelmed by that and that happens to be the case with the programs in the Highways department where once a highway is established there is a restriction on private property useage along both sides of a highway and at major intersections without compensation to the owners. I find that rather awkward, quite frankly, I didn't ever agree with that.

I've run into it many times and have tried to represent individuals with respect to their case problems but to think in terms of someone having purchased prop-

erty that might be worth \$100,000 or \$200,000 and then to be told that you can't do anything with it because the Highways department won't let you because some day they may want to build something there, and that someday maybe the next generation in the minds of the engineers in the department, that's how far ahead they're looking. But they are, in effect, expropriating people's rights today when they make that decision. The whole province has really been expropriated in that way along all the highway routes and I'm amazed that there hasn't been public outcry. I suppose it's because the public has sort of gone along in a responsible way recognizing that highways are, indeed, a service to the public.

I know some people that have been financially hurt and very substantially so because of that building restriction that is placed on their property for which they receive no value whatever. So, I know what the member is alluding to; I know that it's the ease of administration that often dictates how these things are done and with respect to properties being allowed to be cultivated, even after they are conveyed to the public or whatever, I suppose that is awkward administratively and that's all I can presume that that is the case.

MR. GRAHAM: Mr. Chairman, I didn't want to get involved in a discussion of the Highways branch at this particular time but in the Land Acquisition Branch and it can be for highways, it can be for buildings, it can be for any different department of government, I do find though that there seems to be a fairly wide difference of opinion as to the price of land as is proposed by the Land Acquisition Branch and that price that is finally granted by the Land Value Appraisal Commission when you go through expropriation proceedings. As long as that difference is significant I think that discontent in the community is justified.

It would be my hope that some day the prices paid by the Land Acquisition Branch would be the same prices as are finally approved after you go through expropriation and the Land Value Appraisal Commission, comes down with the same figure. When that occurs then I would have to say that the Land Acquisition Branch is doing an excellent job because their actions have been justified by another board that has been set up to review their activities.

MR. USKIW: Mr. Chairman, we've had occasions like that and I know people that have contacted me personally and said "that board is a farce, they just rubber stamp what the negotiator was fixing a price on. So you can't win on that one. Mr. Chairman.

MR. GRAHAM: I can't buy that one.

MR. USKIW: Well, but that's happened where the Board has upheld the recommendation of the staff of the branch and people have felt that the Board was just window dressing, that they weren't really interested in the rights of the individual as to value; it was a process that had to be undertaken to satisfy the public but I don't think you can win on that one, Mr. Chairman. I know what the member is trying to suggest, he's trying to say that the appraisers are a little stingy on their offers and that may be, I believe the apprais-

ers have the idea that they ought to squeeze out the best deal for the public when they are negotiating and I'm not sure that is in itself, wrong. I suppose everyone must bargain for one's own interest in that sense and the owners are in that same position. Therefore, the ruling of the board hopefully is a ruling that is acceptable to both sides.

MR. GRAHAM: Well, Mr. Chairman, some of the activities of the branch do cause me some concern and I think it was just this past week that we saw a letter or an article in the paper, I believe, where a citizen living in Ontario has been going through a process of expropriation and finally government has decided that, if he doesn't show up, they're going to take his money. Apparently, according to the newspaper article, the man never disappeared at all. Somebody must have lost the records in the department because they had contacted them at the same address several years prior to that.

Stories like that only serve to embarrass and I don't believe they serve any useful purpose, but it does point out that land acquisition is a concern, a major concern, and if it is not absolutely necessary I would urge government to move very slowly in land acquisition until it's absolutely necessary to acquire the property.

MR. USKIW: Well, Mr. Chairman, we really are not in control of that decision in this department other than for those projects that we ourselves administer. But by and large, we are merely the delivery vehicle for all of the departments who acquire land or who need the acquisitions. We are merely instructed when and where to make these acquisitions by the other departments. So we have no authority on that question other than when we put up our own buildings. Then we have that authority.

MR. DEPUTY CHAIRMAN: The Member for Virden.

MR. GRAHAM: The Minister may not have that decision-making power, but he certainly has the ability to convey those concerns to the other departments that are involved. I would hope that the government either makes immediate use of property once they obtain it, or go slow in the acquisition.

MR. USKIW: You know, I'm inclined to agree with that although I have a reservation. I know that in the Highways Department that would never work because we make decisions on certain rights-of-way. A year may go by or two years may go by and then the priorities have changed and the government has put on the shelf the particular piece of road that they intended to build. Meanwhile, the acquisition has already been completed and sometimes governments change and that road is not built for several years. In the meantime, the government continues to own the right-of-way. I don't know whether there's a solution to that with respect to that one department. There may be with respect to other departments. Highways also requires a tremendous amount of lead time from the point of decision to construct a road to the point of construction.

So a lot of this is sort of promoted far in advance. It's

sort of a tentative agenda or program that is looked at four or five years in advance. In the course of those years the economics change, the expectations may be different, the priorities switch and we're not always certain that what was agreed upon five years ago was, in fact, going to happen today. So I'm not sure that there's a clear-cut answer to that.

MR. GRAHAM: Well, Mr. Chairman, maybe I am getting departments mixed now, but I do know of land that has been acquired. It has been acquired for - I wouldn't say several years, but for two or three years and I was quite dismayed this year when the Minister filed his highway projects for the year and listed that same road as acquisition of land and no further work being done on it. I'll say no more.

MR. USKIW: Mr. Chairman, I should respond to that. That shows up as acquisition of right-of-way. As I recall it, only when there is still some outstanding parcel yet to be acquired, it may be 99 percent bought up but if it's not 100 percent, it'll still show up as an ongoing program in the carry-over end of the program. Now, the member may be right in his example. It could be that it has all been acquired. Why it is shown as a project still to be completed, I wouldn't know. I'm not that familiar with that particular project.

MR. GRAHAM: Well, Mr. Chairman, I was referring to PR355 where the land has been entirely purchased and the Minister, not wanting to disappoint people, showed it as acquisition for one more year, but no construction was started this year which did cause considerable dismay to quite a few people.

MR. USKIW: Mr. Chairman, I do want to respond to that because I wouldn't want to have attributed to me a decision that was not, in fact, made. The carry-over work is a matter that is reported to the Minister by the department and it comes in the form of a dozen sheets of paper that indicate what has not been yet completed. It is not something that the Minister sees in advance or tinkers with - at least I haven't, in this example. It was merely dumped on my desk as information and subsequently printed for distribution to the members as the program for the year. I wouldn't know one over the other in terms of the carry-over project, Mr. Chairman, nor would I take the time to become that knowledgeable because I don't think it's that important.

But with respect to that one example, when it was brought to my attention that there was some desire to have the project moved, I simply looked it up and there it was shown as acquisition of right-of-way and that was my response to the group that wanted to know. They were the ones that said to me, but that's already been done. They may be right; there may not be much more to be done. But, in any event, I want to assure the Member for Virden that my role on that particular one was no role at all, other than to receive the information.

MR. DEPUTY CHAIRMAN: The Member for The Pas.

MR. HARAPIAK: As I started saying earlier, we were using trailers for jails in The Pas and in 1977 the

government of the day decided to build a jail — (Interjection)— we're not there yet?

MR. DEPUTY CHAIRMAN: The Member for Niakwa.

MR. KOVNATS: To the Honourable Minister. I received a call from one of my constituents yesterday concerning a problem that she's anticipating at this time and it's concerning a piece of property that was acquired by the Province of Manitoba. The property was on the Perimeter Highway between St. Mary's Road and the Red River on the south side of the Perimeter Highway.

Can the Honourable Minister advise what that property was acquired for and, as there is equipment - and that was a couple or three years back that, I think, the property was acquired - but there is equipment moving onto the property now and there is a fear of the residents in that area that the property is going to be made into - I know this isn't part of the Honourable Minister's but I think that it was acquired by the Honourable Minister's department - for what purpose was it acquired and for what purpose is it going to be used for at this time?

MR. USKIW: Mr. Chairman, I can provide that information tomorrow, I'm going to have to check with the Land Acquisition Branch to find out what the purpose was and which department was involved and so on. I have no knowledge of it.

MR. KOVNATS: To the Honourable Minister, I didn't think that I would be able to get an answer but I was asked to see if I could find out and if the property is being used for something other than what it was acquired for then I will have to take some additional action to the department that will be developing that property, so it's quite important but I think another day certainly won't be a big factor.

MR. USKIW: Just to be helpful, I wonder if the member would give me an idea as to what side of the Perimeter Highway he is . . .

MR. KOVNATS: South side.

MR. USKIW: South side okay, that's fine.

MR. DEPUTY CHAIRMAN: 4.(d)(1)—pass; 4.(d)(2)—pass; 4.(d)(3)—pass.

Resolution No. 71 - RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,038,800 for Government Services, Project Services, for the fiscal year ending the 31st, day of March 1983—pass.

Section 5. Land Value Appraisal Commission. 5.(a)—pass; 5.(b).

The Honourable Member for Virden.

MR. GRAHAM: Mr. Chairman, I believe before supper the Minister indicated at that time that the Land Value Appraisal Commission was being moved out of the Woodsworth Building and the destination was unknown or uncertain at this time. At that time the Minister indicated it might be coming into this building.

MR. USKIW: Mr. Chairman, no, I said hopefully it will

be within the vicinity of this building. We haven't pinned down a location for them as at this point.

MR. GRAHAM: Mr. Chairman, the Land Value Appraisal Commission is a fairly independent body that should operate at arm's length from government and I wouldn't want to see it too close to this building, purely for aesthetic qualities.

MR. USKIW: Mr. Chairman, I don't believe that there is any relevance to that in the sense that with modern communication you're as close as the telephone but, in any event, I have no real concerns quite frankly where that body will be located within the city. I suppose it makes a difference for the bureaucracy when they interface with the various departments that they are working for but in terms of the Ministerial office it makes no difference whatever.

MR. DEPUTY CHAIRMAN: 5.(b)—pass; 5.(c)—pass. Resolution No. 72 - RESOLVED that there be granted to Her Majesty a sum not exceeding \$86,000 for Government Services, Land Value Appraisal Commission, for the fiscal year ending the 31st day of March 1983—pass.

No. 6. Acquisition/Construction of Physical Assets. The Honourable Member for The Pas.

MR. HARAPIAK: As I started saying earlier in The Pas area we are using trailers for jails and the government of the day decided that it warranted building a jail; they tendered it, in 1977 the tender was awarded and in the meantime an election was called. The new government decided to cancel the tender and pay off the contractor. A while later they tendered again on a scaled-down model and I'm led to believe, and the story in the community is, that the scaled-down model come in at a higher price than what the original jail was tendered at. To save money the government decided to run the project without a project manager, the contractor was allowed to build the jail without any supervision. There was a lot of problems on that building project and I believe there is still problems with the product which isn't finished because there are deficiencies in the building. I'm just wondering have we learnt a lesson from working a project of that size without a project manager and at what stage is it at now. Have they transferred completely?

MR. USKIW: Mr. Chairman, the project that the member refers to was originally offered for tender in September of 1977, it involved 63,740 square feet at a tender price of \$6,093,173.00. I don't have to remind the member that there was a change of government in 1977 which resulted in a freezing of the project at that time. Immediately upon assuming office the government froze the project, subsequently the project was cancelled; frozen in the fall of 1977, according to the information that I have here, and then cancelled in 1978. The original project was supposed to be complete in 1979, it was cancelled in 1978 and then a new tender was called in August of 1979 which explains the delay. The courthouse portion was occupied a year ago, it's the correctional facility that has been delayed and which is just about ready to open. In any event the current facility that we're talking about is

58,780 square feet, which is some 5,000 square feet smaller than the original and the contract price was \$5,566,881.

Additional to that, there is a penalty of \$237,084 paid to the original architect whose project was aborted; then there was a claim by foundation company of \$115,000 that was settled out of court for the abortion of the project; then there was an additional \$6,000 to the architect, an out-of-court settlement again. So we had about \$350,000 of penalty for aborting the project which resulted in a total cost of \$5,924,965, which amounts to a \$100.8 a square foot, as opposed to \$95.6 a square foot on the original project. What we have here is a smaller building that's costing us just as much money as the original one but the court facilities were occupied last March and the correctional facilities are just about to be occupied.

