



**Second Session — Thirty-Second Legislature**

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

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**31-32 Elizabeth II**

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*Published under the  
authority of  
The Honourable D. James Welding  
Speaker*



MG-8048

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**VOL. XXXI No. 48B - 8:00 p.m., MONDAY, 18 APRIL, 1983.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Second Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Brian</b>	Ellice	NDP
<b>COWAN, Hon. Jay</b>	Churchill	NDP
<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
<b>DODICK, Doreen</b>	Riel	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOLIN, Mary Beth</b>	Kildonan	NDP
<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupert'sland	NDP
<b>HEMPHILL, Hon. Maureen</b>	Logan	NDP
<b>HYDE, Lloyd</b>	Portage la Prairie	PC
<b>JOHNSTON, J. Frank</b>	Sturgeon Creek	PC
<b>KOSTYRA, Hon. Eugene</b>	Seven Oaks	NDP
<b>KOVNATS, Abe</b>	Niakwa	PC
<b>LECUYER, Gérard</b>	Radisson	NDP
<b>LYON, Q.C., Hon. Sterling</b>	Charleswood	PC
<b>MACKLING, Q.C., Hon. Al</b>	St. James	NDP
<b>MALINOWSKI, Donald M.</b>	St. Johns	NDP
<b>MANNESS, Clayton</b>	Morris	PC
<b>McKENZIE, J. Wally</b>	Roblin-Russell	PC
<b>MERCIER, Q.C., G.W.J. (Gerry)</b>	St. Norbert	PC
<b>NORDMAN, Rurik (Ric)</b>	Assiniboia	PC
<b>OLESON, Charlotte</b>	Gladstone	PC
<b>ORCHARD, Donald</b>	Pembina	PC
<b>PAWLEY, Q.C., Hon. Howard R.</b>	Selkirk	NDP
<b>PARASIUK, Hon. Wilson</b>	Transcona	NDP
<b>PENNER, Q.C., Hon. Roland</b>	Fort Rouge	NDP
<b>PHILLIPS, Myrna A.</b>	Wolseley	NDP
<b>PLOHMAN, John</b>	Dauphin	NDP
<b>RANSOM, A. Brian</b>	Turtle Mountain	PC
<b>SANTOS, Conrad</b>	Burrows	NDP
<b>SCHROEDER, Hon. Vic</b>	Rossmere	NDP
<b>SCOTT, Don</b>	Inkster	NDP
<b>SHERMAN, L.R. (Bud)</b>	Fort Garry	PC
<b>SMITH, Hon. Muriel</b>	Osborne	NDP
<b>STEEN, Warren</b>	River Heights	PC
<b>STORIE, Jerry T.</b>	Flin Flon	NDP
<b>URUSKI, Hon. Bill</b>	Interlake	NDP
<b>USKIW, Hon. Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, Hon. D. James</b>	St. Vital	NDP

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 18 April, 1983.

Time — 8:00 p.m.

## CONCURRENT COMMITTEES OF SUPPLY SUPPLY - CIVIL SERVICE COMMISSION

**MR. CHAIRMAN, C. Santos:** We are still on Item 1.(a).  
The Honourable Minister.

**HON. M.B. DOLIN:** Mr. Chairperson, I have a couple pieces of information that were requested or referred to this afternoon which I would like to share with the Member for St. Norbert. I am not sure if the Member for St. Norbert was the person who asked for both of these pieces of information, but I'm sure he will share them with his colleague for La Verendrye, if he is the one who asked for them.

The contract employment situation is this: in December of 1982, there were 97 people under contract employment, 24 of whom were the articling law graduates, or the articling law students, 63 were New Careers; in March, 1983, there are 93 people under contract employment, 24 are articling law students, and 59 are New Careers students. That number does fluctuate somewhat, of course, depending on how many people have graduated, how many are currently in the program.

The other piece of information which I can share with members is that I have a copy of a memo from the Executive Director of the Human Rights Commission to the Manager of Employment Services for the Civil Service Commission indicating approval of the Affirmative Action Program of the government, requesting that the Human Rights Commission be kept informed as plans progress for the implementation of the Affirmative Action policy; and also giving approval for the inclusion of a self-declaration statement in the application for employment.

**MR. CHAIRMAN:** The Leader of the Opposition.

**HON. S. LYON:** If this is an appropriate time, I'd like to raise a question with the Minister about competition No. 305-82, Assistant Deputy Minister, Department of Northern Affairs. If there's a more appropriate time, I'll raise it whenever you want. There will be a number arising out of that one.

**HON. M.B. DOLIN:** I wonder if the Leader of the Opposition is referring to the Assistant Deputy Minister for Northern Affairs.

**HON. S. LYON:** Assistant Deputy Minister, Mr. Morrisseau.

**HON. M.B. DOLIN:** We've been fairly free with the range of questions being allowed under this category, since within the Civil Service Commission it is difficult to allocate a particular concern or question to a line of the budget, so I would suggest that the Leader of the

Opposition might be free to ask this question, whatever it is he has in mind.

**HON. S. LYON:** Mr. Chairman, I'll read some of this into the record because it's useful to have on the record. Sometime last fall I enquired into the appointment by Order-in-Council, I guess it was 875 of '82, of John Morrisseau to the position of Assistant Deputy Minister of Local Government Development within the salary range of Senior Officer 3, \$50,706 - \$56,873, at a starting salary of \$50,706 to be approved effective July 15, 1982. This was portrayed as being, in the preamble to the Order-in-Council, a competition No. 305, whereby this person was appointed to that position.

Following upon the receipt of that Order-in-Council, I wrote to the Civil Service Commission chairman on August 4, 1982, in the following terms:

"In an Information Services news release dated July 16, 1982, it was announced that Mr. John Morrisseau had been named as Assistant Deputy Minister of Northern Affairs. The Minister, in making the announcement 'noted that Mr. Morrisseau had been selected in a Civil Service competition.' Would you kindly advise the following:

1. Was this position publicly advertised? If so, in what publications?
2. The names and addresses of all applicants.
3. What members of the Civil Service Commission staff and/or other departmental representatives comprised the panel which interviewed the candidates?
4. The names of the candidates who were interviewed for the position.
5. Who participated in the selection committee?
6. The name or names of candidates recommended by the Civil Service Commission for the appointment.
7. Any other information relevant to this Civil Service competition.

"I would appreciate an early answer to these enquiries." and signed the letter. That was August 4.

August 17th, I received a letter from the Minister of Labour and Manpower in the following terms: "In accordance with the general principle of Ministerial responsibility . . ." - I add in parenthesis (which is sometimes overlooked by people attending demonstrations and other errant affairs) - ". . . I am replying to your letter of August 4, 1982, directed to Mr. Ted Poyer, chairman of the Manitoba Civil Service Commission, in which you have requested certain information regarding the appointment of Mr. John Morrisseau as ADM of Northern Affairs. With regard to the specific questions raised in your letter, I can advise as follows:

"1. Was this position publicly advertised? If so, in what publications? The position of ADM Local Government Development, Department of Northern Affairs, was filled through Civil Service Commission competition No. 305-82. In addition to the regular internal Civil Service bulletining, the position was

publicly advertised May 8/82, Winnipeg Free Press, The Opasquia Times, The Thompson Citizen, The Lynn Lake Northern Breeze, Snow Lake News and the Flin Flon Daily Reminder.

"2. The names and addresses of all applicants. I am advised that since all applications for Civil Service positions are received in confidence, it has not been the practice of the Civil Service Commission to release this information to the public. I can advise, however, that there were a total of 22 applications received for the competition.

"3. What members of the Civil Service Commission staff and/or other departmental representatives comprised the panel which interviewed the candidates? Answer: I am advised that the selection board consisted of Mr. Paul Hart, Civil Service Commissioner; Mr. Ron McBryde, Deputy Minister of Northern Affairs; Ms. Linda Jolson, Assistant Deputy Minister, Northern Affairs; and Mr. Michael Dector, Clerk of the Executive Council.

"4. The names of the candidates who were interviewed for the position. Again, due to the confidentiality of applications as explained in point No. 2 above, I am not at liberty to disclose the names of the candidates however . . ." - that's sic; there should have been a period - ". . . however, I can advise that seven of the 22 applicants were selected for interview by the selection board.

"5. Who participated in the selection committee? Answer: The selection committee was as outlined in point No. 3 above.

"6. The name or names of candidates recommended by the Civil Service Commission for the appointment. Answer: The successful candidate, Mr. John Morrisseau, was recommended and subsequently appointed to the position.

"7. Any other information relevant to this Civil Service competition. Answer: As you are no doubt aware, due to the level of the appointment, the recommended candidate required approval by Cabinet through Order-in-Council as a standard procedure for all appointments with the classification of Senior Officer 1 and above.

"I trust this letter provides you with the information you were seeking. I'm sure you will appreciate the Civil Service Commission's position with regard to applications that are sent to them in confidence. Yours truly," - signed by the Minister.

For the sake of Hansard, Mr. Chairman, I'll make copies of this available to them so they won't be caught up in trying to transcribe all of my allegedly fast reading.

Then the next correspondence in that regard was a letter from myself to the chairman of the Civil Service Commission dated September 16th, and I read it for the record:

"Re: John Morrisseau - Assistant Deputy Minister of Northern Affairs"

"Further to my letter of August 4, I am enclosing a copy of a response thereto dated August 17 from the Minister responsible for The Civil Service Act.

"I must say I am surprised to have the Minister responding to correspondence directed to you as Chairman of the Civil Service Commission. I would not recommend a continuation of this practice if you are to retain and to be seen to retain your independence as Chairman; an important element of which is your

freedom to respond directly to enquiries from members of the Legislature of Manitoba. I am thus redirecting my correspondence to you because it is you and the members of the Civil Service Commission who have a statutory responsibility to carry out the provisions of The Civil Service Act.

"I regard, with concern, what transpired in this "competition," resulting apparently from the Commission's delegating its statutory responsibilities to a selection board as set forth on Page 2 of the Minister's letter. In particular, I draw your attention to the fact that members of this selection committee were: Ron McBryde, Deputy Minister of Northern Affairs; Linda Jolson, Assistant Deputy Minister of Northern Affairs; and Michael Dector, Clerk of the Executive Council. Each of the three persons in question is a recent political appointee of the present NDP administration and each one is well known as an active partisan of the NDP. Paul Hart, Commissioner, was the only permanent, professional and career Civil Service representative on the selection committee.

"In particular, I draw your attention to the provisions of The Civil Service Act which are attached for reference: Section 13(1)(e), Section 13(2), Section 13(3)(c), Section 13(4), Section 13(8), Section 21. I also draw to your attention the fact that Mr. Morrisseau served as a political appointee of the previous NDP administration, namely, as an Executive Assistant in the Department of Northern Affairs under the former NDP Minister, Ron McBryde, the same person who is now the Deputy Minister. Thus we have a political friend of the New Democratic Party being appointed to a \$50,000 a year senior Civil Service position, after being recommended by Selection Board consisting of three partisans of the New Democratic Party who happen, temporarily" - and I underline that word - "to hold senior positions with the NDP Government of Manitoba.

"This situation *prima facie* would suggest to an objective observer that extreme partisan favoritism could well have existed in Mr. Morrisseau's selection, indeed, other applicants for the position could well believe that they had no chance, on merit, to be successful in the 'competition'.

"As we are unaware of the names and credentials of other applicants, and the Minister has refused to make those names available to me, I can only suggest that the commission, in pursuance of a statutory obligation, should conduct an immediate investigation into this appointment because of the *prima facie* evidence of partisan favoritism, and to ensure that the requirement of the law, that merit be the guiding consideration, has not been violated.

"I would further suggest that you, as Chairman, and the members of your commission, will wish, in the future, to be extremely vigilant to ensure that the provisions of The Civil Service Act are not being circumvented by politicized selection boards. I give you notice that I intend to file an Order for Return asking for the names of all members of all selection boards established since November 30, 1981."

I pause, Mr. Chairman, to interject, that letter was written on the 16th of September, 1982, and I put that in contrast to the Minister's statements about how hard she and her staff have been working to get the information. She's had something like seven or eight months notice of it already.

Continuing with the letter: "You too may wish to examine the complement of all such selection boards since that date to ensure that you and the commissioner are not being used as unwitting partners in a scheme of Civil Service politicization. I would appreciate your early advice as to what steps you propose to take to ensure that the principle of appointment on the basis of merit is not circumvented or made a sham of by the present NDP administration. You will be aware that this was done by their predecessors in the Schreyer administration using the device of contract employees as I pointed out to you in my letter of March 3, 1982. I intend to make a copy of this letter and the previous correspondence public in order that the citizens of Manitoba may be aware of the concerns expressed herein. An early reply would be appreciated." It is signed by myself.

Subsequently there was an acknowledgement on September 21st from the Chairman of the Civil Service Commission, I'll make a copy of the acknowledgement available to the Hansard if they wish to include it.

I, subsequently, on November 18, 1982 sent a tracer, there being no response to the letter that I wrote on September 16. Then on November 18th, I guess almost concurrently there passed in the mail a letter to me from the Chairman of the Civil Service Commission, Mr. Poyer.

"Re Competition No. 305/82, Assistant Deputy Minister, Department of Northern Affairs. The Civil Service Commission, of its own motion, has now completed an investigation regarding the issues raised in your letter of September 16, 1982. Consistent with the provisions of the Civil Service Act the board has, in the normal course of operations, reviewed and approved standards and criteria for selection and appointment procedures under the provisions of The Civil Service Act and the formal delegation of recruitment and selection authority to commission staff in certain departments of government.

"The standards also include an audit of competitions held by commission staff and delegated departmental officers with reports being made to the Civil Service Commission Board in this regard. The composition of selection boards is outlined in policies approved by the Civil Service Commission Board and it is one of the criteria audited. The Civil Service Commission Board, as a result of the investigation completed, has satisfied itself that the actions and recommendations of staff with respect to Competition 305/82 were proper and consistent with the policy and standards of the Civil Service Commission with respect to selection and appointment under the provisions of The Civil Service Act and that merit was the determining factor in the competition under review.

"As part of the investigation the competition question was reviewed by the Legislative Counsel, who has confirmed that 'the procedures followed,' were in accordance with the provisions of The Civil Service Act and Regulations. The Civil Service Commission Board appreciate your concerns in bringing these matters to our attention. Signed, P.A. Poyer, Chairman."

Mr. Chairman, subsequent upon that correspondence with respect to that one appointment there was filed in the House, in the pre-Christmas Session, an Order for Return, reference to which was made the other day and the House Leader said that in his wisdom the

answer to the Order for Return would be made when the government was ready. I think that was his term.

You can see while we're examining this appointment and a number of others under the competition system why we would like to have copies of that Order for Return, because while we are vigilant - or try to be vigilant and look at all of the Orders-in-Council that are passed weekly by the government - the paper war that goes on in this hive that we're pleased to call a government is fairly heavy. We may well have missed some of the alleged competitions or real competitions that were held. That is why it is imperative that we have copies of that Order for Return before us so that we may run through them and the Minister may be able to give us such responses as are appropriate for any questions that might arise from him.

So, of course, my first question must be to the Minister, can we have a copy of that Order for Return tonight?

**HON. M.B. DOLIN:** I believe the answer was given to the Leader of the Opposition. There is no response to that Order for Return prepared at this time and it will be tabled in the House when it is ready as I indicated, not during these Estimates and not in Estimates, but in the House as an Order for Return is properly filed when the information is gathered.

The Leader of the Opposition knows full well that he can question any particular appointment he wishes, and we have explained, and we are consistent in our determination of the selection committee, or the selection group. That was explained to all civil servants in great detail in the last issue of Inside Outlook, their newspaper. It's very clear how selection boards are made. I am not sure at all what the Leader of the Opposition is getting at, or what particular appointment he wishes to question. If he wants to be specific about a particular appointment, I'd be happy to give him the answer just as I did to his colleagues the other night.

**HON. L. LYON:** Well, Mr. Chairman, we'd love to be specific if the Minister would give us a copy of the information that we are seeking.

Here is a government that goes before the people of Manitoba and alleges from time to time that it believes in giving all of the information that it can; an open government. A simple Order for Return is filed with that open government, notice of which is given in September of 1982. The Order is filed and accepted in December of 1982. Here we are getting onto the 18th of April, 1983, and we still haven't got the Order. Here we are attempting to do the Estimates of the Civil Service Commission for which this Minister apparently has responsibility, and she has the gall to sit before this committee and say that she's not going to file an Order, the reasons which were all trumped up that she gave in the House the other day with respect to her officials having other things to do.

Let me remind the Honourable Lady that the Legislature has first call, Mr. Speaker, on the responsibilities both of the Minister of her staff. If she hasn't learned that yet, she'll learn it tonight.

What we want is a copy of that Order for Return, not when she gets around to it, but when her Estimates are being reviewed, which is now.

**MR. CHAIRMAN:** The Minister of Natural Resources.

**HON. A. MACKLING:** Mr. Chairman, I'd like to comment at this time to indicate my concern that the Leader of the Opposition just finds it intolerable, I guess, that New Democrats are sitting on boards of adjudication. He fails to recognize and accept that within this province, there are many, many thousands of people who are New Democratic Party members and supporters and that one out of every two people in Manitoba - it's just about that - are supporters or members of the New Democratic Party. He finds it offensive that people who sit on boards should recognize the philosophy of the New Democratic Party.

Mr. Chairman, that's offensive to me, and to suggest in his way that this Minister has to respond to an Order for Return on the terms and in the manner, and in the time that he dictates, when his government for which he was responsible did not file Orders for Return at all during the course of the Legislative Session, and that there were Orders for Return unfilled at the time he dissolved the House and went to the people, is astonishing and incredible, and not acceptable.

**MR. J. DOWNEY:** That's not true.

**HON. A. MACKLING:** For the Honourable Leader of the Opposition to now say to the Minister of Labour that you are obligated to file that information before this committee proceeds . . .

**MR. CHAIRMAN:** The member will have his own time to speak.

**MR. J. DOWNEY:** What did you say? Put that on the record. He called me an A-hole.

**HON. A. MACKLING:** I have completed my remarks, Mr. Chairman.

**HON. S. LYON:** He must have been looking in a mirror.

**MR. J. DOWNEY:** Mr. Chairman, on a point of order, the Member for Radisson used profanity in this committee. He called me an asshole. He called me that, I heard him, Mr. Chairman. I want him to deny that he didn't. The Member for Radisson, I want him to clear that up.

**HON. A. MACKLING:** Well, Mr. Chairman, on the point of order that's been raised while I was speaking. No other member had the floor than myself.

I've indicated, Mr. Chairman, that it's time the Leader of the Opposition — (Interjection) —

**MR. CHAIRMAN:** The Minister of Natural Resources has the floor.

**HON. A. MACKLING:** It's time that the Leader of the Opposition recognized that it is right and proper for people to be members of the New Democratic Party and to sit on boards of adjudication.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. M.B. DOLIN:** In response to the comments of the Leader of the Opposition about the timing of the request for the Order for Return, my knowledge of what happens in our government is that a letter from the Leader of the Opposition to someone else indicating that he intends, at some point, to file an Order for Return, does not in fact constitute that Order for Return. So, certainly, that request was not made in September as he indicates.

