

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 29 June, 1987.

Time — 1:30 p.m.

OPENING PRAYER by Madam Speaker.

MADAM SPEAKER, Hon. M. Phillips: Presenting Positions . . . Reading and Receiving Petitions . . .

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MADAM SPEAKER: The Honourable Member for Ellice.

MR. H. SMITH: I beg to present the First Report of the Committee on Industrial Relations.

MR. CLERK, W. Remnant: Your Committee met on Tuesday, June 23 and Thursday, June 25, 1987 in Room 254 of the Legislative Building to consider bills referred.

Your Committee heard representations on Bill 32 as follows:

Bill (No. 32) - The Retail Businesses Holiday Closing Act; Loi sur les jours fériés dans le commerce de détail;

Mr. Bruce Hall - Canadian Federation of Independent Grocers

Reverend Don James - East Kildonan Pastors Fellowship

Written submission: Manitoba Association for Rights and Liberties

Your committee has considered:

Bill (No. 32) - The Retail Businesses Holiday Closing Act; Loi sur les jours fériés dans le commerce de détail;

And has agreed to report the same with certain amendments.

All of which is respectfully submitted.

MADAM SPEAKER: The Honourable Member for Ellice.

MR. H. SMITH: I move, seconded by the Honourable Member for Kildonan, that the report of the committee be received.

MOTION presented and carried.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker.

I wish to table two reports. The first one is a Report to the Legislature pursuant to section 54.4(3) of The Financial Administration Act relating to Supplementary Loan and Guarantee Authority.

The second reports on the amount paid to members of the Assembly as required by sections 66.3(1) and 66.3(2) of The Legislative Assembly Act.

MADAM SPEAKER: The Honourable Minister of Community Services.

HON. M. SMITH: Madam Speaker, I would like to table a report, a Summary of Findings and Recommendations of the Review into the Repatriation of a 14-year-old girl to a Northern Manitoba Reserve in July of 1986.

MADAM SPEAKER: The Honourable First Minister.

HON. H. PAWLEY: Madam Speaker, I have a statement for the House on one, and possible two, meetings of First Ministers scheduled for the first half of next week.

The Prime Minister has confirmed Tuesday, July 7 as the date for the next quarterly First Ministers' meeting on Trade. The meeting will be held in the Langevin Block, in the same room, I am told, as the 20-hour constitutional marathon was held a month ago.

It is also possible that the Prime Minister will meet with the Western Premiers on the day after the trade meeting to discuss the Federal Government's plans for a Western Economic Diversification Initiative.

The July 7 meeting on Trade will be the most important of our sessions on this subject so far. Originally, the meeting had been scheduled for June 22, but the Prime Minister asked for a postponement.

In the spring, virtually all the participants in the Trade negotiations seemed to expect a "bracketed" agreement to be on the table for consideration by now, but that has not happened. In fact, we do not expect to see such a draft at our July meeting. So we will face major uncertainties about key components of any potential deal with the United States.

We also face a situation where provinces and the Canadian public might not know some of the most critical details and proposed trade-offs until very late in the negotiations, in effect, just before the package is scheduled to go to the United States Congress early in October. In my view, that kind of scenario could be divisive and dangerous.

It would not allow for adequate analysis or debate anywhere in Canada.

I've urged the Prime Minister to clarify and to improve the process:

- so that the chance of last-minute surprises can be minimized;
- so that the provinces can all contribute as constructively as possible to the process in the final months; and
- so there will be a provision for adequate public input.

I believe that, as a matter of principle, the people of Canada should have at least as much time and scope to assess and to debate the proposed agreement as the Congress and the people of the United States.

One of the lessons of the Meech Lake Accord is that backroom negotiations are only useful up to a point. Eventually, the results have to be held up to the clear light of public scrutiny.

That means, to us, national public hearings on an issue that could prove to be of immeasurable

importance to the economic and social fabric of our country for years to come.