MR. DEPUTY CHAIRMAN: The Member for The Pas.

MR. HARAPIAK: Are there some cells being occupied at this time?

MR. USKIW: They were to move into the facility in the month of April, Mr. Chairman, but we're not certain that has happened.

MR. HARAPIAK: Earlier you had said that we had used some of our own design people and we contracted 75 percent. Was this jail designed by a private consultant?

MR. USKIW: Yes, Mr. Chairman, a project of this size would be done by a private consulting firm and would be managed by a private consulting firm. What took place here was that the firm that was commissioned in 1977 in September had to abort the project because of the cancellation of the project by the government. A new firm was appointed. So, what we ended up doing is paying consulting fees to two firms on the same building because even though the project was aborted the government had to pay the original consultant \$237,000 plus \$6,000 and damages of \$115,000 to foundation company.

MR. HARAPIAK: Some of the equipment that is required, Mr. Minister, there had to be a wall removed in order to put it into the building and the equipment is going to wear out and the walls are going to have to be removed again to replace it. It just didn't seem to make much sense in you utilizing equipment of this sort. It just seemed that the equipment wasn't designed for the building - those washers and dryers.

MR. USKIW: Mr. Chairman, no, I'm advised that there was a knockout panel in the wall for that very reason so it appears not to be the way the member is suggesting.

MR. HARAPIAK: I was in The Pas and there wasn't a knockout wall built for that purpose. The wall had to be removed in order to get the equipment in there. I'd still like to be informed when the official opening is on. I'd like to attend when it is being opened.

MR. USKIW: Mr. Chairman, I really can only indicate

what the staff members are advising but we'll check that aspect of it for the benefit of the member. The opening will be arranged with the Minister of Corrections, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Member for Virden.

MR. GRAHAM: Mr. Chairman, dealing with that same building - we had a two-year time delay and if you take the normal rate of inflation which at that time was about between 11 and 13 percent on that two-year period, it would appear that there was more than a \$1 million saving on that building by delay.

MR. USKIW: Well, Mr. Chairman, there's no doubt that inflation factors would argue that there may be some factor there that ought to be considered. Notwithstanding that, that building would have been built for \$350,000 less than it was built for, had not the government paid the consulting fees to the original architect whose services were not used. It still was overpriced by \$350,000 in round figures. Had that not happened we would have had a larger building had they continued with the original one.

MR. GRAHAM: Well, Mr. Chairman, we can get into a very good argument with figures here but, again, I say to the Minister for the amount of money spent and taking the inflation factor into consideration that there was an in excess of \$1 million saving to reduce it by 5,000 square feet.

MR. USKIW: Well, Mr. Chairman, I suppose one can look at it in retrospect every time one builds a building. Inflation factors are interesting things to play with. The fact of the matter is that the building that was built could have been built for \$350,000 less than it was built for, for the reasons that were stated. We did get a smaller building for a higher price is what I'm saying.

MR. DEPUTY CHAIRMAN: The Member for Niakwa.

MR. KOVNATS: I don't think I want to start playing any political games at this time, to the Honourable Minister, because we're trying to make some points with the place at The Pas rather than the little toilet facility across the street. But, I just throw it in because I'm not going to play the game. Well, you know, we could find out what the utilization factor is of the toilet facility that was built under the New Democratic Party; how much toilet paper is being used, but that would be just as ridiculous as trying to put the blame of what happened up at The Pas — (Interjection) —

MR. USKIW: It's the colour of the paper that's important.

MR. KOVNATS: That's right. Now, I was just wondering if the Minister could just give me what happens when a jail is starting to be occupied. Is it a grand opening or is it a grand closing?

MR. USKIW: Well, Mr. Chairman, I'm rather intrigued by that comment. I suppose one could classify it as either.

MR. KOVNATS: I have one other question. It was under Land Acquisition which I missed, to the Honourable Minister, if I could ask it under Minister's Salary and it shant take too long. I'm sorry I missed it; I was kind of daydreaming at the time.

MR. DEPUTY CHAIRMAN: No. 6—pass.
The Member for Flin Flon.

MR. JERRY T. STORIE (Flin Flon): Thank you, Mr. Chairperson. I'd like to take this opportunity to put a couple of comments on the record and also take an opportunity to ask the Minister a couple of questions.

First, as the Minister is aware, the City of Flin Flon has presented a brief to the province and outlined some of its concerns and needs for the upcoming years, the next couple of years. One of those concerns is the need for a provincial building in the City of Flin Flon. If I could just, for a minute cover the history, back in 1976 the City of Flin Flon had been promised a provincial building and it was my understanding that the plans were well in advance. The ground had actually been acquired by the city, or not acquired, perhaps donated to the province for the purposes of a provincial building and as a result of the election in '77 those plans were forthwith scrapped. In reference to the Member for Niakwa, it was an ignominious closing.

The grounds where the provincial building was to have been built, they had erected a sign indicating that the provincial building was to be located on that particular site and the day after the election the sign was down. So at that point the Department of Government Services, or I believe it was then Public Works, had determined that there was a need in the area for a provincial building to the people in Flin Flon, and to my way of thinking, there is still that need in the City of Flin Flon and I know for certain that the City Council feels that way.

If I might provide some rationale for the need for a provincial building in the city. First of all, if we just take a cursory look at towns of similar size in the area or in Southern Manitoba, for instance the Town of Portage or the Town of Dauphin, the Town of Swan River, the Town of The Pas or the Town of Thompson, each of those communities has a provincial building. Each of those communities is represented in that provincial building by 10, 12, 15 different government departments.

The City of Flin Flon which represents a population area of approximately 15,000 people is represented by five government departments and it is my feeling and I know it is the community's feeling, that there is need for representation by other government departments, in particular, the Economic Development, the Department of Northern Affairs, the Attorney-General's Departments. We have a rotating court system that occurs there and I know the Attorney-General is well aware of the fact that the present courtroom facilities are woefully inadequate and I know as well the Attorney-General's Department is presently looking at finding additional space, and upgrading additional space.

As well, there is need for personnel from the Municipal Affairs Department; perhaps Assessment of Planning. The Department of Education should have some personnel located in the community; perhaps

Adult Education or Continuing Education specialists. Consumer and Corporate Affairs could as well be located there.

The reason I say that is because, for a city the size of Flin Flon, there is obviously a need for the people to have access to those departments and it is extremely inconvenient, given the present system and the present number of departments that exist there.

Again, because of the lack of a provincial building, when people are seeking Government Services they have to trek up flights of stairs and down long dark halls and so forth to get to these services. It is inconvenient to many people. It is not only inconvenient, it's a deterrent I suppose, for many senior citizens and those with handicaps and disabilities because many of the government offices are located up flights of stairs and so forth, therefore, people who would normally take advantage of Government Services are not taking advantage of them, they don't have access to them. If we look at the provincial buildings in some of the other communities that I've mentioned, the whole community takes advantage of it and I think that's a desirable thing.

As well, Flin Flon finds itself in a "Catch 22" situation where government departments, when they're looking to establish personnel in the area, look at Flin Flon and say: "Well, we have no place to put these people. We have to find additional space, rent additional space." It's difficult to find additional space that's adequate so it becomes, I suppose, a decision along the way made by the department, not to locate in Flin Flon, personnel in Flin Flon but rather to locate them in The Pas or in Thompson.

In that sense we can't win. We continue to lose services because we don't have the facilities and we don't have the facilities because personnel are placed in other communities. I think we can make a strong case for the need given the size of the city and given the fact that in 1977, or as late as 1977, the department had determined that there was a need for a provincial building.

I know that the city is looking towards a government to rectify this situation. I know the city has presented their brief to personnel in your department. I wondered if you could just comment briefly on what the situation is at the present moment.

MR. GRAHAM: I'm sure he would like a constituency office, too.

MR. CHAIRMAN, Harry M. Harapiak (The Pas): Mr. Minister.

MR. USKIW: Mr. Chairman, the member is giving us a bit of history. The basis of the decision for a building in Flin Flon, as I recall it, had to do with the then policy of the government of the decentralization of government which was captioned as the stay option principle for rural Manitoba and where we tried to distribute government to all regions of the province for economic reasons as well as reasons of convenience to the communities in question. So I don't fault the previous administration for having changed those priorities because after all they were elected to govern and they governed according to their best advice or opinion, if you like, or policy. That's natural in the process.

The City of Flin Flon officials have been here and have met with a number of government departments. Unfortunately, I was not able to meet with them but my staff did indeed meet with them. There is ongoing communication now and really a decision will have to be made whether or not we want to resurrect that old policy, if you like, or continue with it, and that is the further distribution of government personnel throughout the various regions of the province, and not only regions centrally located within a region, but dispersed throughout the region to some extent.

I still believe that's a good policy. I have not changed my opinion on that because I think that government has to be, shall we say, evenly apportioned out in its economic thrust throughout the province to be fair and equitable to all the regions that do aspire for some measure of equality of opportunity, whether it's in the employment area or whether it's the mere spin-off benefits of payroll and so on for the business community and so on.

I still have that bent and if there appears to be a need and an opportunity, shall we say, without trying to do the impossible then I don't see any reason why we can't resurrect something there. It would have to be looked upon, certainly. I know that staff are working on it, Mr. Chairman.

MR. STORIE: I certainly appreciate the Minister's comments and I appreciate the fact that he is still somewhat committed to the idea of decentralization and, as well, to the concept of equality of access because I think that basically is the issue. As I've said, there are other communities who have that access, Flin Flon being one of the major centres in Manitoba without that access.

The distribution of the departments, the limited number of departments prevents people from having access to services that are generally granted to other Manitobans. It's a double difficulty for people living in that remote a setting because a phone call to a government department is an expense for them although there are toll numbers. It seems that it doesn't matter how much information you try to get the public with regard to the access they have by phone, it doesn't come through. The service is not utilized to the same extent as when there are facilities available in their own communities. I would certainly hope that we can proceed and review the situation and meet some of the needs that are in that community.

MR. CHAIRMAN: No. 6—pass.

Resolution No. 73 - RESOLVED that there be granted to Her Majesty a sum not exceeding \$25,495,200 for Government Services for Acquisition/Construction of Physical Assets for the fiscal year ending the 31st Day of March, 1983—pass

Mr. Minister.

MR. USKIW: Yes, I did neglect or overlook to pass on to the Member for Virden the blueprints or architectural sketch for the Law Courts Building. Perhaps he might want to take a look at it at this point and still make some comment if he wishes.

MR. CHAIRMAN: Which brings us back to the first Resolution, 1.(a) Minister's Salary.

The Member for Niakwa.

MR. KOVNATS: I'm sorry, I apologized to the Minister earlier concerning it was under Land Acquisition Branch and it's not going to be of a technical nature so it's not going to involve any of his staff. The Honourable Minister has been most co-operative in assisting me particularly in acquiring some property that is on rail-abandoned property and I appreciate that, but I've run into a bit of a snag. I think that it might be not just my own problem but problems of other people inasmuch as a piece of the property that I wanted was part of the station property in the Town of Menisino. Now, this station property is not bordered on either side by anybody so it's sort of open property. I had wished to build on that property and develop it very very quickly for a particular reason.

I now find that all station property is to be turned over to the Local Government Districts. Now, I thought that the Local Government District would have first choice on the properties, and rightly so, if they had a project in mind. But I understand that what the Local Government District have in mind at this time is to put the property up for tender or resale and acquire some additional monies and I'm not even that much against that part of their attitude. I think that they should be giving some consideration to other than just an open tender, because this is in a particular small town and I think the people in the town should have some choice as to who their neighbours are going to be in the town at this time. I would hope that maybe the Honourable Minister would sort of get involved a little bit and see if the property is not for development by the Local Government District that I, as a local resident in the area, might be able to acquire that property or others like me can acquire property similar.