**MR. CHAIRMAN:** The Leader of the Opposition.

**HON. S. LYON:** Mr. Chairman, I've got in front of me a letter that I wrote on the 16th of September, 1982, to the chairman of the Manitoba Civil Service Commission. It's a three-page letter and on the bottom of it I copied: first, the Honourable Mary Beth Dolin, Minister responsible for The Civil Service Act; all members of the Civil Service Commission; Mr. Gary Doer, the President of the MGEA; and the media.

Now, is the Minister trying to say that she didn't open her mail on the 18th of September or what, or 16th?

**HON. M.B. DOLIN:** I am saying, as all members here are well aware, that was not an Order for Return, and the Leader of the Opposition knows full well that staff does not begin to prepare answers to Orders for Return until that Order for Return is filed and then either accepted or rejected by the government. So we accepted that Order for Return sometime after it was officially filed in the House and then staff begins to work on it, and I'm sure that I am not bringing any news to the Leader of the Opposition. He has pointed out very clearly in the House, much to the dismay of all Manitobans, that he knows what goes on in the House and I, according to him, must read it from history books.

**HON. S. LYON:** Well, I would suggest some political science books as well, Mr. Chairman, might be helpful reading for the Minister because she seems to be rather unaware of what — (Interjection) — Well, social democrats could use a total re-education. Most of them haven't matured beyond age 20, but, Mr. Chairman, what I'm saying to the Minister is that it is difficult when a member of the opposition has given . . .

**MR. CHAIRMAN:** The Member for Concordia has a point of order.

**MR. P. FOX:** I think the Honourable Leader of the Opposition should consider his remarks. All of us have been elected just the same as him and we all have the same rights and privileges, and it behooves him to once in a while observe the amenities of being a parliamentarian and not go around insulting and casting slurs on members of this Legislative Assembly. I happen to be one of those who fought for this country; I happen to be a veteran; and I've got a lot of experience in this House, as much as the Leader of the Opposition has.

One of the first things you learn is that all members have a right to be heard and all members are honourable members, and that's one of the things the Honourable Leader of the Opposition seems to have conveniently forgotten. He has sunk to a very low level.

**MR. CHAIRMAN:** May I remind all members of the committee that we are all reasonable people and we want to facilitate the works of the committee. We are on Item 1.(a).

The Leader of the Opposition.

**HON. S. LYON:** Mr. Chairman, the question remains, when will the Minister give us an answer to this Order for Return, constructive notice of which she had on the 16th of September. The order was filed and accepted on the 16th of December. Here we are sitting tonight attempting to go through her Estimates and we haven't got the order. Why?

**MR. CHAIRMAN:** The Minister of Natural Resources.

**HON. A. MACKLING:** Mr. Chairman, I would like to add this, that the Honourable Leader of the Opposition in his letter gives notice of an intent to seek information. We know, he knows, that the compiling of information, the kind of detailed information that is requested by opposition parties, that the kind of information he is requesting, does take a lot of time. It does take a lot of work. Work which is not budgeted for in any line in the Estimates of any department; that's right, and that detailed work requires time. No civil servant is going to jump into compiling work and providing, spending a lot of hours, unless strictly authorized. There is a rule; there is a system; he is part of that system. He knows the rules. If you want that kind of cost spent at public expense, that kind of detailed searching of public records, there is a way. You file an Order for Return and the returns are answered. If they're not answered during the course of this Session, then surely he can hold us accountable, but to suggest that he's filed a return this Session, has to have the information before we go on with the Estimates, it's that kind of bullying that is completely improper.

**HON. S. LYON:** Mr. Chairman, when will we get the information?

**HON. M.B. DOLIN:** You will receive the information when it has been prepared.

**HON. S. LYON:** Mr. Chairman, what kind of speed-up has been passed through to the hive in the Minister's department to tell the worker bees to move a bit harder than has been the case, or has the Minister in fact told them that, or has she told them to, "take it easy until my Estimates are through."

**HON. M.B. DOLIN:** Mr. Chairperson, I feel very badly for the staff that is sitting here right now, and I wonder if the Leader of the Opposition would like to turn around to them, sitting behind him at the table, and repeat those same remarks directly. These are very hard working people, people that worked for the previous government as well as for this government, and I wonder if he was that rude to them when he was the Premier. I certainly hope not. These people work very hard for us. I have not indicated any speed-up; I have not indicated any slowdown to them. While they are sitting here, they obviously can't be out there looking for the information he wishes, and all I can think is that the

Leader of the Opposition is looking for some single piece of information. He certainly doesn't wish to share that with us, because I have invited him to question us about particular appointments and he doesn't seem to care to do that.

I've also indicated that there have been over 1,000 competitions since November, 1981. Mr. Chairperson, I certainly wish that you would ask the Leader of the Opposition to refrain from commenting on my citizenship. I don't think that's in order here, or my immigration.

**HON. S. LYON:** What I object to is the rather schoolmarmish attitude that the Minister displays from time to time, which is entirely uncalled for in this Legislature. Perhaps she will accommodate herself to the Legislature rather than our accommodating ourselves to her idiosyncrasies.

**HON. M.B. DOLIN:** I would also suggest that the Leader of the Opposition is certainly not being particularly friendly to the 12,000 teachers of this province by his most recent remarks.

The Order for Return's answer will be filed when it has been completed.

**HON. S. LYON:** All right, Mr. Chairman, we'll be here quite awhile, because we're going to get the information if we have to extract it tooth-by-tooth or whether or not you're prepared to give us the full set. Mr. Chairman, if the Minister thinks that she's under any misapprehension as to what I mean about that, I just remind her to look at the Estimates of the First Minister last year and we can be here quite awhile; but the information we will get, whether or not she's prepared to accommodate us at the present time or not; but I can assure you we'll get the information, and we'll start No. 1, and this could be a long process but we've got lots of time and the Minister will learn her responsibilities and her duties before we're finished.

May I say, Mr. Chairman, that I need make no apology to the members of the formal staff. She can try to sidetrack her ministerial responsibilities. I know the system somewhat better than she. They know that none of my remarks are directed at them, but rather at an incompetent Minister who had better learn what this Legislature's all about; and if we're going to be engaged in a teaching exercise, fine, and maybe her staff will teach her some of the responsibilities of a Minister of the Crown, which she is sadly lacking in, and which she is going to learn before she's through with these Estimates.

Now, Mr. Chairman, Competition 305/82 - Mr. John Morrisseau was appointed to a \$50,000 a year job by an NDP composed board, except for Mr. Hart, consisting of Mr. Decter, Ms. Jolson, who I take it is the . . .

**HON. A. MACKLING:** Are you suggesting Mr. Hart is not a member of the New Democratic Party?

**HON. S. LYON:** . . . Ron McBryde, the Deputy Minister of Northern Affairs.

**HON. A. MACKLING:** How would you know that.

**HON. S. LYON:** Mr. Chairman, the Minister of Resources can make light of the abandonment of the merit principle if he wishes but, otherwise, he should take his mumblings out into the hall while we get on with the real business of Manitoba.

**MR. CHAIRMAN:** Order please. The Leader of the Opposition.

**HON. S. LYON:** The members of that commission were Ron McBryde, the Deputy Minister of Northern Affairs, Linda Jolson - we all know Mr. McBryde the former Member for The Pas, who was appointed as an NDP Member for The Pas who was a Minister, appointed Deputy Minister of Northern Affairs by this government. Hardly regarded as being anything but a partisan appointment, he will be out of a job in two years, he knows it, we know it and yet he is appointed to the selection committee.

The next one is Linda Jolson, ADM of Northern Affairs. Perhaps the Minister can tell me where did Ms. Jolson come from? What is her party affiliation, other than that that we know of from the examination of the Premier's Estimates last year?

**HON. M.B. DOLIN:** I believe that Ms. Jolson's hiring was the subject of debate during last year's Estimates, not this year's.

**HON. S. LYON:** Well the Minister isn't trying to deny that she's an active worker for the NDP?

**HON. M.B. DOLIN:** The answer that Mr. Poyer gave to the Leader of the Opposition is the appropriate answer.

**HON. S. LYON:** No, Ms. Jolson, never mind Mr. Poyer. You answer your questions.

**HON. M.B. DOLIN:** I don't have a copy of the Human Rights Act in front of me, so I can't refer the Leader of the Opposition to the appropriate . . .

**HON. S. LYON:** It has nothing to do with The Human Rights Act.

**HON. M.B. DOLIN:** . . . section but I would point out to him that there is a section of the Human Rights Act that renders his question invalid.

**HON. S. LYON:** Well, Mr. Chairman, we don't need any barrack-room lawyers in the person of the Ministers, or whomever, to tell us what the law is in Manitoba, at least this person doesn't. I just say to you, Mr. Chairman, if the Minister is trying to deny that Ms. Linda Jolson was a former active member of the NDP, then let her so deny it, otherwise, it's on the record, everybody knows what she is, why is she trying to deny it? Tell the truth. Well, the Minister not denying, we'll take Ms. Linda Jolson as being in the same category as Mr. McBryde, a well-known member of the New Democratic Party.

Michael Decter, do we have to have any comment from the Minister as to what his politics are? Will she not abide by the determination that was made last year

in the Premier's Estimates that Mr. Decter is a well-known supporter of the New Democratic Party in Manitoba, although, temporarily, the Clerk of the Executive Council. Three of them, three of them on that Board, up until the time of this alleged competition which was held, on what date? All of these people, prior to November 1981, had been known active public supporters of the NDP; is that not the fact?

**MR. CHAIRMAN:** The Member for Thompson.

**MR. S. ASHTON:** Mr. Chairman, this sort of cross-examining Crown Prosecutor . . .

**HON. S. LYON:** Well, that's what Estimates are all about, buster.

**MR. S. ASHTON:** . . . style; the use of terms such like 'buster' which certainly haven't been used in my lifetime and probably haven't even been used in the lifetime of most members in this committee, are typical of the dramatics the member opposite goes towards in this House, and certainly he is attempting to paint a picture here. I realize what he is trying to do and, that is, of a Civil Service where politics is the only criteria for selection to office. He keeps talking about well-known New Democrats, well-known New Democrats. I was wondering if the Minister's Department would know about a well-known Conservative, former Conservative M.P., formerly in the Department of Northern Affairs, was recently appointed to a new position under the New Democratic Party Government, and indicate perhaps to that member how his appointment was done. I certainly haven't seen his name on the membership list of the New Democratic Party in Thompson recently. He certainly hasn't signed up with the NDP, and yet he has, not only kept his job, he's been appointed to a new position within the government based on ability.

I would hope the member opposite would acknowledge that that is the case and that individual, Mr. C. Smith, former M.P. has been appointed to a new position under the NDP Government because of ability, and try and reconcile that with the argument that he is trying to put forward that somehow all these positions are being filled for political reasons. How does that wash, Mr. Chairman? I don't think it does, I think it's just typical of the dramatics the Leader of the Opposition is using now, and he used the same thing in '77 to try and paint the same sort of picture. It just doesn't wash with reality, Mr. Chairman.

**HON. S. LYON:** Mr. Chairman, we have, without any denial from the Minister, a so-called selection committee consisting of three senior well-known members of the New Democratic Party who came into high government office in November of 1981. Three out of four of them were on the Selection Committee that chose Mr. Morrisseau. Now, Mr. Chairman, what I'd like to know from the Minister, if she's able to tell me, is did she have any complaints from any of the other competitors for this position about the so-called competition that was held?

**HON. M.B. DOLIN:** The answer, of course, is no, there were no objections because the hiring was done on

merit, and I would like to read a letter, "The Civil Service Commission of its own motion has now completed an investigation . . ."

**HON. S. LYON:** I've read that letter, Mr. Chairman. I've already read it into the record.

**HON. M. B. DOLIN:** This is the one where it indicates that an investigation . . .

**HON. S. LYON:** I read it into the record. Yes.

**HON. M.B. DOLIN:** . . . was completed. It is a letter from Mr. Poyer to Sterling Lyon. . . .

**HON. S. LYON:** Yes, to me. I read it into the record. I believe in being fair.

**HON. M.B. DOLIN:** It indicates that Mr. Tallin . . .

**HON. S. LYON:** Yes, I read that into the record.

**HON. M.B. DOLIN:** . . . was asked for his opinion. There were a few important points that the Leader of the Opposition did not read into the record. He skipped over the important memos and . . .

**HON. S. LYON:** Mr. Chairman, on a point of order. I read that letter in total into the record. Now, is the Minister so thick that she can't understand that when I say I've read a letter into the record, I've read it into the record; period, paragraph, all of it. I don't read parts of letters into the record. You may be in that habit, Madam Minister, but I'm not.

Judging from behaviour of the rest of your colleagues, you can't believe anything . . .

**HON. M.B. DOLIN:** Mr. Chairperson, I certainly don't intend to get into a shouting match with the Leader of the Opposition because I have nothing . . .

**HON. S. LYON:** You want to read it again, read it. It's already on the record.

**HON. M.B. DOLIN:** . . . that I feel that I need to defend, but I have several letters in my file which he did not, in fact, read into the record . . .

**HON. S. LYON:** I read all the ones I have.

**A MEMBER:** Table it, we've been asking for information to be tabled . . .

**HON. M.B. DOLIN:** . . . and these letters, interestingly enough, support totally the selection of Mr. Morrisseau. They indicate that a complete investigation was done. I wonder if he is suggesting that Mr. Ray Tallin perhaps was not complete in his investigation of the matter, or that the Civil Service Commission Board was not complete in its investigation of the matter.

These investigations, which took time and effort and therefore money, were done at the request of the Leader of the Opposition, and were actually quite unnecessary because everything was shown to be in order.

**HON. S. LYON:** Mr. Chairman, is the Minister in a position to answer this question? Is she aware of the fact that Mr. Morrisseau was a former executive assistant to Mr. McBryde when he was Minister of Northern Affairs back in the Schreyer years?

**HON. M.B. DOLIN:** Of course, I am aware of that. That is the part of Mr. Morrisseau's curriculum vitae.

**HON. S. LYON:** Is the Minister aware that Mr. Morrisseau, Mr. Chairman, is a well-known partisan supporter of the NDP, has been during the 70s, continued to be when he was President of the Manitoba Metis Federation during the time our government was in office, and then subsequent to the change of government, the allegation is made that in Thompson, said in the early part of 1982 that he would be appointed to the position of ADM of Northern Affairs long before the competition was held? Does the Minister know all of that too?

**A MEMBER:** Rumours, rumours.

**HON. S. LYON:** Oh, I see, rumours and hearsay.

**HON. M.B. DOLIN:** As the Leader of the Opposition is quite aware, political affiliation was not a criteria for the job.

**HON. S. LYON:** Well, Mr. Chairman, how would we know that when three hard core NDP are making the choice with only Mr. Hart as the token member of the Civil Service Commission on that Board? How would we know that, Mr. Chairman, when a former card carrying NDP member like Mr. Morrisseau, who has been up to his eyebrows in it for the last 10 years, now feeding at the public trough at \$50,700 a year into a high position?

Now, Mr. Chairman, we need no interruptions of a rude kind from further ones, from the Member for Radisson. If he wants to go out into the hall and speak in either language, he's welcome to do so, Mr. Chairman. Now, the rest of us would like to get down to business.

**MR. CHAIRMAN:** That's what we want to do.  
The Honourable Minister.

**HON. M.B. DOLIN:** I would refer the Leader of the Opposition to Section 61 of The Human Rights Act and I would ask him to read it carefully, particularly Section (c).

**HON. S. LYON:** Mr. Chairman, in turn, I would refer the Minister to the sections of The Civil Service Act for which she is responsible - fortunately, she's not responsible for The Human Rights Act - read her own legislation for which she is responsible.

If she wants to talk to me, Mr. Chairman, about the Legislative Counsel, let me reread what I underlined, or at least what I thought I had underlined when I was reading it from Page 2 of Mr. Poyer's letter to me of November 18, 1982, quote: "As part of the investigation, the competition in question was reviewed by the Legislative Counsel, who has confirmed that the procedures followed were in accordance with the provisions of The Civil Service Act and regulations."

Mr. Chairman, nobody is suggesting that the procedures weren't followed. What we are suggesting to the committee, Mr. Chairman, and this is why we need to have all of these other competitions, is that while the procedures are being followed, the substance and the spirit of the law is being abused. If you load up a selection committee with three high-ranking NDPers, all feeding well at the public trough temporarily in high paying public service jobs, then you can be guaranteed that in a *prima facie* way, at least, you're going to have appointments that tend to reflect the bias, the prejudice of those people who are on the selection committee. This is nothing new.

I know from going back in the Civil Service that there was great consternation by the Civil Service back in the Schreyer years when this provision was first introduced, because then members of the Civil Service Commission, then members full-time staff - some of whom are here with us tonight - were concerned that this kind of delegation of authority could result in precisely what I am suggesting has resulted with respect to the appointment of Mr. Morrisseau. The Minister, Mr. Chairman, can say to us well, you know, you're casting aspersions upon Mr. Morrisseau.

Until such time as the Minister is prepared to show to my colleague and to me - and show us in private if she will - the names of the other people who were competing for that position, how in heaven's name can anyone fail to draw anything but the obvious conclusion that *prima facie*, there was a case of favouritism here toward a person who in most respects, aside from his membership in the NDP, is not qualified to be an Assistant Deputy Minister of Northern Affairs - period.

**MR. CHAIRMAN:** The Member for Springfield.

**MR. A. ANSTETT:** Mr. Chairman, I have some concern about the line of argument that's being advanced by the Leader of the Opposition. I'd like to examine it.

Mr. Chairman, it's suggested by the Leader of the Opposition that if an individual who is involved in a competition, either as an applicant for a position or on a board, has a political affiliation; that somehow that then compromises the whole competition process and the legitimacy of that process. Irrespective of what's in The Human Rights Act with regard to political affiliation not being taken into consideration one way or the other, I have a concern that the Leader of the Opposition's line of questioning didn't go far enough.

I think, Mr. Chairman, although the Minister did not answer the Leader of the Opposition's questions, it was assumed that because his questions were not answered, that that silence meant that in each case the individuals who were on the board . . .

**HON. S. LYON:** That was proven last year.

**MR. A. ANSTETT:** . . . were known New Democrats, were New Democratic Party members, but the Leader of the Opposition, I heard this whole argument last year . . .

**MR. CHAIRMAN:** The Chair reminds the member that if they have the floor, they are being heard and should not interrupt the one who has the floor.

The Member for Springfield.