The Federal Government has promised that they will not support a trade deal unless it is good for every province and for every region in Canada. That commitment is even more critical as we approach the final stages of negotiations. The same is true of the federal commitment not to deal away any of Canada's hard-won sovereignty.

As the Premier of Ontario has pointed out, there have been some troubling, some large-scale foreign takeovers or proposed takeovers in key sectors of the Canadian economy recently.

That trend and its implications for Canada's economic self-determination will be very much in our minds when we meet with the Prime Minister on July 7.

New submarines in the Arctic will not mean very much to Canadian sovereignty if the ownership and the control of the Canadian economy slip even further out of the hands of Canadians.

What is at issue here is very real: jobs, and incomes, and the Canadian way of life.

We continue to support the Canada-U.S. trade negotiations for what they could achieve but, so far, we do not have a clear picture of what they are achieving, and with the time drawing short, our reservations naturally are growing.

We continue to have, and to express the important reservations about components of the proposed agreement affecting areas such as agriculture, patents and foreign ownership in Canada. Furthermore, we need more information on how the deal would affect regional developmental programming, breweries, cultural issues, services, telecommunications and transportation. I hope that the July 7 meeting will not heighten those reservations but, in fact, will reduce them.

Many of our concerns are related directly to the fact that Manitoba is a relatively small province with an economic base which, though relatively stable, also has very fragile sectors.

Those same concerns also explain our government's position on regional development and on equalization, and the related issues of western diversification and the need for additional federal agricultural support.

We have all seen speculative stories in the media in recent days concerning the nature and the timing of federal announcements about a new agency for coordinating economic development efforts in Western Canada.

When he was in Winnipeg for a bilateral meeting in early May, the Prime Minister assured me that there would be consultation with the Federal Government prior to any substantive announcement. That consultation has not happened yet, but perhaps it will shortly.

We see the consultation process taking a two-track approach.

First, as was announced after my bilateral meeting with the Prime Minister, we will be working through the Canada-Manitoba Ministerial Coordinating Committee to discuss specific Manitoba diversification priorities. That committee is co-chaired by my colleague, the Minister of Industry Trade and Technology, and the other co-chair is the Minister of National Health and Welfare.

The top priority suggestions we have made to the Federal Government are, of course, a major new health industries initiative for Manitoba - for example, locating the Canadian equivalent of the Atlanta Centre for Disease Control here in Manitoba - and a new community water services initiative.

Several other promising opportunities also could be acted upon quickly if there is federal interest. These include:

- A new science and technology initiative, including proper use of the Science Place Canada facility;
- New transportation development initiatives - and that does not include moving more of C.N.'s management to Montreal or making more excuses about underutilization of Churchill;
- A new Industrial Development Agreement and small business support;
- New initiatives for Northern and Native economic development;
- New initiatives involving mineral and renewable energy resources, particularly energy-intensive projects.

The second track, alongside the bilateral discussions, will involve the other western provinces through the "Western Ministerial Working Group on Diversification," which the Western Premiers established at our Humboldt conference at the end of May.

If the meeting on western diversification takes place on July 8, getting that committee into action is one of the subjects we hope to discuss with the Prime Minister.

Our main overall objective in both sets of discussions, bilateral and multilateral, is to ensure that the federal diversification initiative treats the western provinces equitably relative to other regions and areas of Canada, and that Manitoba itself is dealt with fairly within that initiative.

Although the western provinces share many common problems, including an overdependence on the primary resource sector, our region is not homogeneous. There are significant differences amongst us.

The western provinces need solutions which take our individual circumstances, strengths and opportunities fully into account.

In Manitoba's mixed economy, for example, a strong, continuing role for the Federal Government is essential in ensuring stable and steady economic development.

For that reason, we question seriously whether Manitoba's interests could be best served if the Federal Government were to turn over a significant portion of its regional development planning and programming authority to an agency based in Calgary, as some have speculated in this case.

And we would be doubly concerned if, at the same time, the Federal Government created a new "industry department" with primary responsibility for Ontario and Quebec.