MR. USKIW: Well, Mr. Chairman, this is not in this department but I will undertake to have someone get in touch with the member. That is someone from my other department so that this can be resolved in an amicable way. I'm not at all familiar with it. Really, we shouldn't be debating it here. We'll deal with it on a personal basis, Mr. Chairman, through the proper department.

MR. KOVNATS: That suits me fine. I just thought under Minister's Salary. It's such a wide-open discussion. I understand and I'll be happy to speak to the Honourable Minister on a personal basis concerning that other piece of property on the highway by St. Mary's out in South St. Vital, so I can get it all settled at one time.

MR. USKIW: That's fine.

MR. KOVNATS: I'd just like to go on record as saying thank you to the Minister for his complete co-operation and I'm sure that other people are getting the same type of co-operation as I did.

MR. CHAIRMAN: Did the Member for Virden want to make some concluding remarks?

MR. GRAHAM: Just before we conclude, I think we've been very easy on the Minister this time. We'll

just maybe get a final piece of information. Some 10 days ago there was an article appeared in the paper and I know we're not supposed to ask anything that's sub judica under this - I don't believe it's sub judica until charges have been laid - I wanted to ask the Minister if the RCMP investigation has been concluded.

MR. USKIW: My understanding is that the investigation has been concluded and a report has been filed with the Attorney-General's Department. We're not in a position to comment on it at this point in time.

MR. GRAHAM: Well, if the Minister's not prepared to comment at this time, I'll accept that.

MR. CHAIRMAN: 1.(a) Minister's Salary—pass.
Resolution No. 68. RESOLVED THAT there be granted to Her Majesty a sum not exceeding \$2,181,800 for Government Services for General Administration for the fiscal year ending the 31st Day of March, 1983—pass.

MR. USKIW: Thank you, gentlemen

SUPPLY - FINANCE

MR. CHAIRMAN, Jerrie T. Storie (Flin Flon): Committee will come to order, continuing with the Finance Estimates, Item No. 2. Treasury Division, 2.(a) Salaries. The Honourable Minister of Finance.

HON. VICTOR SCHROEDER (Rossmere): Mr. Chairman, I have some answers here with respect to actual borrowing during 1981-82. The actual borrowing amounted to \$735 million of which \$138 million was from non-market sources and the balance from the public market. Funds were borrowed for the following purposes: General Government Programs \$289 million, as opposed to budgeted projections of \$100 million; Provincial Sinking Fund \$40 million and that was in accordance with budgeted projections; Manitoba Hydro \$138 million, as opposed to budgeted \$75 million. I'm told that the reason for the discrepancy there was there was a considerable difference between the projected revenue that Hydro was to receive and the amount that it actually did receive, there wasn't a profit generated internally. Manitoba Telephone System, the actual borrowing was \$49 million, as opposed to a budgeted of \$35 million; advances to Crown corporations \$56 million, as opposed to budgeted \$40 million; Unfunded advances previously made to Crown corporations and outstanding at March 31, 1981 \$40 million, as opposed to nil amount budgeted for that item; Refunding net of Sinking Funds \$88 million, as opposed to budgeted \$75 million; the actual totaled \$700 million, as opposed to budget \$365 million, giving us a total increase in working Capital of \$35 million. Again it should be noted that Manitoba Hydro had a bad year and was unable to generate the anticipated internal funds for their Capital program. Also the increase in working Capital only offsets a working Capital deficiency at March 31st, 1981 of \$71 million.

I am also told that the expectation to borrow \$250 million from public markets as cited in last year's

budget was predicated to some extent on utilizing short-term markets or lines of credit, rather than being forced to borrow in then unattractive long-term markets. I am also advised that none of the borrowing which was done was as a result of new initiatives undertaken by the new government after November 30th, 1981.

I do have some other answers, but the answers are to other questions and if the honourable member wishes to respond to this first, I can . . .

With respect to the increases in staff years. First of all, there's a decrease of half a staff year in the Minister's office because half of my salary is being paid by Labour and Manpower; there's another 2.26 decrease in the Special Studies area and that has to do with the expected completion of the Manitoba Assessment Review Committee, that should be completed; there is a decrease of .16 staff years in the area of the Succession Duty office and that's because of the belief that there will be less work; there's an increase of one staff year for Executive Director Information Management which we had discussed earlier; there's an increase of one staff year for a secretary to the Insurance and Risk Manager; an increase of one staff year reflecting the transfer of a position having to do with an internal transfer which I think I'll need a further explanation on why the transfer would increase a staff year. An adjustment of one staff year for an additional financial analyst position approved by Treasury Board 23 of 81-7(a) and in the Federal/Provincial Relations there's one permanent staff year for new economic research analyst position and two term staff years for the development of a provincial econometric forecasting model in Federal/Provincial relations; two term years for the development of a provincial econometric forecasting model.

Next, on to the question of the amount of overdrafts. As at February 5th, 1982, we were in the position of being in the largest short-term borrowing position against our line of credit. We were overdrawn at that time by \$4,446 million and there were promissory notes in the amount of \$114.9 million at that point. On March 31st, 1982, there is \$9,222,000 overdraft and promissory notes outstanding of \$28,300,000 —(Interjection)— March 31st is what you want? March 31st overdrafts of \$9,222,000; promissory notes outstanding, \$28,300,000; total, \$37,522,000.00. I believe those were the three questions which were outstanding at 4:30 —(Interjection)— No, \$4,466,000 overdraft and \$114,900,000 promissory notes, for a total of \$119,366,000.00.

MR. CHAIRMAN: The Honourable Member for Turtle Mountain.

MR. A. BRIAN RANSOM (Turtle Mountain): Mr. Chairman, some of that information comes as a bit of a surprise to me, of course, the item dealing with the promissory notes and overdrafts. When I ask the Minister of Finance a question a few days ago about the possibility of some additional borrowings my question to the Minister of Finance had been, can the Minister of Finance advise the House whether he plans to be going to the markets with another bond issue shortly. Mr. Chairman, the Minister of Finance came back at the time and said, Mr. Speaker, the

question is one that the former Minister of Finance should well know the answer to. When we came into government, because of the fact that there hadn't been sufficient borrowing to keep up where we were, we were several hundred of millions of dollars in short-term loans for the year 1981-82.

Mr. Chairman, I wonder if the Minister could then advise me as to what date, since November 30, they came in when the government had several hundreds of millions of dollars in short-term and promissory notes outstanding.

MR. SCHROEDER: Mr. Chairman, as the member probably is aware the numbers I just finished giving were the governments direct promissory notes and overdrafts. In addition to that there were many millions of dollars in overdrafts and promissory notes outstanding from the Crown corporations, specifically Hydro and Telephone. I don't have the exact number here but I believe that number would stand.

MR. RANSOM: Mr. Chairman, was there anything unusual about the overdrafts of Crown corporations?

MR. SCHROEDER: Mr. Chairman, what was happening was that the government was financing in short-term markets rather than long term because of the interest rate situation at the time. There was inherently wrong, I would agree, with doing that, however, there should have been no doubt in the members mind about why it was that we required long term funding when we had those short-term commitments and it was only a very sensible approach when we had the opportunity to get the long-term funding, to turn those promissory notes and overdrafts into long-term debt rather than that type of short-term debt for the many obvious reasons, so I don't suggest that it was improper at the time to do so. I do suggest that the former Minister was well aware that was why we were going and there were — I'm not saying that it was the Member for Turtle Mountain, but I am saying that there was innuendo coming from the Opposition that somehow we were going to the market to borrow money before something supposedly happened here and we would have the money before some event happened here. That clearly was wrong. It was clearly known by the member that we needed this. We should go when the time was right to turn that into long-term debt.

MR. RANSOM: Mr. Chairman, in his perusal of the files, discussion with senior staff, has the Minister had any indication that the government, prior to November 30th, had been advised that the borrowing requirements, the capital requirements were going to be different than what were set down in the budget of 1981?

MR. SCHROEDER: Mr. Chairman, as I understand it — no, I can't say that I have a piece of paper that says that the former government had knowledge that we required so much capital, although I suppose that if they would have taken out a pencil and figured out how much capital was required, they could have come up with those numbers.

What I am told, as well, is that the rationale by the department last year when the numbers were set for

the budget was that the long-term market didn't look very good at the time and so they didn't show a large amount of long-term borrowing. They show it, and in fact they intended to go on short-term market because of the long-term conditions. Later on things changed; because of a few openings in the market, we went in . . . Well, the first one wasn't an opening of the market; the first one, as the member knows, was a refunding. The one in New York certainly was an opening and the Alberta one came along and we took it because of the favourable rates and because we needed the money.

MR. RANSOM: Mr. Chairman, I want to assure the Minister that to the best of my knowledge, the projections that were made for 1981 were accurate projections and as far as I knew at the end of November they still stood. I think that perhaps the characterization of the Minister, when he referred in his answer in a rather flippant way, that he said we had the Minister in charge of overdrafts down here. I think that the Minister perhaps should be aware, in fact, that information was not known to the previous government prior to the end of November.

Mr. Chairman, I would like some additional information then as to why the funding for the general programs of government has gone up from an estimated \$100 million to \$289 million when the basis of the last Quarterly Report, the actual revenues of government were still running ahead of what had been planned by almost \$8 million. What has happened to require the additional \$189 million to finance government programs?

MR. SCHROEDER: Yes, Mr. Chairman. The projected deficit for the year was \$264 million. In addition to that, the \$25 million which is taken out of the Special Emergency Municipal Loans Fund or whatever the full name of that former fund is, that money was not available in cash, it is there in investments. Although the money is there in terms of the year '81-82, the \$25 million cash was still short.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, that's something that I assume that the staff were aware of when the Budget was drawn up a year ago. But assuming that they weren't aware of that and that we had to make allowance for that \$25 million then there's still another \$165 million to be accounted for.

MR. SCHROEDER: Mr. Chairman, part of that explanation is as the member will recall, the projected total deficit for the year originally stood at \$219 million. At the time of the '81-82 Budget it was determined by the department that they would expect to borrow \$100 million of that on a long-term market and finance short about \$120 million. Since then, there has been an addition of approximately \$45 million in an increase in the projected deficit as per the various financial statements that have been produced.

MR. RANSOM: Is the projected deficit now then in the range of \$265 million still?

MR. SCHROEDER: Yes, Mr. Chairman, to the best of our knowledge. Of course, we'll have a final figure at the end of June.

MR. RANSOM: So, Mr. Chairman, then on the basis of the \$25 million that it wasn't available in liquid cash in that Special Municipal Loans Fund and a \$45 million increase in the deficit, it amounts to \$70 million. Then the other \$119 million had intended to be financed on short-term rather than going to market?

MR. SCHROEDER: That is what I'm informed by staff occurred last year, yes.

MR. RANSOM: In terms of the requirement for Manitoba Hydro, the Minister said I believe, that revenues were down. Is that \$63 million reduction in revenue from what was anticipated by Manitoba Hydro?

MR. SCHROEDER: Mr. Chairman, there was an additional factor involved and that was, that there was more capital spending done last year by Hydro than was anticipated as the member would be aware. There's a substantial over-authority for Hydro. There was plenty of authority for them to spend more money on capital items and Hydro did so last year so the two factors are combined. I don't have the exact number for the decrease in revenue as a result of the water levels, etc., but that was substantial.

MR. RANSOM: What about the MTS? There's a \$14,000 requirement there that's greater than had been anticipated. To what can that be attributed? In the area of unfunded advances, there's \$40 million of unfunded advances. What is the explanation of that?

MR. SCHROEDER: Yes, Mr. Chairman, the \$40 million first of all as of March 31, 1981, there had been advances to Crown corporations in that amount which were unfunded, they were simply advances to those Crown corporations. During the year the province borrowed money on behalf of the corporations and turned those funds into funded advances where the utility or the Crown corporation would be liable for repayment.

With respect to the \$14 million overspending or additional funding required for MTS, I am advised that the bulk of that would also have been made up by a greater amount of capital spending in the year, although some of it may also have come from a reduced cash flow.