**MR. A. ANSTETT:** Mr. Chairman, I don't mind the interjections of the Member for Charleswood.

**HON. S. LYON:** You'll get used to a hell of a lot more.

**MR. A. ANSTETT:** Mr. Chairman, the logical difficulty into which the Leader of the Opposition falls is that he forgets that everyone about whom he does not ask those questions is then assumed to philosophically be in some other camp. He makes the assumption that there can be no neutrality in the Civil Service. If he assumes that if a person about whom the Minister denies information with regard to their political affiliation is then a New Democrat, then those about whom he does not request that information are by implication in some other camp. Mr. Chairman, there's a logical fallacy in that.

If I were to ask the Minister if Mr. Hart who is the one person that the Leader of the Opposition expressed no concern about is a member of the New Democratic Party, I would expect the Minister to tell me it's none of my business, because his political affiliation is irrelevant. Would I then draw the logical conclusion that the Leader of the Opposition has drawn, that because the Minister has refused the information, Mr. Hart's a New Democrat. Well, Mr. Chairman, we can start at Bulletin No. 1, 1982, and I will prove, using the logic of the Leader of the Opposition, that every single civil servant regardless of their status or position, who sat on any competition during that year, because the Minister in each case properly is going to deny me that information. I'd like to start on that. I'd like to know who the people were who sat on competition 001/1982? I'd like to know the names of the people who — (Interjection) — well, the Leader of the Opposition said we're going to sit here for a long time. He threatened this committee so I'm going to do his job for him.

I am going to conclusively prove that every single board established by the Civil Service Commission to hire every single civil servant who was hired during the tenure of this government starting - well, we'll start with January 1, 1982, must have been a New Democrat and they were headed by the chief New Democrat of them all in the Civil Service Commission, Paul Hart, because the Minister refuses to deny it, therefore it's true. So, Mr. Chairman, for the Minister I'd like to know who were the individuals who sat on the board for competition 001/82 and I'd like to know with respect to each one of them, are they card-carrying New Democrats?

**HON. S. LYON:** Mr. Chairman, I don't even want to know that, I just want to know who they were, I'll draw the conclusion . . .

**MR. A. ANSTETT:** That's my point, Mr. Chairman, my question was for the Minister . . .

**HON. S. LYON:** If the Minister would merely give me information as she been asked since September of last year to give, formally in December of 1982, then the Member for Springfield and I would both be happy we would have that information.

**HON. M.B. DOLIN:** In response to the Member for Springfield, of course, I cannot reveal that information, it is not information that I have since that's not ever a part of the competition for any position for a civil servant.

**MR. CHAIRMAN:** The Honourable Member for Springfield.

**MR. A. ANSTETT:** Would the Minister advise whether she has that information for position 002/1982?

**HON. M.B. DOLIN:** No, Mr. Chairperson, in response to the Member for Springfield, that is not a part of the competition criteria so it is not available.

**MR. A. ANSTETT:** Mr. Chairman, would the Minister advise if she has that information for any position filled during the calendar year, 1982? Names of the people and their political affiliation, that's my question.

**HON. M.B. DOLIN:** Political affiliation is not only not a part of the criteria but it is disallowed by Section 6.(1)(c) of The Human Rights Act.

**MR. A. ANSTETT:** Mr. Chairman, am I . . .

**HON. S. LYON:** On a point of order, Mr. Chairman, did we ask the Minister for information about the political affiliation of the selection boards? No. Tell her to get off her hands and get the bloody Order in and we'd all be set.

**A MEMBER:** You did so.

**HON. S. LYON:** No, we didn't. We can draw that and we know all the hacks you've brought in from all over the country. — (Interjection) — You want me to talk about Mr. Scotton for an hour?

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** Order please. Order please.  
The Honourable Minister.

**HON. M.B. DOLIN:** I believe if the members would peruse Hansard from tonight they would find that the Member for Charleswood did, in fact, ask for the political affiliation of the members of the selection board for the competition to which he is referring.

**HON. S. LYON:** Well, Mr. Chairman, we can go to the Journals of the House and find out, I don't have the particular Order in front of me tonight, I don't recall that that Order asked for political affiliation of the members of the selection committee at all and if I'm wrong in that respect we'll go and we'll get the Journals and find out and if I'm wrong I'll heartily apologize to the Minister. I seem to have a retentive memory for things of that sort.

What I'm asking for is precisely what the Member for Springfield was asking for. I want to know how many competitions have been held since this government, so-called, came to office in November of 1981, I want to know who the members of the selection board were,

so that we can then begin to make a judgment based upon those names as to whether or not there is *prima facie*, any tolerance or any acceptance still of the merit principle within Senior Civil Service appointments within this government.

**MR. A. ANSTETT:** Mr. Chairman, with respect, I have to disagree with the Leader of the Opposition as to what he claims he did or did not ask. — (Interjection)

**HON. S. LYON:** Well, get the Order.

**MR. A. ANSTETT:** I made to reference to the Order for Return. The Leader of the Opposition interrupted and took the floor on a point of order. I've been recognized, I'd like him to respect my reply to his point. He suggested he did not ask for that, no he did not in the Order, but, Mr. Chairman, he did ask that question with respect to Ron McBryde, rhetorically; with respect to Linda Jolson, he directed a specific question at the Minister with regard — (Interjection) — now, the Leader of the Opposition from his seat suggests that he knew the answer because the Premier already answered last year. Fine. But the Leader of the Opposition pursued to ask the same question about the other people who were on that board and then said, because he knew Paul Hart was not a New Democrat but was a career civil servant, therefore he didn't need to ask that question about him. Is that the kind of enquiry the Leader of the Opposition wants to conduct once his Order for Return is filled? He is going to decide when he looks at the membership on each selection board, who are New Democrats and who are not; and on the basis of that, determine whether or not the merit principle is being observed in the hiring practices of this government? Well, Mr. Chairman, the only way he can determine that is to pose the question, as I have done, with respect to each and every member of each and every board that sat on a competition.

I submit, Mr. Chairman, that's not only improper, in terms of asking those kinds of questions about political affiliation, particularly when The Civil Service Act grants the right to civil servants to be members of political parties and engage in political activities ever since Bill No. 7 was passed in 1974. But, more importantly, Mr. Chairman, I submit it's illogical, that that kind of information will never produce the result the Leader of the Opposition wants, because he cannot assume that when the Minister refuses to provide him with that information that the people involved are New Democrats, no matter how selective he is, no matter how concrete or facetious the basis of his suggestions of affiliation might be.

So, Mr. Chairman, I suggest to you that the only way to obtain that information is to ask questions about civil servants which are totally improper and intrude on their privacy of their political interests, whatever they be, or whether they be totally nonexistent; and certainly I would concede that there are many civil servants in this province who, if they don't have any political affiliation, might even not have any particular political interest and no desire to be involved in any way politically.

But I would also submit to one thing that the Leader of the Opposition appears to refuse to recognize, and

that is that there will be dedicated career civil servants who will be career civil servants all of their lives, who will have very partisan political views and may well even belong to political parties, and they have that right. For the Leader of the Opposition to suggest that he can impugn all of those professional career civil servants who have sat on these selection boards, by then proceeding to ask these questions, is irresponsible and he knows it, and I suggest to him he should rethink the course of action he's taking in this committee.

**HON. S. LYON:** Well, Mr. Chairman, now that we've heard this kindergarten comment from the former Assistant Clerk of the Legislative Assembly, perhaps we can get down to the Order for Return, a copy of which has now been handed to me, that I filed on December 15, and it is in the following words: "And an Order of the House do issue for the return of the following information: (1) A list of all Civil Service appointments from November 30, 1981 to the date of this Order, for which competitions were held and selection committees appointed, showing the following: the position, the competition number, the names and positions of the people on the selection committee, and the name, or names, of the persons recommended, and the name of the person appointed."

Now I don't see anything in there contrary to what the Minister has just been talking about, about the political affiliations of any of the people at all. We're quite able to make our own judgments about those, Mr. Chairman, and the Member for Springfield, as usual, is out on Cloud 9, I'm surprised he's back from the Free Press demonstration tonight, he's so bound up with the people of Nicaragua and I'm really surprised that he can take time to find any attention for the business of the people of Manitoba in being here tonight.

Mr. Chairman, would the Minister care to acknowledge that that was the Order, that's what we're waiting for, and that if that Order were here tonight we probably wouldn't have wasted half an hour already arguing about her irresponsibility in not producing the Order.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. M.B. DOLIN:** On the 10th of January I wrote a memo to Paul Hart, the Commissioner of the Civil Service Commission, indicating that an Order for Return had been filed and accepted for the following: "A list of all Civil Service appointments from November 30th, 1981 to December 15th, 1982 for which competitions have been held and the selection committees appointed. The information should include the position, the competition number, the names and positions of the selection committee, the name or names of the recommended persons, and the names of the persons appointed. As your office has prepared an Order for Return of this same information from November 30th, 1981 to March 31st, 1982, that portion of this Order for Return will be excluded. Should any information that is requested be confidential, please advise this office and preclude such information from the finished package."

But I might add that what the Member for Charleswood asked earlier, regarding a particular

selection committee and its membership and the political affiliation of that membership, particularly with regard to Ms. Linda Jolson, was very direct, and that is the information, not information included in an Order for Return, not information that is contained in any Order-in-Council, but a direct question to me regarding the political affiliation of Linda Jolson. That is the information which is improper for him to ask and is certainly not going to be given by me.

**HON. S. LYON:** The Minister will be happy to know that the Premier already gave the information last spring, so nobody around this table, unless she thinks she's being cute, nobody around this table is in any doubt as to the politics of Ms. Linda Jolson; we all know her politics. So the Minister can fall back on The Human Rights Act, or any other temporary paper crutches she wishes, but we all know, and she will continue to be asked about the political affiliations, if need be, of members of selection committees because it's her responsibility here, Mr. Chairman, as I have made mention before, to answer questions, not to adopt the school-marm attitude and try to lecture to members of the committee. We don't tolerate that in the Legislature.

**MR. CHAIRMAN:** The Member for Springfield.

**MR. A. ANSTETT:** Mr. Chairman, I suggested that it might be the case that the Leader of the Opposition was going to go on a witch hunt when I made my original remarks. I'm not sure I used those words but, now that he made his other remarks following mine, the Leader of the Opposition said that once he had received the information that he'd asked for in his Order for Return he would draw his own conclusions about political affiliation. It's exactly what I suggested, Mr. Chairman, earlier, that the Leader of the Opposition was intent on doing, taking lists of people who sat on boards with respect to appointments and starting to go through those lists labeling civil servants as New Democrats, or whatever.

I think we have a real problem here, Mr. Chairman, in terms of the attack that the Leader of the Opposition is launching on the very integrity of the Civil Service process, the Civil Service Commission, and the members of the staff in that commission, in that he is choosing to use this as a witch hunt to try to find any possible evidence that might be there - and I don't for one minute suggest that there is evidence there - but certainly I do accept the fact that the government will, in senior posts, appoint people that it considers to be like it in philosophy, and friendly to the government in their philosophy, and I don't fault the government for one minute for doing that.

I did not fault the previous government, which the Leader of the Opposition headed, for doing exactly that, and I don't think anyone on this side at the time faulted them for doing that. If there was some question of competence, that was another question, but certainly the question of choosing people, particularly in senior positions, who were in tune with the government's philosophy and could do the kinds of job with regard to policy development and analysis that the government wanted to do, has never been questioned by this side of the House.

But what the Leader of the Opposition is proposing to do by his Order for Return is to do that with respect to every single position, whether that's a nursing aide in a government nursing station, or a grader patrol operator on the highways of my constituency, and, Mr. Chairman, I submit that's improper, I submit it's irresponsible, and I submit that it will lead - and it's the direct intention, I submit of the Leader of the Opposition - to have it lead to the politicization of the Civil Service. He's tried that once before. I'm very much aware of that and I strongly recommend to the Minister that she resist all attempts to do that.

**HON. M.B. DOLIN:** I would like to point out to the members doing the questioning, particularly the Member for Charleswood, that the competition to which he has been referring for the last, over an hour, was not a departmental competition, as he would have us think, but it was a Civil Service competition. There is a particular way in which the Civil Service determines selection boards, determines how a competition will be held. That process is followed; it is not necessary to always follow it for senior managers, but we feel it's the fairest way, and that is why we go to that kind of competition and that kind of selection for our senior people, as well as for all of the other Civil Service competitions.

I would like to table now the February 1983 issue of Inside Outlook which very clearly defines, and even has a picture, indicating how this competition process takes place.

**MR. CHAIRMAN:** The Member for Thompson.

**MR. S. ASHTON:** Yes, Mr. Chairman, I would wholeheartedly support the statements of the Member for Springfield. I, too, have found this last hour to be nothing more than a cheap witch hunt. I'm really saddened for our public system when we have people as paranoid as the Leader of the Opposition being able to use a forum such as this to carry on his paranoia to the ultimate extreme. I've seen this in Thompson; I've witnessed it firsthand; I've seen what his government did to the Civil Service in Thompson.

I'll always remember the case of one civil servant whose position was terminated; that individual, a Native person, whose position was terminated. And why? Well, the grapevine had it that person was a New Democrat. In actual fact, Mr. Chairman, that person was a card-carrying member of the P.C.'s; he was a Conservative, but no one had bothered to check. They just went in with a witch hunt attitude, "We know that person's a New Democrat."

I'll tell you another thing, Mr. Chairman, that person is no longer a Conservative; that person is, in fact, now a New Democrat. He is not a civil servant, Mr. Chairman. Once again, we get the same sort of attitude from the Leader of the Opposition. But he suffered because of that same kind of paranoia, that same witch hunt that that Leader of the Opposition, when Premier, carried into the North; that if you were a certain kind of person, or if you worked in a certain department, you had to be a New Democrat, you had to be a political appointment and, therefore, you had to get your walking papers, you had to get your pink slip, and they did that to literally hundreds of people.

I, for one, Mr. Chairman, am sickened by that. I really hope that the people of Manitoba can see for themselves how sickening that approach is, because I think this one-hour debate, if you can call it that, has shown that member opposite to be the shallow paranoiac individual that he is in terms of politics.

**MR. CHAIRMAN:** The Leader of the Opposition.

**HON. S. LYON:** Mr. Chairman, when we consider the kinds of ad-homonym comments made by the Member for Thompson, we respect the source from which they come and then we proceed to ignore them.

**MR. S. ASHTON:** You ignored the people for four years, that's what happened to you.

**HON. S. LYON:** What I'm suggesting, Mr. Chairman, until he gets back to a paid position with the UMSU, perhaps he'd let some of the rest of us get on with the business of Manitoba.

**MR. S. ASHTON:** This is the business of the province, your personal witch hunts?

**MR. CHAIRMAN:** Order please. The Leader of the Opposition has the floor.

**HON. S. LYON:** We want to find out, Mr. Chairman, who the members of these competition committees were. No one has made any allegation that all of them were rigged, although the examples we've seen so far would indicate that there was a fair amount of rigging.

And let me say this, Mr. Chairman, to put the record completely straight on this, because having worked in the Civil Service in the '50s, having been in government since '58 when the merit principle was followed carefully, up until '69 when it was destroyed by the first NDP Government, is now being redestroyed by it again.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**HON. S. LYON:** I can say this, Mr. Chairman, and this I know will come as a revelation to some of the members around the table, but the appointment of Deputy Ministers is essentially the prerogative of the Premier and the Cabinet. You don't have to go through the charade, which I'm suggesting has been taking place in some of these appointments, of having a bulletin and a Civil Service appointment particularly where, as the rumour goes, the appointee, in the case of Mr. Morriseau, was announcing two or three months before the competition that he had already gotten the job. That was a charade.

So, Mr. Chairman, what I'm suggesting . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** Order please.

**HON. S. LYON:** What I'm suggesting, Mr. Chairman, is this, that if the government wants to make political appointees to Deputy Ministers' positions, ADMs, they're entitled to do so by Order-in-Council. They do not have to prostitute the Civil Service Commission to

suit their own ends, that's what I'm suggesting, and the members of the Civil Service staff who are here and Mr. Hart who is here understands what I mean. I don't think we ever asked Mr. Hart to prostitute himself with respect to a Deputy Minister's appointment. We took the responsibility for a Deputy Minister's appointment — (Interjection) — If the Member for the Politburo would like to say something, Mr. Chairman.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** Order please. What is the point of order?

**MR. S. ASHTON:** On a point of order, Mr. Chairman, it is my understanding that members are to refer to other members in this House as "the member for" and followed by the constituency, not despicable crap such as that. I would ask that Leader of the Opposition withdraw that remark in regard to the Member for Fort Rouge.

**HON. S. LYON:** Mr. Chairman, if you fly with the crows you're liable to be shot for one and the Member for Fort Rouge knows that, and if he didn't know it before his election he sure knows it now.

**MR. CHAIRMAN:** Shall we go to the business of the committee?

**HON. S. LYON:** Mr. Chairman, what I'm suggesting is this, that if the Minister would pay some attention to the fact, as I leave it to be under The Civil Service Act, that Deputy Ministers can be appointed directly - unless I'm mistaken, Mr. Hart - by the Cabinet and the Premier without the benefit of Civil Service Commission. — (Interjection) — Well, I don't know that you know that, Mr. Minister.

Mr. Chairman, if the commissioner will just acknowledge by a nod of his head, then I think that my recollection is right . . .

**MR. CHAIRMAN:** The Attorney-General.

**HON. S. LYON:** . . . she might avoid - I'm not finished, Mr. Chairman - the problem of having to answer these things . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** Order please.

The Attorney-General.

**HON. R. PENNER:** The Member for Charleswood has been through for a long time and I guess that's what bugs him more than anything else. I don't give a damn, let the record use that word for his inane comments about myself. I can take at any time of the day and have taken it from much wiser persons than him. But when you have senior, experienced, respectable members of the Civil Service who cannot speak for themselves being referred to in the way in which the Member for Charleswood has referred to them - if not directly at least impliedly - in terms of prostitution, then I want the record to show that and I want the record

to show there are at least some people around this table who are prepared to stand up in their defence since they can't themselves.

**HON. S. LYON:** Mr. Chairman, I'd be the first to stand in defence of the Civil Service Commission and . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** May I remind all the members of the committee, please, wait to be recognized before you speak.

The Leader of the Opposition.

**HON. S. LYON:** Mr. Chairman, there is no problem because I know that the members of the staff are honourable people, but what I know for a fact also is that Mr. Ron McBryde, Ms. Linda Jolson and who was the other person? - Michael Decter, until November of '81 were card-carrying members of the NDP and were on that board in order to ensure that the NDP got their way and that's why Mr. Morrisseau was appointed. That's prima facie the case.

Now, I'll move on because so far as we're concerned we know that to be the case. Mr. Chairman, let's talk about then Mr. Scotton, who was recently appointed to the Minister's Department, would she tell us the number of that competition number under TAP and who were the members of the board of selection that chose Mr. Scotton?