In our view, a fragmented federal approach with split responsibilities at the federal level might weaken or undercut the ability of the Government of Canada to pursue effectively the national policy principles on regional development which all governments endorsed only two years ago.

Of course, our most critical requirement now is in the agricultural field, where we continue to wait for a positive response to the western provinces' call for "an

increased and substantial deficiency payment, due to the continuing decline in prices and incomes" that face western farmers.

Without that kind of basic support, talk of federal western diversification efforts becomes quite empty, especially if some of those efforts turn out to be just repackaged existing programs or commitments.

We are not predicting that it will happen. My colleagues and I hope it will not.

The Prime Minister has apparently committed substantial new financial support to the Atlantic region, over \$1 billion in the next five years.

We believe it is reasonable for Manitobans to expect that our province, and our neighbours, will be treated fairly and equitably.

Thank you, Madam Speaker.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Thank you, Madam Speaker.

I thank the Premier for his announcement, informing the House about the events that will be taking place next week in the course of First Minister's meetings that he will be attending in Ottawa.

Madam Speaker, in particular, I would hope that the omen that he has alluded to, that the meetings will be held in the Langevin Block where the Meech Lake Accord was entered into, might be a positive omen. It might help to eliminate the significant differences amongst the provinces with respect to free trade that he has referred to in his statement. Perhaps that same spirit of cooperation and good will that occurred in the course of the Meech Lake discussions will also occur with respect to the differences that are held amongst provinces with respect to free trade.

I would hope that the results will be ones of working toward consensus on an issue of great importance not only to this province, to Western Canada and the country as a whole, because the opportunities that free trade present to this country, freer trade, can certainly have a positive economic benefit for all Western Canada, and particularly for Manitoba. I would hope that these discussions will continue to bring us closer to an opportunity to have that freer trade agreement for the benefit of all Canadians.

Madam Speaker, the Premier has talked about the necessity of having freer trade discussions, negotiations and agreement come under the clear light of public scrutiny, need to have public hearings on an issue of immeasurable importance to all Canadians and indeed to all Manitobans. I note that with some irony because the Premier had indicated earlier, just a couple of weeks ago, that he didn't feel it was necessary to have, for instance, the ICG proposed takeover looked at by a public hearing process. A \$200 million investment of taxpayers' money didn't require any public scrutiny, any public hearing as to that particular proposal. Yet he is suggesting that there is a need to have the clear light of public scrutiny on the freer trade agreement.

Madam Speaker, I note that throughout the statement there are a number of pretty negative-sounding statements by the Premier. Yet he clarifies them by saying that, after a series of negative statements about the Western Canadian Diversification, the western

economic development proposals, he is not predicting that is what will happen. So I question, then, what is the value of placing in a statement such as this such negative-sounding statements if he's not predicting and he doesn't really believe that's what will happen.

Madam Speaker, I think it's important that the Premier go forward with a positive attitude, with a positive attitude about the benefits of freer trade, not look to find a number of ways in which he can back out of that agreement that he originally supported with all of the Western Premiers, not wanting to back out so that he can, once again, ingratiate himself with Ed Broadbent and the Canadian Labour Congress on this issue.

Madam Speaker, I think it's important that the Premier present the views of Manitobans, and that is that Manitobans are looking for more opportunities for economic development. Freer trade means more opportunities for economic development, freer access to greater markets, greater markets for the products and goods that we are producing here in Manitoba that can be sold and are being sold throughout the United States today, and that would be better able to be sold if we had a freer trade agreement.

Madam Speaker, the Premier has indicated that he's concerned about the process that's in place, and yet I know that his representative, Mr. Adams, has indicated that this is indeed the process that should take place. There has to be a negotiation to arrive at a position that can then be put before the Canadian public, and that negotiation process is obviously under way. We see discussion of it in the media day by day.

So we need to have that process take its full course and then, once it has taken its full course, then all of the provinces and indeed all of the people of Manitoba will be a party to the scrutiny that it should have and it will have, and to the assurance that, in its final form, it represents the best interests of all Manitobans and all Canadians countrywide.