MR. RANSOM: Well, Mr. Chairman, I'm still not clear on the unfunded advances to Crown corporations. To which Crown corporations were the advances made and is that amount in addition then to the amounts that we've already discussed with respect to Hydro and Manitoba Telephone System?

MR. SCHROEDER: Mr. Chairman, I can get a breakdown of that but as I understand it, there wasn't an additional amount of funds paid to those particular Crown corporations on that \$40 million number and it was probably mostly to Manitoba Hydro. Just borrowing money on the long term on behalf of the particular Crown corporation rather than having the money

advanced from the government to the Crown corporation.

MR. RANSOM: Mr. Chairman, I wonder if the Minister could then tell us why that sort of borrowing was not anticipated, is this a change in the method of operation of the Department of Finance?

MR. SCHROEDER: Mr. Chairman, there have been no changes in policy at a political level nor in the departmental level. I understand it's part of the ongoing process.

MR. RANSOM: Then what occurred during the year to result in the \$40 million being advanced in unfunded basis when the projection was for a nil advance.

MR. SCHROEDER: Did the member ask why there was \$40 million in unfunded advances paid to the Crown corporations in the year, because that isn't what happened. What happened was that unfunded advances were turned into funded advances you could say.

MR. RANSOM: I'm sorry, Mr. Chairman, I understood that when the Minister gave us the figures when we began tonight that there was an additional \$40 million required for what I had taken as unfunded advances to Crown corporations, when the projection had been for a nil amount in that area of borrowing requirement. Perhaps I misunderstood the information the Minister gave.

MR. SCHROEDER: Mr. Chairman, maybe what we can do is get a complete answer to this within the next half-hour or hour or so if staff can come up with all of the explanations. I'm sure the explanations are there, I'm sure they will make sense when they've been provided.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Chairman, I perused the Estimates and I'd like to raise a matter that I don't think I can find a particular line for. Unless the Minister objects I'd like to raise it now under the broad heading that this section, I believe, affords me which talks about providing directions, control and coordination and advises the government on fiscal policy. I wish to discuss briefly with him the arrangements the government has entered into with respect to the Credit Union Stabilization Fund.

Mr. Chairman, I'd like to preface my remarks by simply indicating to the Honourable Minister that the opposition has indicated and is certainly generally supportive of the government's position on this matter. I'd like to indicate and certainly put on the record that the previous administration was equally aware and equally concerned about the problems facing the Credit Union movement in Manitoba. I'm somewhat concerned about the escalation of figures in the sense that we have, and I can recall in fact being the Minister responsible in receiving very early on in the life of the administration that I had the privilege of being part of, and I refer back to the fall of 1977 when, as Minister of

Highways, for instance, and Minister of Government Services, initial requests were made by the Credit Union Central people about whether or not the government could be helpful in terms of meeting some of the overhead problems that they had with respect to their central office building here in downtown Winnipeg. Without indicating that the Credit Union received any kind of special consideration, but certainly they received a lot of support in seeing that a major department of government, the department that I was responsible for, such as the Department of Highways, moved into the Central Credit Union office tower, that was presented to us and to myself as Minister at that time as being one way that the Provincial Government could assist the movement in meeting some of their overhead obligations that they had in respect to that building.

I know that the Minister is familiar with latter plans and I want to put on the record that these were initiated, by and large, by the Credit Union people themselves. They came to us with different innovative approaches as to how the Provincial Government may be helpful to the Credit Union movement in their difficulties and I think we all acknowledge that the Credit Union movement didn't get into difficulty from October 17, 1981 to now. It's a serious matter of concern that the previous administration was very responsive to and certainly prepared to respond. All I'm trying to put on the record is that there were different initiatives presented to the government of the day. One had to do with the possible purchase of the building and at that time we were talking in terms of \$11 million or \$12 million. We now have had the announcement by the Premier, by the First Minister, of a \$20-odd million loan guarantee, so I think there has to be some concern about the kind of escalation of the concern.

I have some specific questions to the Honourable Minister and I want to indicate to him that as I started these remarks with, that we are supportive of this program. I simply want to ask him, have the actual arrangements been concluded with the Central Credit Board with respect to the announcement made by the Premier some three or four weeks ago?

MR. DEPUTY CHAIRMAN, Don Scott (Inkster): The Honourable Minister.

MR. SCHROEDER: Mr. Chairman, this might be a good point, I thought the member was putting something on the record that he wished to put on the record with respect to that matter. He may not be aware of it but it's the Minister of Co-operative Development who is in charge of that and that's the reason why there is no line on that in the Department of Finance Estimate. The Minister of Co-operative Development is the one of whom questions should be asked. I cannot say whether all arrangements in terms of transfer of funds have been concluded. I do know that since last December, there have been several reports prepared, the first of which was requisitioned by the previous government, the Scarth Report; there was a study done by Alan Scarth. There was another study done by another individual - I can't recall his name, but both individuals fully supported, as I understand it, the arrangements which were made by the Provincial

Government because there apparently was an escalation in the difficulties over a period of a year or more. I should pull that back — more than a year ago, there was less evidence of the problems than there was now. There were some clear signs of problems that hadn't surfaced and when the reports were in, it was felt that this was the amount of money that was required to ensure the adequacy and safety of the system. Now, I don't know whether final arrangements have been made.

MR. ENNS: Mr. Chairman, I appreciate the fact that the Minister pointed out the Minister of Co-operative Development is the lead Minister in terms of negotiating the arrangements but, Sir, this Minister is the keeper of the keys of the money box. We're not talking small dollars and I would like to think, I would like to sleep more soundly tonight knowing that he knows what kind of arrangements are being concluded. I take it from the Minister's answer that as far as he is concerned, as far as the Minister of Finance is concerned of this province, you have not received final and definitive instructions either from your colleague, the Minister of Co-operative Development as to precisely how the details of how the \$20-odd million, what the final arrangements, in fact, are.

MR. SCHROEDER: No, Mr. Chairman, I recognize that the member wants to sleep soundly knowing that all funds are being duly looked after. I have to say to him that once we make decisions as to a procedure, then we do have to leave certain processes with the individual Ministers involved. Once the Finance Minister is told that \$50 million is needed for highways construction, he doesn't supervise the highways construction; that's then up to the Minister of Highways. Similarly, once we make a commitment with respect to an agreement with the Credit Union system, then it is up to the Minister in charge of the Credit Union system, and I assure the member that with the capable Minister of Co-operative Development in charge that he can rest quite easily and that Minister will protect him.

MR. ENNS: Well, Mr. Chairman, things do change. I want to tell the Minister, I could never be assured of building one mile of highway before I knew that I had the dollars from my Minister of Finance, how they were coming; where they were coming; whether they were shared with Ottawa or not. It was only then that I could make public pronouncements, actually print a highways building project because I knew I had \$60 million, \$80 million or \$70 million to build highways in the Province of Manitoba.

I think the Minister is degrading his role, his responsibility for the finances of this province in suggesting to me that although the appropriate Minister is charged with the responsibility of carrying out the actual negotiations, but he cannot — unless things have really changed and obviously they have — unless he has had his clear indications from the Department of Finance as to how the project will be funded.

Well, Mr. Chairman, I'll leave that particular subject. I have one or two other concerns in the same vein, Mr. Chairman. One of the problems of having been in this

place a little too long is, of course, I remember another NDP Minister of Finance, the Honourable Saul Cherniack, waxing eloquently and, indeed, passing legislation that would make it possible for the province to get directly into the banking and money business in the form of Provincial Treasury Branches.

I would like to hear from the Minister's own lips, eyeball to eyeball, cheek to cheek, jowl to jowl, that this supportive move on the part of this government with respect to the Credit Union organization is not, in fact, a sneaky way of getting into the banking business as a government; that he has no intentions of subverting the Credit Union societies in this province and, indeed, dusting off old provincial legislation that a former colleague of his brought into this Chamber and passed, namely, that would allow the Provincial Government to get into Provincial Treasury Branches.

MR. SCHROEDER: Mr. Chairman, all I can say is, that if one were to consider a scenario of subverting a system, it would hardly be the scenario of lending that system \$29.5 million interest free for five years. One would think that if somebody wanted to subvert me, I suppose I'd be subject to the subversion. If somebody knows of someone who is prepared to lend me \$29.5 million interest free for five years, I'd be pleased to meet that individual. I can assure the member that there is every intention on the part of this government to assure the stability and ability of the Credit Union movement to function and for it to strengthen itself and to strengthen our community in being stronger.

MR. ENNS: Certainly I, and some 300,000-odd Credit Union members of this province are pleased to hear that from the Minister. Mr. Chairman, though, I want to persist in that line of questioning for a moment because I seem to recall that, in making this arrangement with the Credit Union Stabilization Fund, the government reserved for itself the right to the appointment of some directors to that stabilization board. Is the Minister familiar enough with that announcement that Premier Pawley made that there likely would be some government appointees to the Central Credit Union Stabilization Fund Board of Directors?

MR. SCHROEDER: Mr. Chairman, I don't recall the details. I recall the discussion, but it seems to me that there may well be a provision that would give the government the right to have one or two directors on the board. I don't believe that it is a majority; I believe that it is a minority. I also do not believe that there have been any moves made in that direction by the government at this point.

MR. ENNS: Mr. Chairman, the Minister may now understand the machinations of my mind. You see, if the government by this action now assumes or if it's conditional upon the government being able to appoint a number of directors to the staff stabilization fund, and indeed if that number should eventually prove to be a majority, then indeed control, very real control of the credit union movement in Manitoba passes into the hand of the government. I leave that as conjecture at this point because I'm not sure of my facts and obviously the Minister isn't as well as to the numbers

of directors that the government intends to appoint.

But I raise one other issue. I note by the news accounts that the Stabilization Board or Central Credit — you'll forgive me if I mix up some of these terms — but they recently passed a motion at one of their hearings that no credit union members can be elected to the Board from credit unions that are in serious deficit. I think the Minister nods affirmatively that he read the same news account. That's an action that's being taken by the credit union movement on their own.

The problem that bothers me is, you know, we run the biggest deficit in town. How can we appoint anybody to that Board of Directors if we were to honour that guideline as set down by the credit union directors that nobody should be sitting on the Board of Directors of the Stabilization Fund if, in fact, they are running an operation that's in deficit?

MR. CHAIRMAN: Mr. Minister.

MR. SCHROEDER: Maybe that's the reason we haven't appointed anyone to the board.

MR. DEPUTY CHAIRMAN: 2.(a).

The Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, at 4:30 we were having a discussion concerning the Minister's views of deficits and that sort of thing, what might be done with the lowered interest rates and lowered dollar, etc. I wonder if the Minister could advise us what strategy he has to fight inflation? What role does he see the provincial fiscal management playing in the fight against inflation?

MR. SCHROEDER: Mr. Chairman, I see the role of the province in terms of fighting inflation as being, first of all, as we were discussing previously, I see it as a long-term process as opposed to a short-term process and I see our role as basically at this time of high inflation, high unemployment and great difficulty in the economy, of doing what we can to underpin the economy so that there is something left here for when times get better and we hope that we're turning the corner this spring, this fall, at least by 1983.

In that vein I suppose, during the supper hour I looked up one of the newspapers that I had previously referred to — I didn't remember the name of it but it is the Financial Times — in its April 19th edition I would refer the member to page 9, to the editorial stating: "Let the Dollar Float," and it goes on to talk about the fact that in the last 12 months Canada's money supply has declined by 4.5 percent; that the policies currently being followed by the Federal Bank, by the Bank of Canada and by the Government of Canada, because after all the bank is answerable to the government, is a policy which is strangling the economy at the same time that we are producing high inflation and the only reason for any kinds of decreases in the inflation rate under these circumstances is the sickness of our economy. People are so desperate to sell their goods that they're selling them at a loss and you have that happening all over our economy and it's a very very difficult situation for all Canadians, I have had the opportunity to read the article to which business peo-

ple, consumers, farmers.

MR. RANSOM: Mr Chairman, the Minister refers and the editorial but I assume at least, that's not the Minister's policy, that happens to be an article that he picked up that perhaps fits with his thinking. But what I'm interested is some specifics of how this government plans to fight inflation or perhaps if they don't plan to fight inflation, if they have higher priorities than that.