**HON. M.B. DOLIN:** I will first address myself to the comments that the Member for Charleswood made in the first part of his remarks because he's referring to two different competitions. The selection committee in the case of the hiring of John Morrisseau was completely in line with Civil Service selection committee criteria and procedures. There was a representative from the Civil Service Commission who is Paul Hart. The Deputy Minister responsible was present, who was Mr. McBryde. The Assistant Deputy Minister with whom Mr. Morrisseau would work was present, that was Linda Jolson. A representative from the Executive Council was there, that was Michael Decter. In each case where a senior officer or senior manager has been hired since this policy was adopted soon after we became government, the criterion for selecting the selection committee has been the same.

Certainly, what the Member for Charleswood has said about direct appointments by Cabinet is true and that question should certainly not have been directed to staff. He knows the rules, as he so very often tells us better than we do, and he knows that a question should not be directed to staff in Estimates. He also, I'm sure, is quite aware that by opening up competitions, by being very fair, we are not only perceived to be fair but we are being fair and we are opening up competitions to all people. We are not making direct appointments. If the people on the selection committee, in his mind, seem to be New Democrats that does not mean that they therefore do not have any qualifications for the job.

I am simply amazed that the Member for Charleswood assumes that the people of Manitoba, who chose this government, who therefore voted for New Democrats,

are somehow unqualified to hold positions. I find that absolutely amazing and I'm sure the people of Manitoba find it amazing as well. They certainly indicated what they thought in November of 1981 and those people . . .

**HON. S. LYON:** Don't make a charade out of the commission.

**HON. M.B. DOLIN:** There's a silent "e" on the end of that word, it's charade.

Those people who voted for New Democrats in government, many of whom are card-carrying New Democrats also hold positions in the work force, the full gamut of the work force from senior manager to worker in the workplace - all kinds of positions, all kinds of professions. To assume that because one is a New Democrat or supports New Democratic policies one is therefore disqualified and somehow could never have the qualifications to hold a job is an absolutely amazing bit of rhetoric that I'm sure the people of Manitoba do not accept.

As far as the second question that the Member for Charleswood posed, that information was clearly given in previous Estimate debate just last week.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, Section 13(2) of The Civil Service Act reads as follows: "Selection for appointment, promotion or transfer to a position shall be based on merit with a view to developing a Civil Service comprising well-qualified personnel with ability, skills, training and competence required to advance from the level of initial appointment through a reasonable career consistent with the type of work and the classes of positions pertinent thereto."

What our concern is, Mr. Chairman, is the statement in the Civil Service Commission report which indicates clearly that 'there shall be established screening committees consisting of the Civil Service Commissioner' - and we have no objection whatsoever - 'the Clerk of the Executive Council, and the Deputy Minister of the department concerned, to screen, interview and select applicants for priority senior competitions, including regular Civil Service appointments.' I don't think anyone on this side has taken a position that the government has the authority and the right to appoint their own friendly, if you like the word, Deputy Ministers, and they have to take the responsibility for that action.

We are concerned, Mr. Chairman, with the fact that the Clerk of the Executive Council, who has an obvious partisan political position, and a number of the Deputy Ministers, like Mr. McBryde, have a very partisan political position, are two members of a committee that is going to select applicants for priority senior competitions and regular Civil Service appointments. Now, Mr. Chairman, it might be, by coincidence or in some case that a person is selected solely on his merit, but there is certainly the suspicion, and there are a number of appointments that have been made that justify this suspicion, that because the government has chosen to put such political partisans on this screening committee and selection committee that we are

extremely concerned that the merit system, which should be appropriate to regular Civil Service appointments and senior competitions within the Civil Service, the merit principle is going down the drain. Certainly the ordinary person applying for a competition, subject to the selection of this type of a committee, is going to be very very concerned that his politics, or lack of politics, is a major consideration in being successful in one of these competitions where you have that kind of a selection committee; that is our concern, Mr. Chairman.

This concern is raised because of our concern for the Civil Service, the regular Civil Service, where merit should be the prime factor in any application in obtaining any position. The Minister should seriously, and immediately, review the committee that has been established by government policy, apparently, because that's what the report says, that is being used to select applicants for the senior competitions and regular Civil Service appointments, because it's not a procedure that would appear to be based on merit and would appear to be a fair type of competition to any applicant who is applying solely on the basis of merit, and not on the basis of his/her political partisan activity.

**HON. M.B. DOLIN:** I'm not sure exactly what the question was in that long, rambling dissertation, but I believe that what is being suggested is that Mr. Morrisseau is somehow incompetent, or should question his competence because of who was on the selection committee and I find that, again, an amazing bit of logic, if we can call it logic.

The selection committee is exactly the same in each case in which there is a hiring done at the senior manager level. If it happens that the Deputy Minister is a Deputy Minister that was appointed during the previous government, and it happens that the member of the Civil Service Commission is the same, and it happens that the Assistant Deputy Minister is someone who is appointed under the previous government, and the person who is hired is perceived to be a Progressive Conservative, for heaven's sake, then I wonder if we would be sitting here for hours questioning that appointment?

**MR. G. MERCIER:** Well, Mr. Chairman, the Minister doesn't appear to understand the problem. There is a perception that the process is an unfair one . . .

**HON. M.B. DOLIN:** Only in your minds.

**MR. G. MERCIER:** . . . because of the previous political partisan activity of the majority of the members of the selection committee. I was careful not to include all Deputy Ministers in that category because there are Deputy Ministers still serving the province who were there when Mr. Schreyer was the Premier; who carried on through our government; who still carry on now. There have been some who have been very, very clearly previous and active supporters of the present government. Now, when a majority of members of the selection committee are composed of people who have been ardent NDP political supporters - and they're entitled to do that, I don't object to their right to do that - the fact is they have been, they form a majority

on selection committees for priority senior competitions, regular Civil Service appointments, there is bound to be a perception or a suspicion that merit is not the sole criteria for the successful applicant to fill the particular position involved; that previous political activity has some bearing on whether or not an individual succeeds.

The problem, Mr. Chairman, is caused by the government's policy of appointing these committees consisting in all cases of the Clerk of the Executive Council, an obvious partisan person, and the Deputy Minister of the department concerned, some of whom are obvious political partisans. What I'm asking the Minister to do, with respect to regular Civil Service competitions, departmental senior competitions, where the people involved, in the main, are career civil servants, that in order to ensure that merit is the guiding principle, and not previous political activity, that there should be a change in the composition of these committees. I ask the Minister does she appreciate the perception that in these cases justice must, not only be done, it must be seen to be done and, when you have these partisan people forming a majority on the selection committees, it certainly is not seen to be done.

I ask the Minister if she would accept that proposition and undertake to immediately review the policy that the government has adopted in order to ensure that there's a change in the composition of the screening committees.

**HON. M.B. DOLIN:** The issue to which the member is referring was reviewed by the Civil Service Commission Board, a board that I might add was composed, at the time, of members, the majority of whom were appointed by the previous government. That issue was reviewed completely and the perception was found to be false. I think that answers the question. I can't imagine that you would have a selection board where the Deputy Minister responsible for that senior manager would not be present. I am curious to know who the member thinks should be on such a selection board, or is he suggesting that political affiliation become a part of The Civil Service Act and we ask people what their political affiliation is, and then make sure that all of those of a differing political party make up the selection board.

**MR. CHAIRMAN:** The Member for Tuxedo.

**MR. G. FILMON:** Mr. Chairman, I wonder if the Minister could then indicate if, in order to remove the possibility of a perception that there was any political influence in the hiring of senior people for any department within the Civil Service, that she would see that selection boards were made up of only members of the Civil Service plus a Deputy Minister from the relevant hiring department, or his/her designate.

**HON. M.B. DOLIN:** The Civil Service Commission is present on these selection boards to assist the members of the department, the appropriate managers or supervisors of the person to be hired. I can't imagine, again, — (Interjection) — It's very difficult to hear or be heard in this room while other kinds of peripheral conversations are going on. I know that the Member for Tuxedo is having trouble hearing me.

**A MEMBER:** You have so many friends.

**HON. M.B. DOLIN:** I know that. Again, I find it amazing that the members doing the questioning are referring to one particular hiring. They are basing all of these hypotheses, and all of their concerns, and all of their perceptions, which are not shared by the people they appointed to the Civil Service Board, are not shared by Legislative Counsel, and they are saying that we should base some kind of change in policy, or some kind of change in hiring, on their misguided perceptions. I find that just amazing.

**MR. G. FILMON:** What else can we conclude when we know the makeup of that particular board, but the Minister isn't giving us the information on the makeup of other boards. If we had that information we could be talking about it in full knowledge of what the Minister is telling us, but the Minister is declining, or refusing, to give us that information, or even any portion of it that might allay any concerns that we have and we are faced with making a conclusion based on the limited information available to us.

Now she has put her finger right on the problem; she understands what difficulty we have making a judgment from this side when she will not provide us with the information relevant to the matter.

**MR. D. ORCHARD:** Biggest cover-up since Watergate.

**HON. M.B. DOLIN:** On Page 7 of the Annual Report there's an indication that, during 1982, 11 Assistant Deputy Ministers were hired. The question was asked the other night; I very patiently and completely gave all of the information to the Member for St. Norbert and you will find that information in Hansard of, probably, Thursday of last week.

All of that information was given. I have indicated that any hiring that you wish to question I will be happy to give you the specific information. There is certainly no withholding of information, and I would really suggest that if members have specific questions they get on with asking them.

**MR. CHAIRMAN:** 1.(a)(1) - The Leader of the Opposition.

**HON. S. LYON:** Mr. Chairman, when will the Minister give us the information so we'll be in a position to know which of the ones we want to question? What she's really been doing tonight is like the proverbial dog chasing its tail around the straw stack. She's been saying, "If you'll give me specific questions, then I'll give you the specific answers." What we asked for, by notice, six months ago - she got the Order for Return three months ago - was a specific question asking for all the competitions since November of '81. Those have been filed up until March of '82. She has only from March of '82 until December of '82 to give us. If she had those here tonight, she wouldn't be in the trouble that she is in now. Why does this Minister, Mr. Chairman, persist in trying to withhold information from the Legislature rather than give information?

She got into trouble on the Jobs Fund the same way; she's into trouble on this. She'll continue to be in trouble

until she learns that under this committee system when the Minister is asked questions, she tries to answer them, not to evade them.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. M.B. DOLIN:** The policy being criticized by members opposite is the hiring for senior appointments. That information has been shared; it has been asked for and it has been given. That is the hiring policy that seems to be in question by the Member for Charleswood. As I have said before, that information has already been given.

**HON. S. LYON:** Mr. Chairman, if the Member for Kildonan - I believe that's her title now - is it? If the Member for Kildonan is refusing to give the information with respect to the department for which she has responsibility, let her say so, and perhaps then tomorrow we can ask the First Minister if he has the gumption to get a Minister who will answer questions; but we want her answers, not smart-cheap evasions, answers. That's what we want in the committee tonight, Mr. Chairman.

**MR. CHAIRMAN:** Line 1 . . .

**HON. S. LYON:** No, Mr. Chairman.

**MR. CHAIRMAN:** The Leader of the Opposition.

**HON. S. LYON:** We're going to be here, Mr. Chairman, until we get an answer as to when we get the list of those competitions held since March, 1982, until December 15, 1982. We will be here a long time, but we want to see them. Now, will the Minister give some undertaking to give them to the members of the opposition instead of restraining or holding back that information that is lawfully enquired for, has been accepted, and should be available to us if we are to do a proper examination of her Estimates?

**MR. CHAIRMAN:** The Member for Wolesley.

**MS. M. PHILLIPS:** Mr. Chairperson, if the member opposite had been here on Thursday night last, those very questions were dealt with. The questions about the Orders for Return were dealt with. The Minister gave an undertaking at that time. The names of the successful people for the senior positions that are involved in this policy discussion were listed one-by-one, Deputies and ADM's. The names of all the people on the selection committee, three or four or five in different cases, were all listed one-by-one-by-one. If the Member for Charleswood can't read Hansard of last Thursday night and insists on asking for a total replay, then maybe he better go back and play with one of his video machines instead of harassing this particular Minister. We don't give instant replays here.

**HON. S. LYON:** Mr. Chairman, unless I am mistaken, I don't think Hansard of last Thursday was available to members until this afternoon, if indeed it's available now.

**A MEMBER:** It was on our desk at 2:00 o'clock.

**HON. S. LYON:** In any event, I would like to ask a specific question of the Minister. She may say it was answered. If so, she can refer me to the page in Hansard and I will gladly look it up.

Mr. Ford, under Competition 283 of '82, was apparently appointed ADM of Strategic Planning, Economic Development and Training. Eighty-six applications were received, five were interviewed, and he was the successful candidate. Who were the members of the competition or the selection committee?

**A MEMBER:** Simple question.

**A MEMBER:** It's the peanut gallery again.

**HON. M.B. DOLIN:** If the Member for Chaleswood wishes me to read Hansard of Thursday night into Hansard for Monday night, then I would be happy to do so, but we have stated . . .

**HON. S. LYON:** Well, politeness will do from the Member for Kildonan who is temporarily a Minister.

**A MEMBER:** Who has got gall to give lessons in politeness?

**HON. M.B. DOLIN:** I believe that I am being interrupted by the Leader of the Opposition.

**HON. S. LYON:** Get used to it. You'll get used to it till you learn your job.

**MR. CHAIRMAN:** That is not politeness.

**HON. S. LYON:** No, that's just instruction that she obviously doesn't get from any of her Cabinet.

**HON. M.B. DOLIN:** I believe I have the floor. Do I have the floor or not, Mr. Chairman?

**MR. CHAIRMAN:** The Honourable Minister has the floor.

**HON. M.B. DOLIN:** We have indicated that the information is in Hansard of Thursday last; that Hansard was put on our desks today, or it was on my desk anyway when I entered the Chamber at 2:00 o'clock this afternoon.

**HON. S. LYON:** Mr. Chairman, I want to thank the Member for Kildonan, temporarily the Minister in charge of the Civil Service Commission, for her very courteous answer. I find on Page 1755 that that question is answered.

**A MEMBER:** You guys better get your act together.

**HON. S. LYON:** The selection committee was Paul Hart, Michael Decter and Bob Thompson, and George Ford was the appointee. I want to thank the Minister for the courtesy of letting us have that information.

Now, she gave us the other day eleven of those but, Mr. Chairman, I understand there is some 980 or 970 others. When will the Minister give those to us so that we may also satisfy ourselves as to the bona fides of

all of those other appointments which every one - I want to assure the Minister that every one will have to be looked at.

**A MEMBER:** You've got an Order for Return.

**HON. S. LYON:** Well, you'll be here a long time then, buster.

**MR. CHAIRMAN:** The Member for Springfield.

**MR. A. ANSTETT:** Mr. Chairman, I have a concern about the threat from the Leader of the Opposition that we're going to be here for a long time or until this information is supplied.

**HON. S. LYON:** That's right. That's parliament.

**MR. A. ANSTETT:** Well, the Leader of the Opposition suggests it's not a threat; I take it then it's a promise. But Mr. Chairman, the fact of the matter is, and the Leader of the Opposition knows it, there's no obligation on the government to provide this information during consideration of these Estimates. There's no obligation on the government to provide that information this Session. The obligation to fill an Order for Return is on the government for that Legislature, and all orders are expected to be returned by the end of the Legislature. The Leader of the Opposition knows that.

This government has made every attempt to return orders as quickly as possible. I daresay that its record in that respect is as good as or better than the record of the government he lead. I will concede that the record of the government he lead was somewhat better in that respect than previous governments; but certainly he can lay no claim to chastising this Minister on the grounds that information isn't available because an Order for Return was granted by the House. There is no obligation on the Minister to provide that information for consideration of these Estimates, and to suggest that he's going to hold up the business of the House and the business of this committee until he gets it is threatening. It's against our rules and it's certainly an affront to the parliamentary democracy that this committee represents and to the people of Manitoba.

For the Leader of the Opposition to sit here and threaten not just this committee, but the people of Manitoba, that the business of the province is going to be held up until he gets what he wants, even though he has no legal right to insist upon its presentation to this committee or to this House during consideration of these Estimates.

Mr. Chairman, that's his threat; that's his promise; whatever sort of costume he wants to put on it to make it sound like something more than what it really is. It is also the rudest affront that I have seen, a threat to delay all of the progress until an Order for Return that might well not be ready for months. The Minister hasn't given us an Estimate. Perhaps she could, but the danger with that would be that the Leader of the Opposition would insist on holding her to whatever Estimates she gave, regardless of how long it took staff to do it. That's an affront to this committee and to the people of Manitoba that all the business of this committee, which has a great deal more to do than just Civil Service

Commission, is going to be held up by the Leader of the Opposition.

**MR. CHAIRMAN:** The Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Chairman, the Member for Springfield is valiantly trying to bail out the Minister responsible for the Civil Service and he's talking about affronts to the Assembly, etc., etc., because certain information is requested, not provided, and we would like to examine it whilst we have this Minister here.

If the Member for Springfield were true to his defence of not preventing people from taking part in Estimates, etc., he might voice some concern to his Premier about the fact that right now 11 members of the Legislative Assembly from time to time are not present at any sitting of the Legislature because they are out on a wild goose chase throughout rural Manitoba listening to briefs on the Crow rate. If the Member for Springfield were consistent, he might from time to time mention what kind of . . .

**MR. CHAIRMAN:** We have discussing Item 1.(a).  
The Member for Pembina.

**MR. D. ORCHARD:** Yes, Mr. Chairman, and I believe the Member for Springfield was discussing about how the committee structure should take place and he is part of a committee that is depriving 10 other members of their rights in various Estimate procedures. You know, if he's going to be consistent, he might comment on that.

**MR. CHAIRMAN:** The Minister of Natural Resources.

**HON. A. MACKLING:** Mr. Chairman, I'm offended by the remarks of the last speaker. He has now slandered a decision, a unanimous decision of the Legislature, a unanimous decision of the Legislature that indicated concern about the major transportation issue in this country and undertook in that resolution to send out an agricultural committee to talk to people in the province about that issue. Now he criticizes a decision of the House. That is an affront to the Rules of this House; it's an affront to the Legislature; it's an affront to the members that sit on that committee. He abuses his rights as a member of this House to make those kind of comments. — (Interjection) — That is the truth.

**A MEMBER:** It was not unanimous.

**HON. A. MACKLING:** Well then, you ducked the vote.

**MR. CHAIRMAN:** Rule 64(2). The speeches in the Committee of the Whole must be strictly relevant to the item under discussion.

The Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Chairman. Well I have to say that the remarks of the last speaker, the Minister of Natural Resources, have offended me because, Mr. Chairman, when we made the decision to hold those committee hearings in Agriculture there was no intention on any member's part that we would

be deprived of our opportunity to be at committee, etc., etc. Those hearings were to be carried on when no other business of the House was going on.

**MR. D. SCOTT:** They were going to be carried on after the Session, is that what you think?

**MR. CHAIRMAN:** Order please. Order please. May I remind again all the members of the committee that under Rule 64(2), speeches of the Committee of the Whole must be strictly relevant to the item or clause under discussion. Let's go back to the business of the committee.