MR. SCHROEDER: Mr. Chairman, just offhand, it's a topic which I suggest is more appropriate in a federal forum, but in terms of priorities I would see making sure that we have some kind of underpinning to the economy left for when we come out of this recession is a much higher priority for me. I believe as well that anything we can do in terms of reducing unemployment has a higher priority than any temporary defeat of inflation.

MR. RANSOM: Mr. Chairman, the Minister has said that he thinks it's more appropriate for a federal forum. I might refer the Minister to page 2,796 of Hansard last year in which his leader said, and I quote: "Mr. Speaker, that is a proposition that we reject entirely; the proposition that the Provincial Government can't control inflation."

So I take it, Mr. Chairman, that at that time the leader of the New Democratic Party felt that, indeed, inflation could be controlled by the Provincial Government based upon that quotation, so I was naturally interested in knowing what strategy the Minister had to pursue it. I have some question as to the likelihood of his strategy being successful.

I would in fact suggest, Mr. Chairman, that a lower interest rate which defies the market and a lower dollar, coupled with higher government deficits, will in fact lead to increased inflation. I'm wondering if that's a proposition that the Minister would agree with, that if those three things happen, that we are likely to experience higher inflation.

MR. SCHROEDER: The member is asking whether a lower dollar, lower interest rates and higher government deficits combined would produce greater inflation. Is that the question?

I would think that there might be, in the short run, more inflation than there is right now. As I indicated previously though, we've had seven years of this tight money policy by the Bank of Canada, seven years. Since 1975 is when the Bank of Canada shifted into that policy and that policy has reigned while we've had increases in inflation rather than decrease; we've had seven years. When do we stop the policy? We've put ourselves into a pretty rough position over the last few years in this country and it doesn't seem to be getting any better with current policies. We don't believe they're working.

MR. RANSOM: Given the fact then that the Provincial Government does in fact advocate an interest rate that's lower than the market would determine and they advocate a lower dollar, advocate removing support for the dollar and I gather the Minister feels that higher deficits would be appropriate at this time.

Would it be fair to characterize the Minister's policy then as a policy that favours inflation?

MR. SCHROEDER: I have to say that I reject a number of the assumptions of the member. The member is suggesting that somehow if we change the positioning of the dollar that we are forcing an abnormal change. I suggest that the abnormal situation is what we have right now where we are forcing a specific level of the dollar, No. 1; No. 2, the member assumes that we are saying we would force a specific interest rate and again referring to the same issue of the Financial Times. On Page 1: "According to a computer simulation prepared by Data Resources of Canada Limited in response to a Times request, a 75-cent dollar would allow the chartered bank's prime lending rate to fall to 12 percent from the current level of 17 percent." Now, that is not a forced change in the interest rate. I believe that if we had 12 percent interest rates and if there was a view out there that they would continue, I mean, if we just have 12 percent for a few months I don't think it means very much. I think if there was a view out there that kind of rate would continue that, first of all, we would see the biggest boost in investment that this country has seen in many a year.

Secondly, over the long run I think that we would have less inflation than we have under the current operation. I also would say that when the member is referring to government deficits and, as I said before, I see them, depending on what the reason is, if you're borrowing money to get some kind of a capital asset I don't believe that contributes to inflation, in fact, I think that it can be beneficial to the economy and can strengthen the economy. So, I wouldn't want to make the general statement that just because of the fact that government is spending more than it is raising that that somehow is necessarily always inflationary, although I think that it is probably true that if you're continually borrowing for current consumption that could be considered to be inflationary.

MR. RANSOM: Does the Minister believe that a 75-cent dollar would result in increased inflation?

MR. SCHROEDER: Mr. Chairman, I've answered that a number of times over the last few hours.

MR. RANSOM: Well, then the answer obviously has to be, yes, Mr. Chairman, that it would result in increased inflation. I gather that the Minister feels that it would be unfair of me to characterize his policy as being a policy that favours inflation. Mr. Chairman, I would say it is just as unfair for the Minister, or his leader, or his party to have characterized the position of the previous government as one that favoured high interest rates. The Minister clearly has some concept, some idea in his mind, about how the deal with what is acknowledged to be a very serious situation in terms of the economy of this country and of the province. I suggest to you, Mr. Chairman, that the previous government had an idea about how those problems should be addressed and that high interest rates were not regarded as a policy that was favoured by the previous administration. It happened to be a tool which, coupled with other policies, can at least be

shown on an intellectual basis to have a chance of leading to the control of the problems that the economy faces and that when the Minister now says that we have had seven years of tight money and that's led to the problems that we have, that is partially correct. In terms of the policy that the Federal Government has been pursuing, they have been pursuing policies which were contradictory; their fiscal policy has contradicted their monetary policy. Had their fiscal policy and their monetary policy have complimented each other they would have at least have had an opportunity, had a possibility, of succeeding. But, when one tries to pursue two or three different goals at the same time then they are very unlikely to succeed.

So, Mr. Chairman, I don't intend to try and debate the issue here. I think we have some answers from the Minister in terms of how he views the situation and what he thinks might be accomplished. I have serious doubts about that, I can acknowledge that in the short term there might be some advantage in terms of the increased employment but I rather think that the long-term consequences of pursuing the kinds of policies that the Minister, I believe, espouses will lead to more difficult circumstances down the road than they will by pursuing a different type of strategy to fight the problems that we face now.

But, Mr. Chairman, I'm prepared to forego saying that the Minister favours a high-inflation policy providing, of course, that the Minister foregoes the temptation to say that the previous government had a high-interest policy.

MR. SCHROEDER: Yes, Mr. Chairman, I will acknowledge that it was never the intention of the previous government to have long-term high-interest rates, I don't think those people are that cruel. I think that they believed that having high-interest rates in the short term, coupled with other fiscal strategies, would produce the result that we all want, and that is less inflation and more employment and a better world for all. I suppose it's just a different way that each side has of arriving at the same goal. While I'm up dealing with the issue of the \$40 million unfunded advance I'm going to try to answer it. Unfunded advances are made without borrowing specifically beforehand. At some future date when the necessity arises for the government to replenish its funds, it will borrow "to fund unfunded advances." The \$40 million in such advances were outstanding March 31, 1981 and were being financed in part through bank overdraft and in part by using other funds which were available.

During the fiscal year ended March 31, 1982 the unfunded advances were funded because of the fact that the long-term capital markets had improved to so permit; the \$40 million of unfunded advances were made to the following Crown corporations in the amount shown, MACC, \$11.1 million; Manitoba Water Services Board, \$5.7 million; Manitoba Housing and Renewal Corporation, \$23.2 million; total \$40 million. There was, in fact, none of it for Hydro.

MR. RANSOM: Mr. Chairman, we talked extensively this afternoon about the possible borrowing requirements of the government in the future and of factors

that might affect the capacity of the government to be able to borrow. I am wondering if the department has been contacted by bond-rating agencies since assuming government in November?

MR. SCHROEDER: Mr. Chairman, as I understand it, Moody's generally pays a visit in the springtime and they will be doing so again this spring. Standard & Poor were here sometime last fall, I believe in September.

MR. RANSOM: My question was, Mr. Chairman, had the government been contacted by bond-rating agencies since last November 30th?

MR. SCHROEDER: Mr. Chairman, I understand they do periodically contact the Department of Finance. They haven't contacted me directly; they have been in touch with my deputy.

MR. RANSOM: Mr. Chairman, there's a subject which we have brought to the Minister's attention on a number of occasions and it has to do with the Prospectus that was filed last December. There were some statements made in the Prospectus concerning such things as the Alcan, the Letter of Intent where on Page 7 it says, for instance that, "Under a Letter of Intent between Aluminum Company of Canada Ltd. (Alcan) and the province, Alcan has commenced a feasibility study for the construction of a \$500-million primary aluminum production and processing plant in the province. Alcan has announced the selection of a site approximately 25 miles northwest of Winnipeg and is conducting environmental and socioeconomic studies (see gross investment)."

There are other quotations, of course, Mr. Chairman, which deal with the Memorandum of Agreement with International Minerals in reference to the Power Grid to construction expansion of the operation at Manfor. Mr. Chairman, I would ask the Minister whether he considers that those statements are accurate, given the circumstances at the time that the Prospectus was being drawn up, I am sure that it was to the best of the knowledge of the staff that those statements were correct and perhaps even to the best knowledge that was available to the Minister that those statements were correct as of last December. I'm not so sure that same set of circumstances with respect to the Minister prevailed in March when the supplement was filed to the Prospectus. I would ask the Minister now whether he believes that those statements are accurate. Perhaps a better way to put the question would be if the Minister was filing a Prospectus tomorrow, a new one, would he make those statements?

MR. SCHROEDER: Mr. Chairman, I'd like to give a little bit of background on this. This was the first registration by the Province of Manitoba with the Securities and Exchange Commission of a shelf package and there are some differences in procedure with respect to how the two operate. Under the traditional method, the latest possible information available to the province is inserted in the Prospectus and filed with the Commission a few days before pricing the planned issue. Upon receipt of approval from the

Securities and Exchange Commission pricing may then take place. Under the shelf registration the potential borrower indicates how much he would like to borrow over a period of time, usually a year, by means of one or more bond issues. Once the shelf registration is approved or made effective there could be a substantial amount of time pass before pricing an issue. When it is expected that an issue will be priced a supplement to the Prospectus is filed with the SEC. The supplement contains details respecting the proposed bond issue and also a brief section on recent developments, which is designed to update the SEC and the potential investor concerning significant matters which have transpired since the shelf registration became effective.

This particular shelf registration was filed with the Securities and Exchange Commission on December 9, 1981. It took until a later date in the month for it to be so-called 'made effective.' The information we had on December 9 was that discussions with respect to those projects were continuing and that there were negotiations ongoing. When the Prospectus supplement was prepared in March by the department, there was a request made of the Department of Mines and Energy to advise as to what was going on. The department was informed that the Memorandum of Agreement had expired and had not been renewed but that negotiations were continuing as before the Memorandum of Agreement expired.

The legal counsel, Sullivan and Cromwell, counsel to the underwriters, were informed of that fact at that time and the department was advised that the event was not considered to be significant enough to mention in the recent development section of the supplement, especially because of the words on page 10 of the prospectus, as originally filed on December 9th, to the effect that, quote: "The newly elected Provincial Government is reviewing negotiations relating to five major construction projects."

The supplement was therefore filed in accordance with the instructions of the lawyers for the underwriters and I should say, in answer to the last question, there is no doubt that if there was a shelf registration filed today, or any other form of registration filed today, that the wording would be different from what it was on December 9th because what was true on December 9th — although I have said before that a Letter of Intent that doesn't bind either party to do anything, doesn't really mean a lot, even though that's true, there is in fact now, no Letter of Intent in existence — but it is my opinion that there was nothing legally binding on either party on November 1st, on December 9th or any other date but there was a Letter of Intent in effect on December 9th. It cannot be said to be in effect today so there would certainly be a different filing today.

MR. RANSOM: Mr. Chairman, I don't mean to criticize the staff of the department or even to some extent, the Minister in this case, because I think some of the responsibility lies with his colleague, the Minister of Energy and Mines. It was evident when some actions were taken a few months ago, for instance, with respect to breaking off the talks with Alcan because the government didn't like the advertising that Alcan was doing, when the First Minister was asked, or the

Minister of Economic Development were asked about that, they didn't have any knowledge of it at the time so it's understandable that perhaps the Minister of Finance was unaware at the time.

I think, Mr. Chairman, that the prospectus that the province files in this case is an extremely important document to the government and to the market and to the future capacity of the government to borrow. I would hope that the Minister would look very carefully at all the statements that appear in the prospectus henceforth, to assure that they accurately reflect what is happening because we require, in our own Securities Act, Mr. Chairman, for instance, that if someone is to file a Prospectus under our own Securities Act, it says in Section 41(1), for instance: "That a Prospectus shall provide full, true and plain disclosure of all material facts relating to the security proposed to be issued," and it goes on to say under Additional Information, and I quote again: "If a statement required to be contained in a Prospectus would otherwise be misleading, the Prospectus shall contain such additional information whether or not expressly required to be contained in the Prospectus as may be necessary to make the required statement not misleading in the light of the circumstances in which it was made."

I think, Mr. Chairman, whatever we require of people that are filing under our own Securities Act, certainly we should be extremely cautious to see that we exercise at least the same degree of care in our statements in our own prospectus. I have one other concern with the prospectus, Mr. Chairman, which requires an explanation. I'm hopeful that there is a good explanation for it.

In the Prospectus that was filed in June, Mr. Chairman, on page 7 of that Prospectus there is a table headed: "Main Economic Indicators," and it contains some figures under a line called: "Annual Percentage Increases - Real Gross Provincial Product," and under 1976, the figure is 2.1 percent. Under 1977, it's 0.5 percent; under 1978, it's 2.7; under 1979, it's 1.4 and under 1980, the estimate was -0.8.

Mr. Chairman, on the Prospectus filed last December, on page 5 under a table entitled: "Main Economic Indicators," and a line headed: "Annual Gross Percentage Change - Real Gross Provincial Product," under 1976, the figure is 4.3; under 1977, the figure is 1.1; under 1978, it's 1.3 and under 1979, it's -1.1 and under 1980, it's -1.6.

Mr. Chairman, I point out to you that for '76, then, the figure went from 2.1 percent in the June Prospectus to 4.3 in the December one; in '77, it went from 0.5, in the June Prospectus to 1.1 percent in the December one; and for '78, it fell from 2.7 percent in the June Prospectus to 1.3; in '79 it fell from 1.4 in the June Prospectus to -1.1 in the December Prospectus and in 1980, it went from -0.8 in the June Prospectus to -1.6 percent in the December Prospectus.

Mr. Chairman, these are very very substantial differences in these figures. We're talking about 100 percent difference in the rate of growth and I would like to know, what is the explanation for this? How we can go to the markets, file two Prospectuses within the course of six months and have figures that vary that much?

MR. SCHROEDER: Yes, Mr. Chairman, I'd be interested in knowing that explanation as well. I'm informed that it may well have something to do with a revision in Statistics Canada numbers that may have come out between June and December of 1981 but I will undertake to get back to the member with a complete explanation for the differences.

MR. RANSOM: Well, Mr. Chairman, I suggest that if . . . are being revised more than five years after the fact that would change a figure, a growth figure from 2.1 percent to 4.3 percent or change one — that's the one that's the farthest back in time or even a more recent one for 1979 — to change it from a growth rate of 1.4 percent to a negative 1.1 percent, then I suggest, Mr. Chairman, that we would be better off without Statistics Canada information. As the Minister knows and as the Minister of Community Services knows and a great many of us know, we spend a great deal of time debating such figures.

To find five years after the fact that a figure changes from 2.1 percent to 4.3 percent is in my view ridiculous, to try and use information in that way is meaningless and I would like to have an explanation from the Minister — I realize that he may not be and is not in a position to provide a detailed explanation of it at the moment — I would hope, Mr. Chairman, that the Minister would undertake to get a detailed explanation of those figures and to file it in the House because I am certain that people reviewing this Prospectus, who are being asked to lend hundreds of millions of dollars to the province, are going to be interested in why it is that figures change in that way. So I hope, Mr. Chairman, that I can get that assurance from the Minister that we will have in fact a detailed explanation of what's happened. Is it Statistics Canada figures? Is it a change in the methodology that's being used by people in the Department of Finance to calculate the figures? What is it?

MR. CHAIRMAN, Jerry T. Storie (Flin Flon): The Honourable Minister.

MR. SCHROEDER: Yes, Mr. Chairman, I undertake to provide a detailed answer as soon as it becomes available and I expect that it should be reasonably shortly.

MR. CHAIRMAN: 2.(a)—pass; 2.(b) Other Expenditures—pass; 2.(c)—pass.

That completes the items to be considered under Item No. 2, Treasury Division.

Resolution 61 - THEREFORE BE IT RESOLVED that there be granted to Her Majesty a sum not exceeding \$621,200 for Finance, Treasury Division for the fiscal year ending 31st day of March, 1983—pass.

Continuing on to Page 56, Item No. 3. Comptroller's Division: Item No. 3. (a)(1) Salaries.

The Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, before I get into the questions I have, does the Minister have any comments that he'd care to make about the changes in policy in this area?

MR. SCHROEDER: Mr. Chairman, there's no changes in policy. The responsibilities and functions of the division — there's six of them — payroll and disbursements; financial reporting; annual budgetary process and treasury board support; financial administration of cost-shared agreements; policy systems and procedures; and management control systems.

MR. RANSOM: I thank the Minister for that detailed explanation of this division, Mr. Chairman.

In public accounts, Mr. Chairman, we had some discussion about the handling of capital and operating accounts. There had been some indications and statements made by the Minister when he tabled his spending Estimates that he perhaps favoured some possibility of going back to a system of accounting that combined capital and operating.

As a matter of fact, I think the First Minister when he appeared on CBC phone-in program said that the former Conservative Government had combined capital and operating in an effort to embarrass the previous New Democratic Government. The First Minister overlooked the recommendation, of course, that the Provincial Auditor had made, that those accounts should be combined in that fashion and, Mr. Chairman, the Minister will recall that during the review of public accounts a month or so ago when I asked the Provincial Auditor whether he still agreed with the recommendations that he'd made back in 1976 and 1977 about the combined capital and operating accounts, indeed, he still agreed with it and I don't believe he made any reference to attempt to embarrass any previous government.

I wonder, Mr. Chairman, then, if the Minister of Finance would care to indicate to us now what his intention will be in terms of the presentation of the accounts of the government?

MR. SCHROEDER: Mr. Chairman, that is a matter which is currently under review. I don't expect there would be any changes for this year. As I had indicated at the Public Accounts Committee, I do believe that there is a difference between capital spending and current spending without getting into positions where you have capital and current accounts within each division of government as described by the member previously. I think there's some benefit in breaking out the accounts and showing what is being spent as I said before, on groceries and what's being spent on buying a home.

MR. RANSOM: Mr. Chairman, will the Minister confirm that it is a requirement when filing a Prospectus such as we have just been discussing that indeed, the accounts be presented in a combined fashion and that they not be separated out into operating and capital accounts?

MR. SCHROEDER: It's my understanding that what the Provincial Auditor was saying is that he wanted to see a bottom line showing both combined. He did not see it as being necessary that current and capital be combined throughout, i.e. that we could have a separate provision for current more clearly standing out than it is at present because certainly there isn't. There are capital Estimates and they are current, but it

isn't clearly delineated.

Just for example last year's Budget, there was a clear message out there to the public that —(Text Inaudible)— deficits. This is an area that we're going to look at and we will come to some decision on it. There has been no specific decision made as to how to proceed with it. We do think that there is a difference between Capital and Current and I don't think that the Provincial Auditor suggests that we are not entitled to view those two items as different, or that we shouldn't show them separately and highlight one or the other.

MR. RANSOM: I gather from what the Minister is saying, Mr. Chairman, that he's really saying that he might view that during the four years of the Conservative Government there were four balanced budgets. If we're to consider that operating is to be considered separate from Capital, and therefore I wonder if the Minister would like to express any opinion on the accuracy of the statement that appeared in the April 16, 1981 Report from the Legislature by New Democratic Party Caucus which was signed by Howard Pawley, Leader, which said: "Four Conservative Budgets have produced four deficits compared to only one deficit in eight NDP Budgets."

MR. SCHROEDER: Mr. Chairman, just this particular last year we, as I indicated previously, although the member didn't want to get into a significant deficit, obviously, on current account. The fact of the matter is that we're into that and in order to reduce it he did, in fact, eliminate the Special Municipal Loan and General Emergency Fund of that \$25 million. There are large numbers of projects which had been developed under that fund: the Town of Carberry \$15,000; Village of Glenboro \$14,000; Hamiota, \$30,000; La Broquerie, \$16,000; Melita, \$20,000. We cango through pages and pages of items of funds provided to rural municipalities and small towns for arenas. One of the first items that was on the agenda for me when I came to office as Minister of Labour was a request to go out to the Constituency of Morris for the opening of a rink. When I got the speaking notes, they indicated that this was one of the last of the projects and I didn't know why. When I asked why, the reason was that the fund had been terminated.

The members obviously went to great lengths to try to get to a position where they weren't in a current account deficit; this last year clearly they were. They changed the numbers from the numbers that were in operation in the NDP years and they said that they had a deficit of \$219 million. If they had a deficit of \$219 million, so be it. That is the number that is out there.

MR. RANSOM: Of course that's the number that's out there, Mr. Chairman, and on a combined basis we had deficits of four years out of four. I wonder if the Minister would undertake - since the figures weren't presented on a combined basis before - to provide us with the combined figures for the previous eight years from 1969 to 1977, in order that I can determine whether or not, in fact, there was only one deficit on a combined basis during those eight years of the previous NDP government.

MR. SCHROEDER: Mr. Chairman, a little while ago the member was indicating that going back to 1976 by Stats Canada was something that was ridiculous and I tended to agree with him, so I don't see why I should now put my staff to the bother of going back through the early 1970s.

MR. RANSOM: Mr. Chairman, we're not asking them to change those figures, we're just asking him to provide the figures.

MR. SCHROEDER: Mr. Chairman, if you don't want them to change the figures, the figures are there. What the member is asking for, in fact, is a different set of figures than were accepted by all governments at that time. The Roblin Government certainly accepted those types of numbers because the Schreyer Government didn't change them. The Schreyer Government went along with those rules and those rules, we believe, those good old fashioned rules were pretty good. If they're good enough for Duff Roblin and Ed Schreyer, it seems to me that they ought to be good enough for the current government.

MR. RANSOM: Mr. Chairman, then I take it that the Minister of Finance agrees that the accounts of the province can be portrayed, one system working for a period of eight years and another system working for a period of four years. I gather then combining that sort of irrational presentation of information with his statement, that he is reviewing the possibility of separating again out of the operating from the Capital; that what the people of Manitoba can look forward to by way of public presentation of information in the future then, will be figures that deal with the operating deficit of the government and not with the combined Capital and operating and I would hope that the Minister of Finance would be forthright enough in the presentation of his information to put forward historical information on the same basis if, indeed, that is the way he plans to proceed.

I don't think that's the correct way to proceed, Mr. Chairman, and we will certainly oppose as strongly as possible any move by the government to go back to that way of presenting their accounts because, I believe, at least nine out of ten provinces now present their accounts in the way that the Province of Manitoba does it and I see no justification to go back to splitting the accounts, going back to the system that was prevalent up until 1977, which did not present an accurate statement to the people of what the financial position of the government was and what their borrowing position was.

MR. SCHROEDER: Mr. Chairman, I just mentioned that the policy is under review; I'm not saying it's being changed now, it's under review and if we make a decision to change it then, of course, we will let the member know.

MR. RANSOM: Mr. Chairman, the Estimates book before us on Page 1 gives a summary of the main Estimates of expenditure and on the left-hand side it gives a figure for the year ending March 31, 1982 which by note shows that it is the 1981-82 printed Estimates; figures have been adjusted to reflect

transfers from arising from reorganization of departments, amounts included in Supplementary Estimates of Expenditure and transfers to departments from Enabling Votes.

The column on the right hand side of the page, Mr. Chairman, shows what the government's Estimate of spending was to the year end March 31, 1983. Calculation of the percentage increase shows, in fact, 16.9 percent. When the Minister presented his Estimates to the Legislature and to the public by way of press release the percentage increase shown as 14.4 percent which was arrived at by calculating the estimate for the '82-83 year, the original estimate, basing that upon the final projected spending for 1981-82. I don't think that was an especially forthright way of presenting it, Mr. Chairman, but, that's the way the Minister did it. My question is now, will the Estimates for next year show in the summary what the final estimated expenditure for 1982-83 will be? Are those the figures that will appear on the left-hand column of the summary of the Main Estimates of Expenditure next year?