The Leader of the Opposition.

**HON. S. LYON:** Mr. Chairman, I understand that the Member for Kildonan, on Thursday, April 14th, made some reference to the appointment of Mrs. Aleda Turnbull to the position of Assistant Deputy Minister of Community Development. I presume, Mr. Chairman, that the Mrs. Turnbull that we're referring to is the wife of the former Minister in the Schreyer Government, Ian Turnbull? Would that be the case, Mr. Chairman?

**HON. M.B. DOLIN:** Marital status is not one of the questions asked when hiring personnel. In fact, Section 6(1)(c) of The Human Rights Act prohibits it.

**HON. S. LYON:** Mr. Chairman, this Minister, or this member who presumes to be a Minister, may think that that kind of answer will get her by in her caucus, but let me tell her that it won't get her by here. The question, Mr. Chairman, is this: Is Aleda Turnbull one and the same person as the wife of Ian Turnbull?

**MR. G. LECUYER:** Go and find out for yourself.

**HON. M.B. DOLIN:** Irrelevant.

**HON. S. LYON:** The Member for Radisson says, go and find out for myself. Let that be on the record, too. That's the open government we have under the socialists now, eh; the open government, they'll give all the information. The question is, is Aleda Turnbull the wife of Ian Turnbull, formerly a member of the Schreyer Cabinet? Yes or no?

**HON. M.B. DOLIN:** I would suggest that that question be asked of Aleda Turnbull. That was not a criteria for hiring. We do not ask marital status.

**HON. S. LYON:** Well then, I guess, Mr. Chairman, the Minister says it's wrong for us to enquire into political affiliations; it's now going to be wrong for Members of the Legislature for enquire into marital affiliation. What in God's name is this committee permitted to enquire into under the domination of the Member for Kildonan, hiding behind The Human Rights Act?

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. D. SCOTT:** In the conflict-of-interest legislation why do we have to say what our wives' financial interests are?

**MR. CHAIRMAN:** Order please. The Minister wants to answer.

The Honourable Minister.

**HON. S. LYON:** The Minister had better answer.

**HON. M.B. DOLIN:** What is in question in the hiring of personnel is their merit and competence for the position offered.

**HON. S. LYON:** That's what we're getting at, yes. And who they're married to is relevant, just ask your Chairman, was one of the points of meritorious concern before Mrs. Aleda Turnbull, the fact that she was a card-carrying member of the NDP, that she showed up at practically every demonstration that's ever been held on the front steps of the Legislative Building, that she was and is, so far as I know, the wife of Ian Turnbull, the former Member for Osborne who was also, for some time, a Minister in the Schreyer Government. Is she not one and the same person? If she is not, all the Minister has to do is say, no, it's a different person.

**MR. CHAIRMAN:** The Member for Wolseley.

**MS. M. PHILLIPS:** Mr. Chairperson, the member opposite has just gone through a whole list of items that are excluded from questioning in the hiring under . . .

**HON. S. LYON:** Not in this Legislature, woman! Not in this House, no. Maybe in some union hall, but not in this House.

**MR. CHAIRMAN:** Order please. The Member for Wolseley.

**MS. M. PHILLIPS:** Mr. Chairperson, I have just about had it up to my eyeballs with that slimy little pig calling other people names.

**A MEMBER:** Why don't you leave, we don't make the rules?

**HON. S. LYON:** You know where the door is. If you don't like the rules, leave.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** The Member for Wolseley.

**MS. M. PHILLIPS:** On this particular issue the questions that are being asked, in terms of the qualifications of an individual for a job, are precisely the questions that one is protected from having to answer by the Human Rights legislation. If the member opposite, while he had the authority, did not approve of that particular system, he had the right, in his four years, to remove those criteria from The Human Rights Act. Obviously he didn't do it, because I think he would recognize the hue and cry that would go up across this province at trying to use that tactic.

**HON. S. LYON:** Mr. Chairman, is Aleda Turnbull one and the same person as the wife of the Ian Turnbull . . .

**MS. M. PHILLIPS:** You were not recognized, you bully!

**MR. CHAIRMAN:** Order please. Order please.

**HON. S. LYON:** Oh, back to the buffalo, here.

**MR. CHAIRMAN:** Order please.

**MS. M. PHILLIPS:** It would only take a cigarette lighter for you.

**MR. CHAIRMAN:** Order please.

**HON. S. LYON:** If you weren't so miserable you'd be funny.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**A MEMBER:** Committee rise.

**MR. CHAIRMAN:** What is the wish of the committee? Committee rise.

**HON. S. LYON:** If the committee is going to rise, let the Minister get some information ready for tomorrow.

**A MEMBER:** Can you rise at five to 10:00?

**A MEMBER:** Sure. We can rise at five after 8:00, we call the shots.

**MR. CHAIRMAN:** Committee rise.

## **SUPPLY - FINANCE**

**MR. CHAIRMAN, P. Eyler:** Committee, come to order.

We are considering the Estimates of the Department of Finance, Item 1.(b)(1) - the Member for Morris.

**MR. C. MANNESS:** Thank you, Mr. Chairman. First of all, Mr. Chairman, I found the discussion this afternoon fairly interesting. There are two or three questions I had as a result of it, and I'd like to pose them at this time.

First of all, I'd like to ask the Minister - the Minister made reference to the fact that he served notice on his departments that indeed that they should have their spending well in hand in the sense that they should have priorities placed against virtually all of it, so that in the event that spending has to be decreased for whatever reason, that indeed the departments will be prepared and will know which areas that they wish to cut. My question is what specific signal will he be using and will the government be using, too, and to decide that indeed this recovery is not taking place? What specifically will he be looking at in a quantitative form to force him to call his departments in and ask them to decrease spending?

**MR. CHAIRMAN:** The Minister of Finance.

**HON. V. SCHROEDER:** Other than general notions of what's happening, the first indication in terms of both our spending and our revenue that becomes very very clear is by August or so of the year you get some kind

of trend. I wouldn't want to say at what point we would say what our response is, and of course there were some losses by almost all of the departments. In fact, I would say all of the departments had to cut spending in some ways or other from previous years.

For this year, they all were required to go through an exercise which would require them to come in at - I believe it's fair to say for every department - at a lower level of expenditure than what we have given them. They then came in and justified additional spending. In a sense, there is already something available in terms of their critia from last year. We know what they said last year was their lowest priority that we would still give them the option to re-examine that before we would make any moves. We don't have a precise triggering mechanism. We haven't said that if revenues are off by 2 percent or 3 percent that is what will make us jump. Of course, it's not only revenues. If suddenly we discover that interest rates rise - beyond what the expectation in current thinking is - significantly for the year, that certainly will have a serious effect on our spending, so you have to look at the spending side as well.

We might wind up with some disaster where we have to special warrant or come forward with further requests for supplementary spending which might also trigger some response in other areas, but we don't have a specific trigger.

**MR. C. MANNESS:** Well, Mr. Chairman, I'm wondering then if the Minister would care to suggest that very same answer he's just given to me would be the same comment he would make if I were to ask him whether indeed at what point he considers Capital spending to, in effect, be a liability. Indeed, if revenues don't increase, certainly the interest charge against Capital spending in itself becomes a liability. I'm wondering, again, in the sense of what failing set of circumstances and what set of economic criteria would force him to reach the conclusion that indeed Capital spending in itself is a liability at the particular time. I guess it all comes down to the question as to how confident we are that this recovery is taking hold. I'm trying to solicit from the Minister some idea as to when, in his mind, what factors is he going to look at himself, specifically, before he makes that final decision - yes, the recovery is taking place, or indeed he is even more concerned than he may be right now and indeed it isn't taking place.

**HON. V. SCHROEDER:** With respect to Capital spending, I think it would be fair to say that Capital spending, although it has increased, is at a level where it's not doing very much more. Indeed, it may be doing something less than keeping up with depreciation in the public sector. We do have a large number of assets that need keeping up and we're not so much going for new expenditures even as just making sure that, you know, we build a new school, but on the other hand there's another being closed down somewhere else. Certainly it's a Capital expenditure, but on the other hand we don't have any more space. We just had to do it because of shifting populations.

We build more highways. Of course, there's an argument that we get an economic return from the building of those highways; more people use them. If

you build a highway to a recreation area, theoretically, you have more use, or out in the countryside for people to be able to transport produce which benefits everybody. In business, you can sit down and calculate how far when a capital investment makes sense and when it doesn't, and it's basically when you're getting a return on your investment. In government, you would like to think that you're using the same yardstick but the yardstick - it's more difficult. Theoretically, if you can get back a dollar for the dollar you've put in, you're probably, in a time like this, better off doing it than not doing it. But how to measure that is sometimes not as easy as to say, make that statement.

How do we calculate what we get back? In our Capital spending, we say that building drains is a Capital investment, building a hospital is a Capital investment and there are some differences between the two. In terms of a drain, you're getting possibly agricultural access to more land and therefore more wealth produced. When you build a hospital, you then have to fill it up with staff that you're paying for at public expense, but on the other hand you're then providing a hopefully required service, so it's very hard to say.

I do believe that we're not in a position where we are somehow vastly increasing and improving in the stock of public Capital goods in the province. Indeed, we may not be doing as much as we should be doing.

**MR. C. MANNESS:** Well, I understand the Minister's argument and I suppose my only concern is that unless you have - I don't care what the business is, whether it's private or indeed the business of government - if you don't have wealth being generated or revenues coming in, then indeed any expenditure over a long period of time, one that requires payment over many years, is a liability and I can't see what the difference would really be.

I suppose it's in that area then that I concur with my colleague, the Member for Turtle Mountain, when he too asked the question, what does a 1 percent change in GPP really mean as far as provincial tax revenues and the reduction in unemployment, indeed, the net change to the deficit? I think that answers to these questions help us all understand to the extent possible, in a quantitative sense what's happening in government. The next question I would ask is what is the lag period, this so-called recovery? I am trying to ask the Minister if he can define it, if his department has defined it a little bit better; what specifically does it mean in this fiscal year, if it means anything at all? I guess I am searching for some type of quantitative answer to that question.

**HON. V. SCHROEDER:** Mr. Chairman, we hadn't been discussing a lag period before, maybe the member could expand on the question. Is he asking how much of a lag there is in revenues, as gross provincial product increases, is that the question?

**MR. C. MANNESS:** Right.

**HON. V. SCHROEDER:** Mr. Chairman, there certainly would be a lag in the area of corporation taxation and unincorporated business taxation where people, if they had a loss in the previous year, they would now be

entitled to write that off against an increase in income this year; it's not an area that's as significant as some others. Most others would show up immediately; personal incomes would be up; spending would be up, you can see it on the sales tax, you would see it probably in gasoline taxes, liquor taxes, tobacco taxes. You'd also see it lagging a little bit, but even with the formulas for transfer payments from the Federal Government, it has to do, as well, with how well the economy is performing. So that, although we might not get the payment in the year, there would be readjustments made as there are now. The adjustments go back a couple of years not only on the basis of the economy, but also on the basis of the population shifts that people discover later on. In most areas, the government income responds fairly quickly to an increase in GPP, even if it's totally inflationary.

**MR. CHAIRMAN:** The Member for Turtle Mountain.

**MR. B. RANSOM:** Thank you, Mr. Chairman. Each year the Minister and his staff makes some Estimates, some assumptions about public debt over the forthcoming year. I wonder if the Minister would be prepared to give us an assessment of how accurate the assumptions were for 1982-83 and for 1981-82. They're all listed. I have here the public debt estimates assumptions for the year ending March 31, 1982, and there's seven predictions there, I guess. I wonder if I could get the staff to do a fairly quick, brief summary of how well those assumptions fitted and the same for last year. If the Minister would care to make available his Estimates for the present fiscal year, we would be interested in having a look at those as well. I raise that question now because I know that they wouldn't be readily available, but perhaps it might be before we finish these Estimates or, if not, after the Estimates are finished.

Then another couple of questions for the Minister, Mr. Chairman. Last December, I believe, the Minister, when he publicly made an announcement about the size of the deficit, at the same time announced repriorization programs, I wonder if the Minister could tell us how much money he saved through repriorization between the time of the announcement and the end of fiscal '82-83, any estimate.

**HON. V. SCHROEDER:** I don't have that number available and don't think I would have for some weeks to come. To a large extent what we were trying to do was shift spending into areas where there was more in the area of jobs and less in the area of Capital, so I'm not sure that there will be any great amount of dollar savings, because there were some projects that got under way that would otherwise not have, and there are some projects that were slowed down. I just want to make sure I understand the member's question. He wants to know how we made out in '82-83, at the end of the year, as compared to what we predicted we would be doing in terms of the various assumptions built into public debt as well as '81-82. He wanted the two years. That's correct.

I can also get him a copy of the various assumptions for '83-84 that we are currently working on. In fact, I have a copy here. I could spell them out right now, or else I can get him a copy later.

**MR. B. RANSOM:** I don't need it immediately, Mr. Chairman. I thank the Minister for making that available.

The Minister indicates that money on repriorization wouldn't really show up as a saving but would show up as money channelled into areas of job creation. Is the Minister telling us then that there would have been more money go into job creation as a consequence of his repriorization than showed, for instance, in the Estimates Book? Page 1 of the Estimates Book shows that there was \$19,804,600 in Jobs Fund in 1982-83. Now, is repriorization part of that \$19 million or are the funds channelled into job creation by repriorization in addition to the \$19 million?

**HON. V. SCHROEDER:** Yes, any job creation that was initiated was under the heading of whatever program we were working on. For instance, I believe that there was some building that we speeded up in the area of some tree planting nurseries. That wouldn't show in that \$19 million; it would show in Natural Resources somewhere else. We slowed down some land acquisition projects and then took on other projects that were more labour intensive. So that's basically the way it worked.

Then, of course, there were some areas where it was just strictly saving. The amounts, in terms of the overall spending of government, would not be percentagewise very large, the travelling restrictions, the automobiles and that sort of thing.

**MR. B. RANSOM:** Did the Minister make any attempt to really assess the impact of those savings? Will he have some information saying that through repriorization we were able to create another 500 jobs, or would he be able to say that they saved so many millions of dollars?

**HON. V. SCHROEDER:** I don't have anything available, and of course it was done in the various departments as well, as opposed to being done completely centrally. So it would be somewhat difficult to extract the information. Certainly, I wouldn't have it available in a fast period of time.

**MR. B. RANSOM:** Perhaps it's not unfair then to characterize the effort as being haphazard in that the Minister simply said let's try and cut down on travelling expenses or whatever and try and do some things that might create some jobs, and we'll let the chips fall where they may; and that there's really no assessment done after the exercise has been completed to say that, yes, it was highly successful or wasn't successful at all, but was rather just a general thrust for which the Minister can't really provide any evidence of whether or not it worked. The Minister might be aware that one of the reasons, of course, we're interested in that is not only to know whether the government is operating more efficiently, but there was quite a bit of coverage given to these efforts that the Minister was undertaking at repriorization at the time. So it's always interesting to follow them up and see whether they had the effect that they were expected to have.

Of course, the Minister had expressed concern. I recall on one occasion about the private sector youth employment program, during our period of time, when

he said it wasn't possible to substantiate how many jobs had been created by that program. Perhaps he will be able to, as time passes, assess these things a little more closely.

During the election, one of the things that the government promised was to provide a fairer share of revenues to municipal governments. I think on some occasion there was even reference to more sharing of growth taxes with the municipal governments. Can the Minister give any indication at this point of what might be done by way of carrying out that promise?

**HON. V. SCHROEDER:** That area is under review, there have been some discussions with the municipalities; there have been requests made by municipalities in terms of certain taxes, one of which, I believe, the government didn't appear to view very favourably, but it still is under consideration. We don't have a changed policy at the moment from where it was when we took office.

**MR. B. RANSOM:** Mr. Chairman, I'd like to spend a little time dealing with the Jobs Fund and the presentation of information primarily as it flows from the Minister's budget. How much new money does the Minister consider would be present in the \$200 million Jobs Fund?

**HON. V. SCHROEDER:** Mr. Chairman, I sort of hesitate to get into this because we do have a separate appropriation for the Jobs Fund under which it could be discussed, but our calculations show that about \$80 million were allocated in 1982-83 to programming which could be compared to Jobs Fund programming. Not all of that authority was spent, in fact, current estimates suggest that actual spending will probably be in the \$50 million range. Part of the difference is the \$34.8 million carry-over item mentioned in the Budget which is the authority from the Homes in Manitoba Program.

On Budget night I emphasized that the \$200 million Jobs Fund total was roughly double the 1982-83 allocation which, as I just said, is in the \$80 million range. The word 'roughly' was used in the Budget partly because of the question about how to treat the Capital Carry-over item. If it is taken off the 1983-84 total then it would seem logical, as well, to take it off the 1982-83 total. In any case, either way you do it, I do believe that it would be fair to say that about half of it is new, or extra, or additional over last year's base allocation. Of course, how much of it will be spent remains to be seen, as indeed, last year we had a number and it wasn't all spent.

The Jobs Fund, of course, is not just a Capital fund, it also has Current authority in it. I think maybe I'll just leave it at that and see whether the member has more questions.

**MR. B. RANSOM:** Mr. Chairman, I can assure the Minister that I am not interested here in discussing the application of the Jobs Fund, the jobs that are created. What I am interested in discussing is where the funds are coming from and how they are being designated. I find, on Page 134, for instance, of the Estimates, Note (1) that says that there's a total authorization in the Jobs Fund of \$190 million. I am assuming that the other

\$10 million supposedly is coming from the Manitoba Government Employees Association, but where will that show up in a double-entry system of bookkeeping? When you have something on one side, it usually shows up on the other side as well. I know that the Budget says that there's going to be \$10 million come from the Manitoba Government Employees Association, from where is it going to be extracted, and how would the Minister anticipate that that will show up next year in the Public Accounts?

**HON. V. SCHROEDER:** There's legislation being introduced - I'm a little bit unsure of this - but my understanding of it is this: in each appropriation which is for salaries, there will be a reduction by the amount of the increase for one quarter of the year. That amount will be taken - and I believe it's by legislation - out of that appropriation and into the Jobs Fund, and that is the way in which it would be accomplished.

**MR. B. RANSOM:** That raises an interesting point, too, Mr. Chairman. This legislation, presumably, is not just to deal with the \$10 million that is allegedly being contributed by the Manitoba Government Employees Association. Why is it necessary to have legislation to establish a Jobs Fund? The Minister, just a few moments ago, said that money through repriorization was simply shifted into job creation; no big problems apparently in accounting for it because the Minister can't even tell me how much money was involved, or how many jobs were created, but he's confident that indeed it went to job creation. Now, why is it necessary to have legislation to establish this fund?

**HON. V. SCHROEDER:** It could well be precisely because of the problem the member notes; we did it last year and we can't stand up here and tell you exactly how much we spend and how many jobs we created. If we set it up through one central fund, then everything that is spent out of that fund can be traced, we can calculate out how many jobs we created, we can calculate out how much was spent where, we can concentrate on the one priority of that fund which is creating jobs and doing so with projects that will make sense for the economy of the province.

I know that bill is one that - I'm not sure whether it's been introduced yet or not, I haven't seen the final form of it - but I think that it was a good idea. It's something that will highlight that whole area in a way that the member wanted, in some ways, from last year to get the information. Of course, the money voted in an appropriation can't be transferred to another appropriation without Legislative Authority, and we didn't last year. That was one of the problems that we encountered with our repriorization, it had to be within certain areas. So that this gives us the flexibility to have some money both in Current and in government Capital, which is totally unallocated at the moment, which we can designate specifically in the future for job creation.

**MR. B. RANSOM:** Is this legislation going to allow the Minister to take what is known as Schedule A Capital, for a designated purpose, and spend it for the purposes of the Jobs Fund?

**HON. V. SCHROEDER:** Mr. Chairman, there is Schedule A Capital within the \$200 million, but that money that is designated as Schedule A must be used for Capital purposes of Crown corporations; that is not money, as I understand it, that can be used for anything other than Capital for Crown corporations.

**MR. B. RANSOM:** Mr. Chairman, in the Minister's Budget, he said, on Page 30 of his Budget, next year the Crown corporations are planning a Capital spending program of around \$520 million; Crown corporations are planning a Capital spending program of that. Then, on the same page, he goes on to say "Of this total, \$83 million will be for Jobs Fund investments." Now, that statement says that the Crown corporations were already planning to spend that \$520 million, which included the \$83 million. Now, the \$83 million is pulled out and is shown in two separate places, under what would normally be known as Schedule A Capital, Capital Authority requirements for non-budgetary programs. So, which of those statements is incorrect? Was it part of the \$520 million of Crown corporation spending, or was it not? Is it a separate allocation?

**HON. V. SCHROEDER:** Both statements were correct. There is an intention by Crown corporations to spend approximately \$520 million. Included in that is the \$80 million portion which is allocated to the Jobs Fund, and of that \$80 million there is a significant portion which is totally unallocated at the present time. I don't have the exact breakdown, indeed, there is very little that has been specifically tied down of that \$80 million. We have some plans for a large portion of it: Homes in Manitoba, the Insulation Program, in fact, I think we allocated, specifically, approximately \$18 million to \$20 million, in that area, so there are those numbers. But there is also a large component that is totally unallocated and which will be decided from out of the Jobs Fund.

**MR. B. RANSOM:** Mr. Chairman, if the Crown corporations were planning to spend \$520 million, in which this amount is included, then how can the Minister say that there is \$80 million, or a large portion of the \$80 million, which hasn't been allocated? Were the Crown corporations planning to spend it or not? I can only take from his answer that he just gave that it was part of their planned \$520 million spending.

**HON. V. SCHROEDER:** No, Mr. Chairman, the plan without the Jobs Fund certainly was not for \$520 million worth of spending. The Crown corporations came forward with their package for spending for the coming year on Capital, and some of it was approved, some of it may not have been approved, but in the end there was a package that was approved. Then beyond that there was an additional amount decided upon by Cabinet that would go into Schedule A Capital, unallocated in the Jobs Fund, in order that we would have some flexibility to deal with possible projects that we hoped to get other levels, specifically the Federal Government, involved with. We don't have that money allocated to any specific project; we're looking at projects within the Crowns to do it, it has to be done on a basis that will make financial sense to the province.

**MR. B. RANSOM:** Then, Mr. Chairman, the statement in the Budget which says that next year the Crown corporations are planning a Capital spending program of around \$520 million is not true. If that were true, and what the Minister just said was true, then they would be planning \$600 million with Capital spending.

**HON. V. SCHROEDER:** Well, Mr. Chairman, I guess we can go over and over the same statement. The statement says that within the \$520 million is the \$80 million. I've already indicated that the people in charge of the Crown corporation, namely, the government, have put within that \$80 million a large portion of money that is totally unallocated. It is certainly clear to me that what I meant was that we would \$520 million on Schedule A Capital, of which \$80 million is allocated to the Jobs Fund. Of the \$80 million, a significant portion is totally unallocated and it will be the government that ultimately decides, together with the Crown corporations, how that money is spent.

**MR. B. RANSOM:** Might some of this money then, that is unallocated, be spent on the "wish list," the "wish list" including such projects as Lake Dauphin Regulation, Hwy. 75, to name a couple?

**HON. V. SCHROEDER:** Mr. Chairman, that portion would not be used on, say, Hwy. 75. There is unallocated Capital, departmental Capital, within the \$200 million as well. If we had some partnership from somewhere else, we would be looking at any project. But this, of course, just looking at the numbers, there is, in the vicinity of half of it, totally unallocated at present of the \$80 million and that must be used, if it is used at all, for Schedule A Capital, for Crown corporation. We hope to find projects that will make economic sense to use that money for during the next few weeks and months.

**MR. B. RANSOM:** So then, Mr. Chairman, of the money in the Jobs Fund then, of the \$117.8 million that's shown as Non-Budgetary Capital Supply Authority, there are a great many of those projects then on the "Wish List" that cannot qualify under that portion of the Jobs Fund, that those funds will be specifically directed then to areas of Crown corporation Capital spending.

**HON. V. SCHROEDER:** I believe that to be correct. I should say that the bill is yet to come before the Legislature, and it may be that between now and when it does get here there may be some changes. But that is the understanding certainly that I have of how the fund will operate. The Schedule A Capital will be spent in the area that's traditionally Schedule A.

**MR. B. RANSOM:** Can the Minister give an indication of the extent to which the Jobs Fund will impinge upon the government's increased deficit for '83-84?

**HON. V. SCHROEDER:** Mr. Chairman, the deficit would be approximately \$72 million less if we didn't have any of the \$200 million, because you have \$118 million in total in Schedule A and that doesn't affect the deficit.

**MR. B. RANSOM:** Mr. Chairman, I believe that's where there is either some serious misunderstanding on my

part or on the Minister's part about how much new money we're talking about here. I suggest to the Minister that his Jobs Fund allocation may contain a little better than \$18 million of new money for 1983-84. The rest has been there all along and is simply money that's taken from one pot and put into another. If one looks at Page 1 of the Estimates, one will of course see \$72 million going to the Jobs Fund. Last year there was almost \$20 million going to the Jobs Fund, so at the very least the increase can only be \$50 million over last year. Then one sees that there is \$46.5 million in Capital in the Jobs Fund this year going in as part of a total of \$316 million of Capital; and last year there was \$306 million worth of Capital, given the Minister's presentation of it, on Page 2. So there cannot possibly be more than an increase of \$10 million in Capital spending. It's right there on Page 2 - \$306 million on one side, \$316 on the other.

Furthermore, as the Minister goes down the lines and looks at Agriculture, departmental programs, Economic Development and Tourism, Health, Northern Affairs, he will find that in the right-hand column there is actually more Capital allocated in those items than there was last year. I make the total of that a little more than \$2.5 million. That means that there really can't be any more than about \$6.7 million of new Capital expenditure in the Jobs Fund this year, no more than \$6.7 million. There may be an increase on the operating side then of the difference between \$6 million Capital and the \$19 million total in the Jobs Fund last year - say \$12 million - and the \$25 million this year in operating, so that there may be another \$12 million of new money going on the operating side, and at the most there cannot be more than \$6.7 million of new money on the Capital side.

So what we have here is a situation where, in budgetary expenditures, all the new money that the government is putting towards the Jobs Fund is less than \$20 million. The rest of the new money that might be directed to the Jobs Fund is Schedule A, Self-Sustaining Capital, which doesn't contribute to the annual deficit of the government. The Minister himself has said it cannot be used on items that then would normally come out of this \$316 million because I specifically gave him examples of projects that would have come from that kind of money, so that the \$117 million of Non-Budgetary Authority must go to other types of Capital. So there can only be \$72 million in total, on the budgetary side, and there's no more of that. There is not \$20 million of new money on that side to go into the Jobs Fund.

So, Mr. Chairman, what we have here, when the Minister says on Page 28 of his Budget, and I quote, "For many individuals in our province and in our country, the recession has been a crisis, the worst in more than 40 years." The Jobs Fund is our response to that crisis. It demonstrates that this government is listening, responding and working with Manitobans to build a better future; \$20 million, 18.7 million, I would say is a closer estimate, on the budgetary side, of new funds that the government is putting toward this worst crisis in 40 years. Now they are putting more money on the non-budgetary side and that may have an effect, but, Mr. Chairman, what the Minister has done, is that he has raised the taxes to the public, he has raised the retail sales tax, plus other taxes, and turned to the

public and said, we're asking you to pay these taxes in order that your money can go toward creating jobs; it is going to help with this response to the worst crisis in 40 years.

Mr. Chairman, that simply isn't true; the funds are not going to support the non-budgetary capital. They may eventually go to pay the interest, but that's perhaps another story also. There isn't \$106 million of new taxes going into the Jobs Fund on the budgetary side, perhaps 18.7. There is no other word for that, Mr. Chairman, than to say that it has been fraudulently presented to the public, that their tax money is being taken from the public for a purpose for which it is not going to be used. Mr. Chairman, if my figures are wrong, if my analysis of the information which the Minister has presented here is incorrect then I would like to hear his explanation.

**HON. V. SCHROEDER:** Mr. Chairman, I don't know why we have to repeat this argument ad nauseum, but I would refer him to Page 25 of the Budget Address where I said, "financing for the Jobs Fund includes \$72.2 million in Budgetary Authority" made possible by the tax measures I just outlined. That was the \$72.2 million that is Current, that is in the \$200 million. You just try to tell somebody outside this Chamber that the other money is not real when it produces jobs. It is an astounding argument to make, that somehow just because it is Schedule A Capital, that it doesn't count, that it's not money. That is as real money as any other money. If we can provide jobs and provide something that will sustain this economy as a result of it, then I would suggest that people out there will certainly strongly disagree with the notion that it is meaningless and that it is all windowdressing or something.

I've told the member before that we have worked these calculations out in different ways. First of all, forecast actual Capital expenditures, I have given the member these numbers before, but I will do it again. According to the actual Capital expenditures '80-81 to 1983-84, Capital Programs Recorps and Agencies in 1980-81, \$326 million; Departmental Capital 191; for a total of \$517 million in spending. The next year was a total of 461 million in spending under the Conservatives, a drop of about \$40 million, a little more than that, \$60 million, but that points out that Capital spending is not something that is ongoing in the way a department deals. Capital spending is precisely that, and each year you make a decision to spend something on an item that will have a long lifetime. In their businesses people go and purchase big items sometimes, and sometimes they don't purchase anything. It is only when they purchase something that they can say that they've spent something on Capital.

In 1982-83, we moved from 461 million to 633 million; of course, in '83-84 to 836 million. If we adjust that, and the first one, both sets of figures were according to Capital composition employed in the Budget Addresses. If we adjust those numbers, we start off at 518 million, then down to 500 million, up to 685 million, and then 836 million, for an increase just in Capital of about \$150 million over the previous year. Of course, there is a significant portion for Current and, in addition, to that there is another \$10 million in the Jobs Fund as a result of the renegotiated MGEA Agreement.

Now, the total Capital, we haven't said that all of the increase in Capital spending of \$150 million by this government in the upcoming year is being attributed to the Jobs Fund; we're not saying that. There is money that we are spending outside of the Jobs Fund that is up beyond what we had spent in the previous year. But we are saying that we do have our full Crown Corporation Program outside the Jobs Fund, excepting for the area of the Homes in Manitoba Program and the Insulation Program which we view as significantly job creation areas. Beyond that, I don't know of any program — (Interjection) — yes, of course, \$181 million in Health that is not included in the Jobs Fund. So there are large numbers of those kinds of job creation efforts that weren't primarily job creation, they were there for another function where we are spending ongoing money. But in this particular area, to suggest that there is nothing there, is simply, totally unfair. Indeed, we could have, without the Jobs Fund, we could have, it is true reduced the deficit, as I indicated, by some \$70 million, or we could have not put the tax on. Those were the options we had because we still wouldn't have reduced the deficit if we wouldn't have then had the taxes. Again, the members opposite, the Member for Sturgeon Creek isn't here but he should know, you can't have it both ways.

**MR. B. RANSOM:** Mr. Chairman, that's what the Minister is going to have to learn, is that he's got double accounting, fudged figures, whatever you want to say here, but he doesn't have \$70 million of new money on the budgetary side; he doesn't have it. He said on Page 25, he says, 72.2 million in Budgetary Authority made possible by the tax measures I just outlined. That is not true, Mr. Chairman; that \$72 million which is shown on Page 1 of the Estimates, consists partly of \$46.5 million of Capital, but the total Capital spending is only up by \$10 million from the previous year. So what the Minister has done is simply take Capital out of various departments, put it into the Jobs Fund and say he's got new Capital dedicated towards it. Then he puts on the Jobs Fund the same kinds of projects, and in fact I am sure there will be the same projects on the Jobs Fund that were in the departmental Estimates before.

Now, if he's talking about things like Carman Diversion and the Lake Dauphin Rehabilitation, for example, or Hwy. 75, that is money that has been taken from the Capital of departments and reduced. Look only at Natural Resources, for example, and you'll find that the Capital there was reduced from almost \$18 million last year down to a little better than \$11 million this year; Highways reduced from 164.7 down to a 153.3. That's so plain, Mr. Chairman, where the money has come from. He's taken it from the various departmental allocations, put it into a figure on the bottom line called the Jobs Fund and tries to tell us there's \$46.5 million going to the Jobs Fund for Capital. Maybe there is, but it isn't new money and it wasn't made possible by the tax increases. There is only approximately \$18.7 million of new money in the \$72 million of budgetary money that's going to the Jobs Fund.

The Minister could say truthfully that amount was made possible by tax increases which he had outlined if, indeed, he's going to earmarking of funds now. So

that you say that tax of a certain type is going for certain purposes, which of course in itself is not the case, unless the Minister has made some changes. I did not say, Mr. Chairman, that the money which would be spent by way of Non-Budgetary Authority would not have an opportunity to create jobs. What I'm saying is that the Minister can't turn to the taxpayers and say this money in the Jobs Fund is made possible by the tax increases because that money isn't coming out of the General Revenue pot; it's coming from borrowed money under Schedule A, Self-Sustaining Authority. The taxpayers' money isn't going to pay that off now; it may go to pay the interest off on it, but it is not in the same category as the \$72 million is, Mr. Chairman. So it's simply untrue to tell the taxpayers that that's where these tax increases are going. What this great response to the worst crisis in 40 years is really pretty small on the budgetary side and it doesn't contribute very much to the deficit.

Out of that \$575 million, that most the Minister can say that there's \$20 million of new Jobs Fund money in that \$575 million deficit, and by eliminating the Jobs Fund next year, should the economy turn around, the Minister certainly isn't going to have a saving of the magnitude that he would follow from the explanation that he's given us here tonight. So, Mr. Chairman, it's in many ways, this Jobs Fund is certainly not what it has been made to appear and we'll watch for the legislation to see what kind of powers that kind of legislation is going to give the government, because I'm a little concerned about that because I think it may be used as a means to shift money around in a way that wouldn't ordinarily be considered as acceptable.

Mr. Chairman, I think that unless some of my colleagues have some general comments on the Administration item, then we're prepared to pass that item.

**MR. CHAIRMAN:** Item 1.(b) - Mr. Minister.

**HON. V. SCHROEDER:** I just want to say that I'm happy the members has moved somewhat off the position he was taking on March 7th when he said, "There is no increase in the Capital spending and further, Mr. Speaker, \$34.8 million of that money was carried over from last year." He was referring to the government agencies, etc.

I, again, point out to the member that he can do it either on the basis of the numbers that were presented in his Budgets: for instance, in 1980-81 there was \$517 million spent on Capital; '81-82, we were down to 461; we're now up to 836. Those aren't quite similar figures. The similar figure would be 500 million adjusted to reflect prior years according to 1983-84 composition of Capital; 500 million in his last year of government compared to \$836 million now in total; 500 million to 836 million using the same calculations. That, Mr. Chairman, has got to be something like - well, it's more than a 50 percent increase in two years and the member is trying to say that we don't have more money in there. It's just simply incorrect. It is true that not the whole 200 million is new money; it is also true that there is in the government department portion some of that for Capital, but there's also some for Current. In addition to the other numbers in there, there's \$10 million unallocated from the MGEA.

**MR. B. RANSOM:** I guess the discussion will continue on this for a little while, and I would like to ask the Minister then how much is the increased Capital spending on the budgetary side for the government in '83-84 over '82-83?

**HON. V. SCHROEDER:** Mr. Chairman, the numbers are 306 to 316 in departments; 463 to 520 in Crown corporations and agencies, and again I remind the member that sometimes those numbers go down. When he was Finance Minister, he dropped from 517 million in the year previous to 461 actual in his year. It doesn't mean if in the next year we don't spend as much on Capital items as we did last year, that doesn't mean that if we have a Jobs Fund that somehow it has all come out of that particular pocket nor is the converse true.

**MR. B. RANSOM:** Mr. Chairman, the Minister insists on trying to go back and indicate changes that were made up or down when we were in government. We weren't trying to make out that there was a major thrust on the Capital side on the government spending in response to the worst crisis in 40 years to create jobs. We weren't trying to leave the impression that there was \$200 million of money going. Now the Minister has acknowledged that, on the government side, Capital has gone from 306 to 316. I think the Minister would agree that that is approximately an increase of \$10 million.

There simply cannot be more than a \$10 million increase when one looks at 316 and 306. Mr. Chairman, it seems to me quite elementary that that's so.

How then can the Minister indicate that there's \$72 million of new money going into the Jobs Fund on the government budgetary side? It simply isn't there, and aside from those considerations, Mr. Chairman, a \$10 million increase doesn't give the government as much purchasing power as they had last year. \$316 million this year is not going to buy as many bricks, steel, beams and mortar as it did last year. It's not going to hire as many people as it did last year. With inflation running at 7 to 8 percent, the Minister would have had to have had another \$18 million or more on last year just to keep up with the spending power that he had last year.

Now the Minister said he was glad that I had moved off an argument that I was using previously. Let's just go back to that for a minute, Mr. Chairman, because that stems from a statement that the Minister made on Page 30 of his Budget this year, where he said that Capital Spending will total, for Crown corporations and government departments for Capital Projects, around \$840 million in the coming year and that represents an increase of 20 percent over the total for '82-83. Mr. Chairman, I would like to ask the Minister to assure us that the same definition of Capital makes up the total \$840 million as made up the \$700 million for '82-83.

**HON. V. SCHROEDER:** Mr. Chairman, I thought I'd already explained that one previously. What happened, very simply, was that we based that on what the actual Capital Expenditures were. In the previous year the actual Capital Expenditures adjusted to reflect prior

years, according to '83-84 composition of Capital, was \$685 million. That works out to about 20 percent less than the \$836 million projected for next year.