MR. SCHROEDER: Mr. Chairman, that particular proposal is one that we can take into consideration. I should say the member was previously mentioning that some other provinces don't split off Capital and Current. My understanding, first of all, is that a large number of them do highlight Capital and Current to a much greater extent than Manitoba does. But, anyway if we're relying on the argument of what other provinces do, I am advised that other provinces do in fact talk about spending from where they think they are from last year, rather than going back to the original numbers from the previous year. I suppose it's a difference in presentation. We've been through this argument before. My view is that if you compare print to print you're comparing complete unknowns to complete unknowns; if you compare where you know you are now you're comparing at least one figure that you have a pretty good idea is true to a projection for the next year which is just that, just a projection. The member has a point when he says that from print to print it's a different number than from actual to the new print. The presentation, I would suggest, as long as the basis is stated which was done, that is that it was on the basis of actual estimated spending to projected spending then, I think that is as legitimate a way at least of showing the numbers as the other way.

MR. RANSOM: Mr. Chairman, I won't debate the advisability of one way or another but I would like the Minister's assurance that whichever way it is presented in the spending Estimates that are tabled in this Legislature, that that is the way it will be presented to the public by way of information releases which was not the case this year.

MR. SCHROEDER: Well, again, Mr. Chairman, the particular presentation print to print is the traditional way, I agree that it's been presented in Manitoba. Whether we should be showing another column showing actual is something that I would like to take under consideration.

MR. RANSOM: Mr. Chairman, again, I said I wasn't debating, particularly, the advisability of doing it one

way or the other, only asking for the Minister's assurance that if he presents it one way in the Estimates that are given to the Members of the House, that he will portray it the same way to the public through Information Services which was not the case this year. Will he give us that assurance?

MR. SCHROEDER: Well, I question the statement. I suggest that what we stated in public was that it was over what we knew the spending had been. There was a certain percentage increase over what we knew it had been. The increase is in fact from print to print a different number, I don't dispute that. I wouldn't want to say that we are going to be adding another column. Just offhand I would prefer to, unless there are technical reasons for us not being able to, then I would like to show both figures, both the print and what actually was spent so that members have more information in terms of what the actual spending was in order that they can question why there was a differential and then look at what the projected spending is.

MR. RANSOM: Mr. Chairman, can the Minister advise the House of what the anticipated figure for spending will be at the end of March 31, 1982?

MR. SCHROEDER: Yes, Mr. Chairman, I don't have a number here but I would expect that obviously there would be a projected figure at any rate in the Budget, hopefully coming up next week.

MR. RANSOM: Mr. Chairman, I had asked a question of the Minister of Education one day concerning the Music Building at Brandon University. I believe, if my recollection is correct, that \$1.6 million had been budgeted for the Music Building at Brandon University. The construction had not commenced on the Music Building and I was informed by the Minister of Education that a million dollars is being held in trust to go toward construction of that facility. I wonder if the Minister would explain the mechanics of how that million dollars is being held in trust, how that fund has been set up?

MR. SCHROEDER: Yes, Mr. Chairman, I'd like to take that question as notice and get back to the member on it. I understand there is an explanation which I'd like to give once I have the full details.

MR. RANSOM: Well, I would appreciate it, Mr. Chairman, then if the Minister would try and get us that information for tomorrow. I also would like to know whether by putting the million dollars into trust that the expenditure will show in the 1981-82 fiscal year?

Mr. Chairman, moving on to the area of the cost-shared agreements. I wonder if the Minister could give some indication of how these cost-shared items have been handled this year in the Estimates. There appears to have been some change from how they were handled previously under the Canada-Manitoba Northern Development lines. There is no money showing for 1982-83 so I would be interested in having his explanation of how that's been handled. He might indicate, if he can, when a Northern Development Agreement might be signed.

MR. SCHROEDER: Mr. Chairman, we obviously would like to get the agreement signed as soon as possible, but it's my understanding that the way it is shown here is the way it would be shown in a year when you don't have the agreement. Once we get the numbers — on page 10, we do show the \$17,831,400 under Canada-Manitoba Northern Development Agreement and Recoverable from Canada on that is \$8 million.

MR. RANSOM: Mr. Chairman, the \$17 million that shows under Northern Affairs then is the figure for the potential new agreement and the \$4 million-and-some that shows on page 116 or 14, or whatever it is, is the Amendment No. 4 to the existing agreement and that the money that appears in Northern Affairs then has not been allocated out to the individual departments.

MR. SCHROEDER: That is correct.

MR. RANSOM: I'm interested to see that the Minister is travelling hopefully with regard to signing of this agreement. As well, Mr. Chairman, it's a road that I think I might well be able to map out for him. As I recall, last December, in fact I can go back farther than that, Mr. Chairman, to when I was sitting in the Chair that the Minister is in and members of his government, of his party, were on this side and were admonishing the government of the day for not having signed an agreement. Then when the new government took over there were reports in the Free Press, I believe in December, of the Minister of Northern Affairs meeting with the DREE Minister and everything seemed to be going very well and an agreement was just around the corner. Now, Mr. Chairman, we're some six months down the road, the Minister is going to be bringing in a Budget shortly and we still don't have an agreement. I wonder if he can give us any assurance. Does he think that there will be an agreement? If there is to be an agreement, is it going to come within a month? Where does it stand?

MR. DEPUTY CHAIRMAN, Steve Ashton (Thompson): The Honourable Minister.

MR. SCHROEDER: Mr. Chairman, the Minister of Northern Affairs is the lead Minister on negotiating that agreement. I understand that he is working very diligently with his federal counterpart and I can't say that the agreement is imminent but, hopefully, I just thought I'd throw that word in. It will be soon because we certainly could use it.

MR. RANSOM: Mr. Chairman, I can agree with that, hopefully, it will be signed soon.

Mr. Chairman, we had in the last few months of our administration hired a person by the name of Allan Bourgeois to help with the negotiation in the area of cost-shared agreements. I wonder if the Minister could advise whether Mr. Bourgeois is still with the Department of Finance, what his status is.

MR. SCHROEDER: Mr. Chairman, Mr. Bourgeois is now with the Department of Energy and Mines working with Mr. Anderson and the skills that he had

acquired prior to coming to government are skills that can be very usefully applied in that area in terms of further other negotiations as well with the Federal Government under DREE or the new super agency — I can't remember the name of it. There are a number of areas where he will be most useful to government in that area.

MR. RANSOM: Does the Department of Finance still have a role to play in the negotiation of cost-shared agreements with the Federal Government? Is the Department of Finance still the co-ordinating department?

MR. SCHROEDER: Mr. Chairman, we are still co-ordinating the agreements but the lead role on the Northlands Agreement is being taken by the Department of Northern Affairs.

MR. RANSOM: Is there one person within the Department of Finance who is the focal point for co-ordinating agreement negotiations?

MR. SCHROEDER: Mr. Chairman, there are two people who would be considered the lead people; Jim Eldridge and Winston Hodgins.

MR. DEPUTY CHAIRMAN: 3.(a)(1)—pass; 3.(a)(2)—pass; 3.(b)(1) Salaries—pass; 3.(b)(2) Other Expenditures—pass; 3.(c)(1) Salaries—pass; 3.(c)(2) Other Expenditures—pass; 3.(c)(3)—pass; 3.(d)(1) Salaries—pass; 3.(d)(2)—pass; 3.(d)—pass.

That completes Resolution 62. Be it resolved that there be granted to Her Majesty a sum not exceeding \$2,033,900 for Finance, Comptroller's Division.

Resolution No. 63, Item 4.(a)(1), Salaries — the Honourable Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, I'll forego asking the Minister to give me an explanation of what this division does because of the detail that he goes into.

There were a couple of items outstanding, Mr. Chairman, that had to do with Inco taxation assessments that were still under way and perhaps the Minister could advise what's taking place there.

There was a very contentious issue with independent gasoline operators that had to do with shrinkage of product. The sales tax was being paid on the basis of a product that was obtained from the wholesalers. The product was hot at the time in terms of temperature. Subsequently, the volume that the retailers sold was less but they had to pay the tax on the amount that came from the wholesalers. I believe there was some report in The Press perhaps towards the end of 1981 indicating that the fact the department may have arrived at a resolution of this longstanding problem with the independent operators. Could the Minister give us an update on those two items?

MR. SCHROEDER: Mr. Chairman, as far as we know at this point, we have resolved the difficulties with the independent gasoline dealers. With respect to Inco, that is still in process. I'm having a meeting within the next several weeks with some of the senior officials of Inco with respect to the assessments for the early 1970s; I believe 1971 through 1974. I also believe that

the dispute for the 1960s was either resolved prior or at least it is resolved now.

MR. RANSOM: Mr. Chairman, I'm pleased that problem has been worked out with the independent retailers. Could the Minister just give a bit of an indication — was there much money involved? Was there a claim of any significant amount that the retailers had against the government?

MR. SCHROEDER: I'll get that information to the member for tomorrow. I don't have the specific details here. My recollection is that there wasn't a great deal of money involved.

MR. RANSOM: Mr. Chairman, then the Budget in 1980, the government introduced the ad valorem tax on gasoline and set a 20 percent rate to be adjusted from time to time as the Minister may determine when he chooses to make an assessment of the price of gasoline at 20 retail outlets in the City of Winnipeg. At the time the tax was brought in, the New Democratic Party in Opposition expressed great outrage that the government should introduce this type of tax, the argument being that it really allowed the government to increase a level of taxation during the year without presenting a Budget item to the House. The indication was at the time and I'm sure if I took the time to go back and research Hansard, I would find where it was spelled out, I think probably by the Member for Lac du Bonnet more than any other who was the Finance critic at the time, that indeed the New Democratic Party should they be successful in forming a government would do away with that form of tax, with the ad valorem tax.

Now since coming to government, the Minister has twice had the assessment carried out and has raised the tax, I believe, .7 cents per litre in the course of little better than five months in government. That will bring in over the course of a year, I believe, about \$7 million to the government and take \$7 million out of the pockets of people purchasing gasoline. Without attempting to anticipate the Budget, Mr. Chairman, I wonder if the Minister could offer any hope to the people of the province that the position taken in Opposition will turn out, in fact, to be the position taken in government?

MR. SCHROEDER: Well, Mr. Chairman, I do recollect that there was some real criticism of that tax by the NDP when we were in Opposition. I know that I was not one of those who criticized the tax. My recollection is that members of the then government attempted on a number of occasions to get the Opposition to commit itself to actually removing the tax if they came to power. I don't believe that was ever done. So one can say that although we still don't like the tax — I suppose you can say one doesn't like any tax — it is a tax that is being levied at approximately the same rate in most provinces of Canada. Some, in fact, are higher and at least one or two are lower. It's something that we will be looking at. I would love to be able to stand here and tell the Member for Turtle Mountain that we will be removing it.

MR. RANSOM: I invite the Minister to stand and tell

me that. —(Interjection)— Mr. Chairman, the Member for Dauphin is making some comment about the tax. I believe my suggestion was not that the New Democratic Party in Opposition had promised to remove the gasoline tax, only to remove the ad valorem aspect of the tax. In other words, to freeze it, for example, at 20 percent so that in the Budget next week, the Minister will bring in his Budget and say we're removing the ad valorem aspect and henceforth the tax on gasoline will be set at 20 percent as of the price of gasoline on the day the Budget is brought in and it will remain that way until the Budget is brought before the House again. That is the position the party took while they were in Opposition. Mr. Chairman, we will like the Minister — I guess we'll travel hopefully that perhaps they will carry out this policy they held while in Opposition.

Does the Minister anticipate that there will be significant difficulties in the border areas of the province when our sister province to the west removes the gasoline tax?

MR. SCHROEDER: Mr. Chairman, that is a problem we have some concerns about and we do have staff currently looking into it. I would imagine that there would be some experience along the B.C./Alberta border and the Saskatchewan/Alberta border, there would have been similar difficulties in the past. So I think we ought to . . .

A MEMBER: We'll have to set up a passport control, Vic.

MR. SCHROEDER: I hope not. Maybe they'll bring oil.