**MR. B. RANSOM:** Mr. Chairman, the Minister said earlier that last year the Crown corporation spending was about \$463 million and he has earlier told me that government Capital last year was \$251 million. He didn't tell me how that was made up but he assured me that that figure appeared in one or two places in presentations that he'd made to the Legislature. If those two are added together, I get about \$714 million, which is approximately what the Minister said government and Crown corporation Capital Spending was last year.

This year, the Minister says it's \$840 million and that, Mr. Chairman, is made up of \$520 million of Crown corporation spending, a figure which the Minister just reaffirmed, and I would ask him then, is the other component of that not the \$316 million that's shown in the right-hand column of Page 2 of the Estimates?

**HON. V. SCHROEDER:** Yes it is, Mr. Chairman. The \$714 million referred to by the member was referred to in the Budget Address. The number that I gave him, of \$685 million, and I very specifically said that it was the actual Capital Expenditure for 1982-83 and that's the number that holds and there's a difference between the two, and the \$685 million is based on \$388 million Crown corporations and Agencies spending and \$297 million funded from Appropriations and that is based on the same numbering as what we have for this year at the \$836 million.

**MR. B. RANSOM:** Mr. Chairman, the Minister is telling me that it's just coincidence that the 20 percent figure used here and the 840, that it's just coincidence that the 20 percent happens to jibe with the \$700 million Capital Spending that the government had planned last year?

**HON. V. SCHROEDER:** I quite frankly can't remember back to when that calculation was made. As the member knows, sometimes these numbers appear before one and when one asks for the justification sometimes that comes later on. The justification I have is dated March 10th, which follows his speech by about three days.

**MR. B. RANSOM:** What the Minister has is very likely justification after the fact then, Mr. Chairman. In the figure of \$714 million of planned spending last year, there was a figure then of \$251 million of Capital. Mr. Chairman, the question for the Minister then is that 251 equatable to the 306 in the left-hand column on Page 2 of the Estimates?

**HON. V. SCHROEDER:** Yes it is, Mr. Chairman.

**MR. B. RANSOM:** Exactly, Mr. Chairman. \$251 million suddenly became \$306 million and when they talked about a planned spending last year of \$700 million, it included one definition of Capital which had \$251 million of government capital, if we accept the Minister's figure from last year. What we now have is that figure suddenly becomes \$306 million. The figure on the right-hand side which is directly comparable to it is 316, to get

the total of 840, and to make those two figures comparable, year over year, we would have to take \$55 million off the \$840 million, and when I've been talking about "phantom capital," Mr. Chairman, that's what we're talking about, is that we're not using the same definitions. The Minister created \$55 million worth of Capital just by a shift in what he puts into Capital and that has caused a lot of confusion; it will continue to cause confusion. It has given the impression, or has been used to give the impression, that the increased thrust of the government is bigger than it is, that it is \$55 million greater than it really is, as compared to last year.

**HON. V. SCHROEDER:** Mr. Chairman, if we wouldn't have readjusted the 1982-83 from 251 to 306 then, I think, we would have had a lot of legitimate anger from the other side because then we would be comparing apples to oranges; what we're trying to do is compare oranges to oranges. I think that, in all reason, to look at it from either this perspective of 1982-83-type numbers or 1983-84-type numbers is the only way you can do it. You can't use both because, if you use both, it becomes confusing and, again, if you reflect all of the numbers on the 1983-84 basis we have increased from 1981-82 to 1983-84 by well over 50 percent, by probably about 60 percent, from 500 million to 836 million. I think sometimes you have to take a little longer view than just the one year, and if you take a two-year view on it, are you telling us that 25 percent, 30 percent a year increase in Capital spending is something that isn't fairly significant? I think that it is.

**MR. B. RANSOM:** Mr. Chairman, I'm not telling the Minister that the figures don't have some impact; what I'm telling the Minister is that the figures he is using don't accurately reflect what has happened. That when the people are told that there's \$840 million of Capital spending planned this year, as compared to \$700 million planned last year, those are apples and oranges, they're not comparable. The comparable figure would have been, then, accepting what the Minister said of 251 million, the comparable figure used would have been to say that there was 700 million planned last year, or 714 based on those figures, and that this year it's really 836 less \$51 million, so that what he's looking at is 785 million. That barely would take care of inflation. That amount of Capital in 1983-84 is going to do very little more, if as much, than his Capital did in 1982-83, so it's really not a terribly major thrust in that sense either, Mr. Chairman, but what we've been trying to arrive at is to find out exactly what is the size of the thrust in the Jobs Fund. How much is the Jobs Fund actually going to affect the budgetary picture of the government itself? Is it legitimate to turn to the taxpayers, after hitting them with \$106 million of new taxes, and say that this makes the Jobs Fund possible?

The only conclusion that I can draw from the information which the Minister has provided here, and the answers he has given, is that that's simply not the case.

**MR. CHAIRMAN:** 1.(b)(1) to 1.(d) were each read and passed. 2. Treasury Division (a) Salaries.

The Member for Turtle Mountain.

**MR. B. RANSOM:** I wonder if the Minister could give us an indication here of what the market trends were over 1982-83 fiscal year.

**HON. V. SCHROEDER:** Yes, Mr. Chairman, I think maybe the best way of describing that would be . . . Of course, we weren't in the market at all in the first few months of the fiscal year. In September we borrowed \$100 million U.S. at which time we paid 13.75 percent on that money; in July we had borrowed some Yen at 8.6 percent and, I believe, that was the transaction that was turned over into American dollars shortly thereafter. I don't recall the exact interest rate; it was 14.75 at that time. Prior to that there was a belief, in our department, that we should stay out of the market because of interest rates; there was a view that we shouldn't be out there any more than necessary. Then in October we picked up a Canadian dollar issue at 13.25 percent and in November there was an American issue at 11.75 percent. Swiss franc issues, one at 5.625 percent, one at 5.25 and then 150 million Canadian at 11.75, that was March 15, 1983, so you can say there was a gradual reduction in rates. There was a concern at the beginning of the year, occasionally, that the market was not there basically for anybody.

**MR. B. RANSOM:** What was the last Canadian one?

**HON. V. SCHROEDER:** That was March 15, 1983 at 11.75. I also do have some comparisons with other provinces if the member is interested.

**MR. B. RANSOM:** Can the Minister give me an indication of what the present market situation is and what the department expects over 1983-84?

**HON. V. SCHROEDER:** Mr. Chairman, we do expect over the year that there should be some stability at the level we're at right now, and that there might indeed be something of a reduction in rates from where we are at right now.

**MR. B. RANSOM:** If the Minister was going to the market right now in Canada or in the U.S., what kind of rate would he expect to pay?

**HON. V. SCHROEDER:** I'm advised that on a 20-year loan in Canada, approximate cost would be 12 percent. In the United States a similar loan would be approximately 11.5 percent. A 10-year loan in Canada would be approximately 11.25 percent and a 10-year loan in the United States would be approximately 10.75 percent.

**MR. B. RANSOM:** The Minister on one occasion indicated to me how much money the government had borrowed during '82-83. I think that was perhaps a rough figure at the time. Can he give me the total value of the borrowings in Canadian dollars?

**HON. V. SCHROEDER:** Mr. Chairman, including Canada Pension plan borrowings, the total was \$895,535,000.00.

**MR. B. RANSOM:** Roughly how much of that would have been in Canada Pension?

**HON. V. SCHROEDER:** That would have been \$131,555,000.00.

**MR. B. RANSOM:** Perhaps while we're talking about Canada Pension, this might be an opportunity for the Minister to set some people at ease. There has been concern expressed by a number of commentators and people in the public based upon comments, I think, made by Frank Miller, the treasurer from Ontario to the effect that Ontario had no intention of paying back their Canada Pension Plan borrowings. My explanation as I understand it and the explanation that I have always given to people, is that the Canada Pension Plan borrowings are considered the same as any other borrowings that the government does and when the first ones come due in 1986, that the government will either have to pay them back, or renegotiate that amount of money at the time, and that perhaps that misunderstanding - at least what I believe to be a misunderstanding - may stem from a hope at least that the Canada Pension Plan will not have to start gobbling up its capital base. I suppose there's another argument there that they may well have to do that.

If the Minister could give some assurance to the House and public that Manitoba at least intends to treat its Canada Pension Plan borrowings as they would treat any other borrowings with the full expectation of paying them back if called for?

**HON. V. SCHROEDER:** Yes I'd like to thank the member for the opportunity. First of all, as he knows under the terms of The Financial Administration Act the province is required by our own legislation, forgetting about anybody else's, to make an annual allocation to the sinking fund of 3 percent of the aggregate principal amount of general purpose debt outstanding at the end of the previous fiscal year plus all the earnings and that's important; plus all the earnings of the sinking fund. We do that for not only all other debts that we have, but also for the Canada Pension Plan debts. For 1983-84, we are allocating more than \$60 million into the sinking fund for the various outstanding debts, including Canada Pension Plan debts.

We estimate that our earnings on the sinking funds in interest will be over \$30 million, so that's a significant amount. Our first repayment of CPP loans comes due in 1986. There's a good reason for that. They were 20 year loans. They started in 1966 when the CPP started. So from that point on, they will be repaid or renegotiated as I'm sure will occur in every single province of this country.

**MR. B. RANSOM:** The Minister indicated that 10-year Canadian money, for instance, presently would be roughly 11.25 percent. What would the government be paying on short term money today then as compared to the 11.25 percent?

**HON. V. SCHROEDER:** Mr. Chairman, the latest round of treasury bills we've issued went at about 9.25 percent. If we were to go to the bank, I think that we would be looking at somewhere in the area of 11 percent.

**MR. B. RANSOM:** Can the Minister give me an indication as of the end of March, '83 what the

overdrafts stood at for the government and their promissory notes?

**HON. V. SCHROEDER:** Mr. Chairman, we don't have it for the end of March. We have it for today. There's a promissory note out for \$59 million. There's an overdraft in total of \$5.41 million at two different banks. We're in the black at another bank for \$4.551 million. That's the total.

**MR. B. RANSOM:** Mr. Chairman, I'm assuming that there's a figure that's going to be available to show at the Public Accounts. If that figure is readily available, then I'd like to have it tomorrow or whatever. If it's not available at the moment, then obviously we can't have it. What I'm looking for is something that's comparable to the Public Accounts for last year.

**HON. V. SCHROEDER:** Mr. Chairman, we think we can get that information for the member for tomorrow.

**MR. B. RANSOM:** Thank you. As I recall, last year the Minister had indicated that his borrowing requirement was going to be in the range of 900 million, and that subsequently the deficit of the government went up by another 150 million or more, but yet the borrowing of the government doesn't seem to have reflected that increase in the deficit. I wonder if the Minister could give us an explanation for that?

**HON. V. SCHROEDER:** Mr. Chairman, I'm told that the explanation is that some of the agencies' borrowings didn't go as high as we had anticipated and, therefore, although there were more borrowings for general purpose there would have been less for the agencies.

**MR. B. RANSOM:** Is it possible for the Minister to give us some indication of the agencies - at least those that dealt with a significant amount of money?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, we'll have that for the member tomorrow.

**MR. B. RANSOM:** Mr. Chairman, my understanding is - I've seen somewhere in printed material - that the government expects to be borrowing in about four different markets in the coming year, could the Minister give us an explanation as to why we're going to be borrowing Deutsche Marks and yen, Swiss francs and so forth. What's the strategy behind the plan?

**HON. V. SCHROEDER:** The basic strategy is one that the department feels that, on the basis of the amount of borrowing required in order for us to have a significant margin of safety in terms of acquiring the funds, we ought to be in a number of markets. Occasionally, for a period of months in the beginning of the past year, in fact, there were periods of time when you couldn't go and borrow money, nobody was prepared to put it out for any reasonable period of time at any kind of a rate that could be at all acceptable.

Just, for instance, in terms of the Japanese market we are, as I understand that situation, we had been in a queue there in order to get there in the first place. Had we not been in the queue at the time we might

have not been acceptable as a borrower down there because they had changed their rules from what they were in the mid-1970s and I appreciate that.

**MR. A. RANSOM:** That's why I put you in the queue because I knew you'd need a lot of money, spendthrift that you are.

**HON. V. SCHROEDER:** I didn't know you were expecting to lose, but the fact of the matter is that does give us access to that money, and I would point out, as I indicated previously, that although we borrowed money in Japan last year, that particular loan was then turned around and transferred into a U.S. debt obligation which - I'm not saying we will or can do that every time but we've done that with another older Japanese loan, as well. Basically that's why we're in those other markets, the amount of borrowing is very large, there's just no question about it. We're not out there because of the initial lower interest rates, we're out there because we can get the money and we have more opportunity to go to market if we have more markets available. It may mean savings in terms of what we get if we are able to go to the various markets.

**MR. B. RANSOM:** Was that yen issue then transferred to U.S. debt in order to minimize the government's risk exposure on that issue?

**HON. V. SCHROEDER:** Yes, the July 30th loan, that was the precise reason because we exchanged something like an 8 percent interest rate for a 13-something percent interest rate to get into a different currency. If it was just strictly on the short term we would have certainly been better off to stick with the yen. We felt in the long term we were better off spending the money now.

**MR. B. RANSOM:** Does the Minister then see these markets, yen, Deutsche Mark, Swiss franc, as being riskier markets than borrowing in the U.S. or in Canada?

**HON. V. SCHROEDER:** Mr. Chairman, on those types of markets I believe strongly that I should take the advice of the money managers in the department and we've done so. I think it would be foolish to say that there isn't more risk with economies that are less tied into the Canadian economy than the American economy. That is, there'd be obviously less risk of fluctuations as against the Canadian dollar; there is no risk if you borrow in Canada.

I believe that our general economic indicators usually march along with the American indicators more so than they might with West German, Swiss or Japanese or, indeed, pound sterling which we, earlier this year, almost got into, but then the market down there collapsed and the pound dropped so much that we decided not to go. At one point it looked strong and it looked like a good arrangement.

**MR. B. RANSOM:** Mr. Chairman, the Minister said that there is no risk in borrowing in Canada. I'll have to draw to the Minister's attention an argument that members on his side used to put forward when we said that borrowing in Swiss francs was risky and that

the Swiss franc had appreciated against the Canadian dollar, and it ended up costing us a lot of money and it was risky. His colleagues over here used to say, that's nonsense, there's just as much risk borrowing in Canadian because if you're borrowing Canadian and the U.S. dollar, for instance, happens to fall against the Canadian dollar, and you hadn't been borrowing in the U.S. market, then you ran a risk and you lost money by not being in there. I realize the Minister might look somewhat on that argument the same way that I looked on it as it was made by his colleagues before, but I would want him to be aware of that.

I think that the Minister has acknowledged that there is risk involved, that there is more risk involved to be in these borrowings in other currencies than there is to be borrowing in Canada or in the U.S. Is it fair to say, then, that the large borrowing requirements which the government now has is forcing the government into riskier markets than would otherwise be the case?

**HON. V. SCHROEDER:** Mr. Chairman, we're just like any other province in terms of what's happening getting funding. You know, many of the other provinces of this country have been required to go off the North American continent to get funding. Saskatchewan was over there and Ontario. I'm sorry, not Ontario - Ontario was on the Euro-dollar, but not in Swiss francs for last year, or at least until December of 1982. But Hydro Quebec has been there, the Province of Quebec and other provinces, and I suppose nobody can argue with the proposition that if we didn't have anything to borrow we wouldn't have to go to Europe, and if we had much less to borrow, then we could do it all through the CPP. If we had a little more than that to borrow, we could do it in Canada and a little more than that maybe in the United States and Canada combined. It is true that depending on the amount of borrowing that your program has dictates where you have to go.

The member is also well aware that a large portion of our borrowing program is for refinancing existing borrowings, and we believe that it is appropriate for borrowers to maintain access to a number of Capital markets so as not to cause any potential, any danger of a disruption in our Capital borrowing program, which can be quite costly.

**MR. B. RANSOM:** Mr. Chairman, I don't take any comfort from the fact that Saskatchewan or Quebec or whoever is having to go into these other markets as well. The point that I'm making for those especially who don't seem to be too concerned about deficits, and especially deficits for Capital, they should I think be aware then that what is happening here is that, as the size of the borrowing goes up, the government deficit or the guaranteed debt, we not only are going to be faced with larger carrying costs and pay back over the time, but we also are being forced into riskier markets, and that our exposure is going to be that much greater because we are running risks.

The Minister made reference to the fact that there were times when, certain markets, it wouldn't have been possible to borrow, and he also made reference to refinancing, that a large portion of the borrowing is for refinancing. I have, on occasion, tried to make the point to the government that depending on the size of their

borrowing requirements, as it continues to go up, that there may indeed come a time when the government couldn't borrow money. Now, does the Minister have any concern about being able to borrow the money that the government will require, say within the next two or three years? Is the Minister concerned about the length of time, the length of term, of the borrowings that the government has been doing in recent years and over the term the money that might be readily available today?

**HON. V. SCHROEDER:** Mr. Chairman, the long-term loan is coming back, both in Canada and the United States, as well as in Europe. In fact, one of the loans that we were discussing there that we didn't go through, it was 30 or 35 years. We believe that in the next two or three years there's no reason to view Manitoba's case as being any different from any of the other top-quality borrowers in the international money markets. We are still relatively high up there. In fact, and who knows how long credit ratings stay in terms of where we are now. We're certainly in a much stronger position than we were two or three years ago because in that last two or three years - well, last year, I believe, seven states in the United States were revalued downwards. One or two provinces in the last few years has been revalued downwards.

For the first time in living memory we are on a par with the banks in Canada. They were always at least one point ahead of us and for awhile, at least, two points, and of course there's all those other unfortunate countries. They're in a position where they can't get at the markets at all unless they come through the World Bank or some other procedure. So from that perspective, we have to feel fortunate that we don't have those kinds of problems.

As I indicated earlier, there are some provinces in Canada who have a debt at the present time of up to 30-33 percent of their gross provincial product as compared to Manitoba at 12 percent with a direct debt. So I can't see how we would be in any serious difficulty over the next several years as compared to others.

**MR. B. RANSOM:** I think what the Minister is telling us there, Mr. Chairman, is that we are stronger because others are weaker. We really aren't any stronger; we're less strong than we were before, I would suggest. But because others have weakened more, it makes us perhaps appear better, and that's not something that really builds a lot of confidence.

I take it then, from what the Minister says, that the province wouldn't have had difficulty in borrowing more money. It got all the money it wanted in '82-83 and then if you had further requirement, then it would have been possible to get substantially more.

**HON. V. SCHROEDER:** Well, I think that only goes so far because if we were seen as being totally irresponsible in terms of what we were doing, the brakes would come on pretty quickly. I think that the point is, that in any given circumstance, the money market will react in terms of what it perceives as how the operation is functioning, as well as the economic times the province is going through, the debt, the particular deficit at the time, the chances of growth in provincial product and

that sort of thing. All of those things would combine, but if in a good year you just suddenly went nuts and started borrowing for Current account, I think you'd wind up meeting a pretty stony reception very quickly.

**MR. B. RANSOM:** All I'm interested in, Mr. Chairman, is knowing in a general sense whether the government is bumping up against any limit, but more specifically then, supposing the government had to meet their full anticipated borrowing requirement which the Minister said we didn't have to meet because some of the Crown corporations didn't flow the money. I gather they wouldn't have had any difficulty. Mr. Benditt was nodding his head in the affirmative before that they wouldn't have had any trouble getting that.

**HON. V. SCHROEDER:** That's right. For last year there would have been no difficulty in getting considerably more money based on the numbers that people had. The agencies would have had the requirement. We could have gotten it, there's no doubt about that.

**MR. B. RANSOM:** Mr. Chairman, I believe there is something like \$155 million of increased debt servicing costs in the '83-'84 Estimates. I believe on one occasion I heard the Minister say that some of that was a non-recurring cost, a fairly substantial amount of money, perhaps because of some foreign borrowings maturing. Could the Minister either give me an explanation of that now or later on when we get to the debt servicing item?

**HON. V. SCHROEDER:** Mr. Chairman, I can't seem to get my hands on it. Maybe it might be a good idea to wait until we get to the Public Debt and I will make sure I have an answer prepared for that time.

**MR. B. RANSOM:** That's fine, Mr. Chairman, just as long as the Minister is aware that we would like to have that information if he could provide it then.

The Minister referred to top-quality borrowers. The last word that the public had was that the province had been placed on a credit watch. We have not seen anything since that in terms of the credit watch being lifted or any new information. Could the Minister tell us what has happened in that regard? Whether he has had contact with rating agencies recently?

**HON. V. SCHROEDER:** Mr. Chairman, we have had a considerable amount of contact. One of the agencies sent its staff down here to go through a considerable amount of material. Another agency, we visited them and went through the numbers with them. I would expect that we will be hearing further from them within the next few months. They might well want to see what the final quarter results are for last year or possibly the first quarter for next year. There is no clear statement from them as to what their proposals are. We've made the case of why we are in the position that we're in right now and what we're planning to do for the coming year. I think that certainly they were considerably less concerned after the visits and discussions and exchanges of material than before.

**MR. B. RANSOM:** Mr. Chairman, last year on Page 2199 of Hansard, the Minister indicated that unfunded

advances through Crown corporations had been funded. Prior to the end of March 1982, Crown corporations in the amounts shown of MACC 11.1 million; Manitoba Water Services Board 5.7 million; Manitoba Housing and Renewal Corporation of 23.2 million. Could the Minister tell me either now or later, again I don't have to have the information tonight, what the rate would be to those Crown corporations at that time?

**HON. V. SCHROEDER:** Yes, I will have that information for the member tomorrow.

**MR. B. RANSOM:** I would similarly be interested in knowing what rates money was lent to Manitoba Hydro and Manitoba Telephone because at that time the Minister had indicated that requirements for Manitoba Telephone and Manitoba Hydro had been somewhat higher than were anticipated. Could the Minister at the same time then, indicate what the costs were to Hydro and telephone on those advances?

**HON. V. SCHROEDER:** Yes, Mr. Chairman. We will get that information.

**MR. B. RANSOM:** Does the Minister anticipate preparing and filing and other prospectus in the near future? I believe the last one that I have seen was one dated last October.

**HON. V. SCHROEDER:** Mr. Chairman, we have one that should be available certainly before the Public Accounts Committee sits. This would be the one that is being filed in Germany. We don't have the printed copy of it yet.

**MR. B. RANSOM:** Could the Minister indicate how much refinancing was done in '81-82? I know this goes back into the previous year. How much refinancing was done there? How much refinancing in '82-83 and how much is expected to be required in '83-84?

**HON. V. SCHROEDER:** Mr. Chairman, I'll have that for tomorrow as well.

**MR. B. RANSOM:** I am interested in knowing the Minister's position concerning the borrowings that he had undertaken in 1981-82? How much more money was borrowed in '81-82 than was necessary to borrow at that time?

**HON. V. SCHROEDER:** Mr. Chairman, that goes back a little ways. My recollection however is, that at the end of the year, we still hadn't borrowed enough to meet the entire obligations for the year. I recall - I had a sheet on that sometime ago. I may have misplaced it, but my recollection of it is that indeed, there were some real underestimations of the amount of borrowing that was required at the beginning of the year 1981-82. I don't believe that there is any of that money whatsoever that we were able to utilize for '82-83. I do have a sheet here on that. There had been a projection in 1981-82 of a \$365 million cash requirement, and the requirement changed very dramatically during the year.

In the Budget for 1981-82 there was an estimate of \$100 million cash deficit, and the revised deficit was

\$289 million, the cash deficit; sinking funds were correct at \$40 million; Manitoba Hydro budget estimate \$75 million, revised \$133.9; Telephones \$35 million in the budget, revised \$64 million; other Crowns budget \$40 million, revised \$53 million; refunding net of sinking funds estimated at \$75 million, revised \$84.4 million. The Budget Estimate was at \$365 million, revised wound up at \$664.3 million.

In addition to that - this was a memo that was dated before the end of '81-82 - Manitoba Hydro still required \$85 million, \$55 million of which was refunding; and MTS still required \$54.7 million, \$29 million of which was for refunding. So it can be seen, first of all, that the Budget Estimate cash requirement was unrealistic and the borrowing done in '81-82 was for '81-82 purposes, and not for '82-83. The \$690 million which had been borrowed by March 10 did not even complete the revised estimated requirement for '81-82; \$135 million CPP; \$178.6 million from U.S. issue in the summer; \$61.8 million from Swiss refinancing; \$74.9 million from the Alberta issue; and approximately \$240 million from the issue done in the U.S., I believe, in February of '82; for a total of \$690.3 million.

There's another question that I do have and answer to, the explanation of the increase in the estimate of public debt costs for next year as compared to '82-83. First of all, as I'd indicated previously, the public debt costs for '82-83 were prepared in July of 1981, late summer of '81 at \$127,030,000 in total. Events subsequent to preparation of that estimate included the 1981-82 deficit was estimated at \$219.8 million, and ended up at \$251 million. The '82-83 deficit was, at that time, estimated to becoming \$200 million, of course, it went to \$343 million in our Budget and then moved to \$500 million or \$495 million as it is right now.

The '82-83 sinking fund allocation originally estimated at \$50 million was revised to \$70 million; that was \$20 million over the original estimate. The '83-84 deficit and sinking fund allocation, and that's being projected correctly as far as we know now.

All of those factors combine to make for a large underestimation. We believe that this year we have come up with a correct number. That's why there is a very, very significant increase in that component. We clearly went far beyond the spending on that factor that we had expected at the beginning of the year to spend and, quite frankly, we should have looked at it again, in view of the projections we were making at the Budget time, and we should have revised them.

**MR. B. RANSOM:** Mr. Chairman, in the June 3, 1982 publication by McLeod, Young and Weir from which the Minister has been fond of quoting from time-to-time, because it spoke about activist budget that he had brought in.

On Page 5 of that, a quote from this report on the Manitoba Budget from McLeod, Young, Weir which says, and I quote: "As Table 3 indicates, the province borrowed, in excess of its public market requirement in fiscal 1982 adding about \$193 million to reserves. If this amount was applied to fiscal 1983, actual financial market borrowings would be \$550 million as a low estimate, or \$600 million at the high end."

According to McLeod, Young, Weir, the Minister added \$193 million to reserves by his borrowing in

1981-82. I'd like some response then from the Minister as to how this agency could make this kind of analysis when the Minister doesn't seem to agree with that at all.

**HON. V. SCHROEDER:** Well, Mr. Chairman, sometimes McLeod, Young, Weir is right, sometimes they're wrong. It's pretty clear that we might have different perceptions as to when they're right and when they're wrong. I have gone over the numbers for the member detailing how we arrived at, rather than the Budget Estimate that he had of cash requirements of \$365 million and actual of \$646.3 million, plus \$85 million, plus \$54.7 million, which is somewhere in the vicinity of \$800 million, which was the actual cash requirements for the province for that year.

My staff tell me, I believe that they are accurate, that there was not funding done for the next year. Certainly the numbers bear that out. Mr. Chairman, I would point out that for the Public Accounts 1981-82, at the end of the year, at the end of March, 1982, there was working Capital for the province of only \$20 million. It is true that when the previous government started the year there was a deficiency there of \$71 million. So you might say, well there's an improvement of \$90 million and that's certainly correct, but in terms of for the coming year, there was a working Capital of \$20 million. It's simply incorrect to say that we had squirrelled away a pile of money to offset whatever spending we might be prepared to get into. I might say that's on Page 1-6.

**MR. B. RANSOM:** So the Minister is saying McLeod, Young, Weir is wrong in their assessment. One of the prospectuses which we have which was circulated by EXTEL Statistical Services Limited in compliance with the requirements of the Council of the Stock Exchange printed by William Leigh and Company Ltd., London. That shows, then, that the government had an increase in net current assets and investments at the end of 1981-82 of 93.9 million, is that then the increase in working capital to which the Minister referred?

**HON. V. SCHROEDER:** I can't speak for them but certainly it would work out to about the 90 million from about a 70 million deficiency to a 20 million surplus.

**MR. B. RANSOM:** Mr. Chairman, on Page 15 of the Auditor's Report for the year ending March 31, 1982 under Trust Fund Assets and Liabilities, the auditor says, part of the significant increase of funds deposited with the Minister of Finance for investment arises from, "recent borrowings for utilities resulted in increased funds on hand for short-term investments of \$43.8 million."

Mr. Chairman, that would indicate to me that the Crown corporations, indeed, had borrowed more money, long term, than they required and that they then put \$43.8 million with the Minister of Finance for short-term investment at the end of March 1982.

**HON. V. SCHROEDER:** Mr. Chairman, that's in a completely different category altogether from what we're talking about in terms of regular government borrowings. This is a borrowing that's very very specific

to the Crown corporations and yes, sometimes you might be a few weeks ahead or a month ahead of time in terms of your borrowing so that just at the end of March it may appear that there's a buildup but that has nothing to do with the borrowings for the government. It's certainly not something that was ever contemplated in terms of the borrowings that we did at the time. We borrowed because we believed that the conditions were right to borrow.

**MR. B. RANSOM:** Is the Minister telling me that that money which the auditor refers to was not, in any way, related to money borrowed by the government on behalf of Manitoba Telephone System?

**HON. V. SCHROEDER:** Mr. Chairman, it certainly was borrowed on behalf of Manitoba Telephone System by the government but let's make it very clear that the government wasn't out there borrowing money for its own purposes either Capital or Current. You could make the argument that maybe we were just at that point in time \$20 million ahead of the game because that's what we had in working capital. You could also make the argument that that's an amount that is not unreasonable for an operation of this size to have as working capital. The other portion, yes, it would have been a part of one of the loans and portions of those loans are attributed to Crown corporations.

**MR. B. RANSOM:** Does the Minister have information at hand as to what the short-term borrowing rate would have been, say in mid-March of 1982? He gave me a figure tonight for treasury bills and bank borrowing, do you have an indication of what it was in mid-March of '82?

**HON. V. SCHROEDER:** Mr. Chairman, our treasury bills at that time were going at 15.46 percent.

**MR. B. RANSOM:** The department had been following a policy of using short-term money and they had made a number of assumptions and had recommended that the government continue to borrow short-term money with the expectation that the market would improve and that long-term money would become more reasonably priced. As it turned out that strategy, that plan, changed completely from between the end of November, 1981 and the end of March, 1982. What happened was that the government ended up then going to the United States market, I believe, in March of 1982, borrowing roughly \$200 million U.S. at an interest rate, I believe, of about 14.75 percent which is among some of the most expensive borrowing that the government has ever done.

I would like to know why the government went to long-term money at that time, why they departed from the strategy which they had been following earlier and decided to go to long-term money and to add to the reserves of the government at the end of March 1981 when they still had substantial authority to increase the promissory notes or the overdrafts at the bank. I would just make a couple of references from publications, Greenshields, Interest Rate Trends January 8, 1982: "Economic fundamentals remain supportive of a further decline in rates after progress is made in reducing the backlog of new corporate financings."

The Opinion Monitor put out by the Continental Bank of Canada, February 1982 said that, quoting from Economic Week: "Therefore, even although government will be raising 20 percent more this year we think the sluggishness of private-sector borrowing and the rise in funds supplied will permit this increase to be financed in an atmosphere of lower interest rates."

Greenshields Interest Rate Trends March 5, 1982 said, again, "A more orderly descent in rates over the next few months with modest short-term reversals in profit taking occurs. For the moment borrowers in the long trend would have to show the best credentials but . . .", the main point being they're talking about an orderly descent in rates over the next few months that's of March 5. Again Greenshields on March 12, of 1982, "This morning's inflation news adds further confirmation to a long list of evidence which supports further improvement probably over the balance over the current year. This will allow for lower nominal rates but continued higher real rates. An important part of the argument explaining a slow, by historical standards, recovery and therefore less pressure on prices."

Pitfield MacKay Ross in March of 1982, "Our expectation is that U.S. money markets will fall to the area of 10 percent or lower by the summer with the prime falling to about 12 percent by mid-summer. On this basis we would expect Canadian money markets to fall to the area of 11 to 12 percent and the prime to the 13 to 14 percent area. We expect much more modest declines in longer-term interest rates, something in the order of 100 to 200 based points. Greenshields, again, April 2nd, taking a broader view of the economy, still clearly dictates lower rates for the next few months. Improvement and confidence is crucial to significant easing in the financing backlog.

Mr. Chairman, those comments don't seem to indicate to me a reason for the government to depart from the strategy which had been mapped out and had been put in place. I would like to know from the Minister why it was decided to change that basic strategy and go into the market at a time when evidently a number of people were predicting lower rates further on, and the Minister hasn't indicated that there has been any problem in being able to attain the money that the government required during this past year?

**HON. V. SCHROEDER:** Mr. Chairman, I really am happy to get an opportunity to answer that. Let's remember that back in November of 1981, the Treasury bills were in the area of 18 percent. In September, it was 20.95; in August 21.5. Obviously, in those times you might have one strategy, and in times when you are moving down you have another strategy. There has been certainly no ministerial directed change in policy. The department saw an opportunity to go and fill up the coffers which had been depleted in the area of short-term borrowings and they did it.

When I look at our record, compared to other provinces in this country, I must - I don't take the credit for it - commend staff. They have done an excellent job. I'll just give you one example. Our American borrowings, between the end of March and the end of December of 1982, we have borrowed \$100 million in September at 13.75 percent; we borrowed \$125 million in November at 11.75 percent, 13.75 and 11.75.

Saskatchewan, their only loan was \$150 million U.S. at 15 percent, 1.25 above ours. B.C. Crowns, one was at 14.75 percent, the other at 15.25 percent; they were significantly above ours. Ontario Hydro went to the market, in February of 1982, when we were going at 15.75 percent U.S., 200 million; similarly in March of 1982 they went for another one at 15.75. They were going into the long-term market hoping that all of those analysts were correct but not being certain and not being prepared to gamble the future of Ontario Hydro's operations on the basis that they could carry on with long-time, short-term high interest loans. They went back in August for 14.625, and I remind you that our highest was 13.75; then they went back again in August at 15.25 and again that is significantly higher than ours. That's Ontario with a triple A, by the way. Hydro Quebec was, in January, at 16.625 percent for 200 million U.S., 10-year loan. Then they got 16.25 in February.

You can go through the year. We did very very well compared to what they were doing. New Brunswick, its only U.S. loan, for instance, was at 15.5 percent, 1.5 points above what we did at our worst. Nova Scotia, I don't have an interest number on that one. Newfoundland Crowns, 15.125 percent, \$100 million dollars; Newfoundland, 15.5 percent and 13.875 percent. Both loans higher than our very highest loan in interest rates.

You might say don't compare us to anyone else. Well, Mr. Chairman, you do have to look at what is happening elsewhere to have some kind of standard of comparison. That standard of comparison is not an unreasonable one. I think that we have been prudent; the department has done a very good job. They have not been perfect. You might say if they would have waited right for the trough and gotten all the money at that time, if that was possible, theoretically, that would be ideal, then we would have saved money.

The thing is you have to be out there more often than that to get your money because you can't get those large sums all at once. If all of those prognosticators, whom the Member for Turtle Mountain quotes, had been wrong, what would we have done then, because some people were not saying the same thing? Some people were saying the market would go the other way. We had to be somewhat conservative in terms of making sure that we weren't taking too many chances with the future financing of our operations.

**MR. B. RANSOM:** What I haven't heard from the Minister is an explanation of why the strategy changed because the strategy had been in place from the time the Budget was presented. Interest rates were high. Short-term interest rates, if my recollection is correct, were probably highest around August-September, something like that of 1981. I was still the Minister of Finance then. There was no change in the strategy of

financing the government's requirements. After that, those short-term rates started to decline and at some point between the end of November, 1981, and the end of March, 1982, the government decided to abandon its earlier strategy, which I maintain had the government stuck to that strategy, would have saved them millions of dollars in the long run.

All I am asking is why was the strategy changed in that period of time?

**HON. V. SCHROEDER:** It was the view of the professional money managers in the department that was the prudent thing to do given the circumstances, given the fact that interest rates had come down significantly, given the fact that there was no guarantee that they would be able to get money in the very near future on the long term. There was a window; they advised that we should go for it and we did.

I think that it is very clear from the other material I have presented that other Provincial Treasury departments gave the same advice to their Ministers because they were going at the same time. They knew, too, that it would be a lot nicer if they could take the chance and stay short term for another four months if indeed interest rates would come down. But what if they were wrong? That's the question people have to face when they're into this kind of a program.

**MR. B. RANSOM:** Somehow then, Mr. Chairman, I take from the Minister's answer that the money managers were hanging in there during the period of highest period of interest rates. They stuck to the strategy, which was developed at a time of high interest rates, and then as interest rates started to come down, then the strategy changed and the recommendation was then to get in and borrow money because it was available at that time.

**HON. V. SCHROEDER:** When the rates began coming down and people like Henry Kaufman were projecting at that time that indeed a return to high interest rates, as the U.S. economy began recovery, which at that time was thought to be soon. So there were conflicts in terms of which way interest rates were going. I imagine that we would not have been running into the long-term money markets if it would have still been at 20 percent and there was a likelihood of it lowering but, given the history of the previous two years, there was a feeling that that was the prudent thing to do.

**MR. CHAIRMAN:** Item 2.(a)—pass; 2(b)—pass; 2(c)—pass.

Resolution No. 72, Resolve that there be granted to Her Majesty, a sum not exceeding \$829,500 for Finance, Treasury Division, for the fiscal year ending the 31st day of March, 1984—pass.

Committee rise.