MR. CHAIRMAN: The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): I've been approached by a number of independent retailers for gasoline. They are wondering why they have to collect all this tax for the government and receive absolutely nothing for it when they have to carry some of this tax in their ledgers for 30 days; most of their buildings are 30 days or bimonthly or whatever. They have to carry this tax in their books when the retail sales tax people, who are collecting the retail sales tax, get a certain percentage of the tax that they collect. Yet the independent retailer has got absolutely nothing for collecting huge amounts of tax.

I wonder if the Minister has been approached on this by the independents and, if he has, would he give this problem area some attention?

MR. SCHROEDER: Mr. Chairman, there have been representations made and I don't deny that it is a difficulty for the independents. The ideal solution, from our perspective and I believe from the independents' perspective as well, would be to have the oil companies make the payments. That is something that we are looking at. I suppose one doesn't like to give up any more revenue than one has to, and at the same time you have to look at fairness. It is true that as prices increase and taxes increase that the amounts increase substantially over where they have been ear-

lier and with high interest rates. All of these things compound the problems. We recognize the difficulty. I don't have any other solution at this time.

MR. BROWN: I think that one of the problem areas that we ran into in this particular area is that the oil companies or the gasoline companies are not particularly in love with the independents and probably would like to see them fall by the wayside so that they could have the complete industry under their control. So I think it's going to be highly unlikely that the big companies are going to be picking up a portion of their cost. So I would appreciate if this matter was looked into seriously and see if there's something could not be done for these independents because I know that it is a burden to them and I know that the independents are hurting.

MR. SCHROEDER: Well, I agree with the honourable member that it is in the public interest to retain those independents in the province and we should be doing whatever we have to do to ensure their viability and we will take another look at what can be done to resolve the problem.

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

MR. J. WALLY MCKENZIE (Roblin-Russell): I have a question for the Honourable Minister.

I wonder, in view of the number of enquiries that I've received since the Saskatchewan election, if he could give me any idea what type of restrictions are going to be on Manitobans hauling fuel out of Saskatchewan. I've had three or four enquiries of constituents wanting to buy tankers and truck fuel into Manitoba.

Are they going to be regulated by Manitoba or by Saskatchewan?

MR. SCHROEDER: Yes, Mr. Chairman, as I understand it, we do have at least several months' breathing room during which we are looking at problems precisely like the one referred to by the honourable member. I don't have an answer for him right now, but again I should say that this problem has, to some extent, I hope it has been to some extent, solved in the past along the Alberta/Saskatchewan border and along the Alberta/British Columbia border where you had people paying that tax in British Columbia and paying that tax in Saskatchewan. Hopefully, we can come up with a solution by the time that the new government removes that tax.

MR. CHAIRMAN: The Honourable Member for Assiniboia.

MR. RURIK (Ric) NORDMAN (Assiniboia): Mr. Chairman, with regard to the sale of secondhand mobile homes, I understand that where a dealer such as Altona Trailers, for instance, sells a secondhand mobile home, that there is a sales tax involved in this instance. But where, if that same trailer were being sold by an individual privately, there's no sales tax, or if it's being sold by a realtor, there is no sales tax.

Is there any consideration being given to maybe removing that sales tax where the dealer is concerned?

MR. SCHROEDER: Well, Mr. Chairman, my understanding is that if a realtor sells a mobile home, providing it is not affixed to the ground and, therefore, a home just like any other home, that sale is legally subject to the sales tax. It may be that the sales tax is not being paid in certain instances. As well where you have sales between private individuals, legally there is a requirement for the sales tax to be paid. That doesn't mean it always will be paid. Because there are no registrations, it makes it somewhat more difficult. For instance, with motor vehicles, whether it's a garage or somebody else, you always collect the tax because the individual has to come to a government agency and so that's where the difficulty comes in.

MR. NORDMAN: In other words, Mr. Chairman, then it is there but it's not being enforced, really?

MR. SCHROEDER: Yes.

MR. NORDMAN: Thank you.

MR. CHAIRMAN: The Honourable Member for Dauphin.

HON. JOHN PLOHMAN (Dauphin): Mr. Chairman, I'm just going to comment on something that I was mumbling from my seat a few moments ago to the Honourable Member for Turtle Mountain. He mentioned that the ad valorem method of taxation is what he was saying should be discontinued or he's asking the Minister to perhaps discontinue that method . . .

MR. FILMON: He's asking the Minister to be true to his word.

MR. PLOHMAN: Yes, he was suggesting that in Opposition this party was against that and, certainly, now we are retaining that tax. I say, by the same token, if that tax was imposed by the Opposition when they were in government and it was a good tax, it was thought to be a good tax at that time, certainly they are changing their mind at this time and suggesting that it be changed and I would assume that the Opposition feels that it's okay, it's fair ball for the Opposition to change their policies, but it certainly isn't fair ball for anyone else to do that. I would just ask if the Honourable Member for Turtle Mountain has, indeed, changed his feelings in regard to that task.

MR. RANSOM: Mr. Chairman, I know that this is not a time for questioning of Opposition members but I think it's in order to respond to a general observation being made by the Member for Dauphin. I wouldn't want him to misunderstand the position of the Opposition. Our position in Opposition is exactly the same as the position we had when we were in government. If I was Minister of Finance today, I would not be contemplating changing the nature of the tax, however, what we're simply asking the Minister is, is he going to do in government what he said he was going to do in Opposition? Because, Mr. Chairman, I don't have it with me but I can get a copy of a speech that was made by the First Minister to the Chamber of Commerce in Brandon where he said that one of the most important things as far as he was concerned was

to help to do away with the cynicism that people feel towards government. That government must be honourable; it must do what it says it was going to do. That's the only reason I'm raising this with the Minister of Finance now is that they said in Opposition that this was a bad tax and that they would change it, now I'm asking if he's going to change it. There also is one additional new factor which did not exist before, of course, that comes about by the true landslide victory of the Progressive Conservatives in Saskatchewan with the commitment they are going to remove the gasoline tax totally in Saskatchewan, and that's a new element that the Minister of Finance is going to have to deal with. Mr. Chairman, let there be no misunderstanding as to the position that our party takes both in Opposition and in government.

In the Taxation Division area, Mr. Chairman, I realize that to ask questions about anything that might be anticipated by way of changes in these Acts would be to ask the Minister to reveal what's in his Budget. I know he's not going to do that, but I do have a few questions that I would like to ask, such as, has the Minister done an assessment of the impact of an increase in the sales tax of, let us say, 3 percentage points, what the impact of that would be upon investment in the province?

MR. SCHROEDER: Mr. Chairman, we've had indications from our Finance people that this is a very difficult time for increases in taxes; it's also a very difficult time for huge increases in deficits. There is only so far you can go. This is no answer I realize that but just, for instance, in Nova Scotia the other day the government did see fit to go from 8 percent to 10 percent in sales tax. I suppose some of these measures have to be faced whether we like them or not and, again, I suppose that's the reverse side of the supply side argument. If you eliminate taxes, you theoretically increase production and therefore, I suppose, if you increase taxes you theoretically reduce production. I believe that the supply side economics have been demonstrating that they don't work so maybe these other economics where there is some redistribution of funds within society may work. I don't pretend that I wouldn't prefer not to have any increases in taxes at this time.

MR. RANSOM: Mr. Chairman, I think the jury is still out on the supply side economics. After all, I suppose the government that's closest to practising supply side economics would be the Reagan Government which has only been in office for some 15 months, and during that period of time I should point out to the Minister of Finance just for interest and to the House that, in fact, the prime interest rate in the U.S. during the period of President Reagan's Government has fallen by, I believe, 5 percentage points and inflation in the United States has been reduced from double digit down to in the range of 3 to 5 percent at the moment. I don't think that it's possible to make the sweeping statement that supply side economics doesn't work.

But that wasn't the intention of the question, Mr. Chairman, and I realize that no one really likes to increase taxes, at least I don't think so, although I guess it's true that in the past there was a member of

this House, Mr. Johannson, I believe, that said that Manitoba had the highest income tax rates in the country and he was proud of it. Maybe that's not an accurate statement, but assuming that the Minister doesn't want to increase taxation, I'll grant that, but I think that the Minister would want to know what kind of impact it's going to have if the sales tax was to be increased by 1, 2, 3 percentage points, what impact on investments that might have. For instance, on a \$600-million aluminum smelter, 2 percentage points would be another \$30-million cost added to that. Is that apt to be a significant factor these days when investment money is scarce? Is that apt to be significant in the decision that an Alcan would make or an IMC or a small businessman simply investing a few thousand dollars in equipment? So my question was, has there been any kind of analysis carried out as to what some of these changes might entail by way of their impact upon the economy of the province?

MR. CHAIRMAN, Jerry T. Storie (Flin Flon): The Honourable Minister.

MR. SCHROEDER: Mr. Chairman, the member indicates that there would be a substantial increase in cost for a project and that is true. There's obviously no doubt that if you raise the sales tax or any other tax substantially, that is a factor that is taken into account by people making investment because it is an increase in their cost. But I would point out to the member, that other than for Saskatchewan which has a 5-percent sales tax and Alberta which doesn't have any, we are the lowest in the country and there are investments proceeding in the other provinces, in British Columbia, in Ontario, Quebec and the Maritimes, so it doesn't end investment. There hasn't been someone asked to sit down and tell me what specifically will happen in any kind of definitive way as a result of a tax increase and I think it would be unlikely if that request was made, that any definitive answer could be given. I think the answer is there for us to see, that if you have increased costs, that does have a bearing on investments and even on consumer purchases for that matter.

MR. RANSOM: Mr. Chairman, perhaps the Minister, while not being asked to tell us what is in his Budget, might be able to tell us some of the things that aren't in his Budget, such as: Will he assure us that we will not see the Succession Duties and Gift Taxes reinstated or the Mineral Acreage Tax, for example? A bit of advance good news in that area might help to cushion the blow when he brings his Budget in next week.

MR. SCHROEDER: Mr. Chairman, if the member wants some good news, I can tell him that it was an election commitment on the part of the New Democratic Party that we were not going to be introducing the Gift Tax, the Succession Duty Tax, and I tend to believe that the New Democratic Party, when we make commitments, keep our commitments.

MR. CHAIRMAN: The Honourable Member for Tuxedo.

MR. GARY FILMON (Tuxedo): Mr. Chairman, I

wonder, assuming that the Minister is examining a number of options with respect to the sales tax, there has been some discussion that I've been party to or have heard to the effect that the Minister is considering extending the sales tax to professional services and other services that are not currently covered by sales tax. Is that something under consideration at the moment?

MR. CHAIRMAN: The Honourable Minister.

MR. SCHROEDER: It sounds like an excellent idea, Mr. Chairman.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. RANSOM: Mr. Chairman, I am very pleased to hear that the New Democratic Party in government keeps its promises and I anticipate then that there is going to be a great flurry of activity within the next few short weeks as the government moves to fulfill the many promises which have not been fulfilled to date.

MR. CHAIRMAN: The Honourable Minister.

MR. SCHROEDER: Well, I would point out to the member that we do have four years or actually five years, and we —(Interjection)— yes, time is running out, but it would —(Interjection)— I understand the member knows the feeling and probably pretty soon I will know the feeling, but we don't want to move away from our promises.

MR. CHAIRMAN: 4.(a)(1) Salaries—pass; 4.(a)(2) Other Expenditures—pass; 4.(b)(1) Salaries—pass; 4.(b)(2) Other Expenditures—pass; 4.(3) Acquisition -Equipment—pass; 4.(b)—pass; 4.(c)(1) Salaries—pass; 4.(c)(2) Other Expenditures—pass; 4.(c)—pass; 4.(d) Succession Duty and Gift Tax Branch—pass; 4.(e) Corporation Capital Tax Branch, 4.(e)(1) Salaries—pass; 4.(e)(2) Other Expenditures—pass.

That completes the items to be considered under Resolution No. 63.

Therefore be it resolved that there be granted to Her Majesty a sum not exceeding \$5,042,300 for Finance, Taxation Division, for the fiscal year ending the 31st day of March, 1983—pass.

Committee rise