So I thank the Premier for that statement, and we look forward to the results of the meetings that he will be having next week in Ottawa.

MADAM SPEAKER: Notices of Motion . . .

INTRODUCTION OF BILLS

HON. M. SMITH introduced, by leave, Bill No. 72, An Act to amend The Child and Family Services Act (2); Loi modifiant la Loi sur les services à l'enfant et à la famille (2). (Recommended by His Honour, the Lieutenant-Governor.)

MADAM SPEAKER: Oral Questions.

MATTER OF PRIVILEGE

MR. G. FILMON: Madam Speaker, prior to Oral Questions, I rise on a Matter of Privilege, which I will be following with a substantive motion.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, last Friday morning, Friday, June 26, in the midst of a response to a question

in this House, the Minister responsible for MPIC rose and spoke about a matter under his jurisdiction.

He referred to my repeated allegations about the cover-up by him and his colleague, the Member for Rossmere - the former Minister of Crown Investments - cover-up of the \$12.3 million of IBNR loss provision for reinsurance which was not included in the 1984 or 1985 annual report and financial statements of MPIC.

At that time, Madam Speaker, the Minister said, and I quote from Hansard, page 3412:

"Madam Speaker, one final comment, and that is the allegation that somehow or other the losses were not shown in the 1984 report. It is very disturbing that when we are dealing with a complex issue that the member can't read a report. Very clearly, in the 1984 report, is an indication that there were \$26 million in claims, and included in that figure is a provision for \$12.3 million of incurred losses in 1984. It is a pity that the Leader of the Opposition, who sees cover-up everywhere, can't read a simple financial statement."

Well, you can imagine, Madam Speaker, how surprised I was at that statement made by the Minister, particularly since that Minister has acknowledged on the public record several times that the \$12.3 million of IBNR losses were not included in that annual financial statement or report; particularly, Madam Speaker, when the Auditor's Report, which was tabled just a week ago - a week earlier than that - in the House, quoted from an assessment of the Auditor's discussions with this Minister about that particular \$12.3 million IBNR loss provision.

The Auditor says, and I quote: "During the course of our interview with the Minister, he advised us of the following. He had no input into the October 1984 document and was not aware of the document and the potential claims until the document was presented to him. The chairperson and the president met with him on October 19, 1984 and presented him with the October, 1984 document. The document disclosed the possibility of reinsurance claims, the shortfall in the assumed reinsurance IBNR provision and options as to how this could be reported. The president personally went over the document with him. Believing that all options were viable, he . . . "- meaning the Minister - ". . . selected option one, not to set up the \$12.3 million additional IBNR. He subsequently communicated with the then Minister of Crown Investments regarding the October 1984 document and its accounting ramifications. There is no documentation to suggest that the chairperson and the president, or MPIC's management, agreed or disagreed with the decision made by the Minister."

Clearly a reference to the fact that the \$12.3 million IBNR loss provision was not in the 1984 financial statement. Yet the Minister stood in this House and waved that annual report, Madam Speaker, and said that it was contained within the \$26.191 million of claims incurred in that report on page 17.

Madam Speaker, I recalled the Minister having done that once before, and so I went to coverage of a private briefing that he had, you will recall, on March 23 of this year, a private briefing only for members of the media, at which he was going to explain to them everything about the reinsurance losses at . . .

MADAM SPEAKER: Order please.

May I remind the Honourable Leader of the Opposition that, when presenting a case for a motion of privilege, a member is to speak to whether the essential conditions of a matter of privilege have been met. The honourable member seems to be dealing with the contents of the issue, and seems to be speaking to the issue.

Could the honourable member, in fact, briefly explain his matter of privilege and whether the essential conditions are being met.

MR. G. FILMON: Madam Speaker, my matter of privilege, very clearly, is that the Minister has misled this House and, in misleading this House, I have read for the record what he put on the record last Friday. I have read from the analysis of his testimony in the Auditor's Report, page 19, and I'll go one step further to again make the same point in a different manner, Madam Speaker, and this has to do with March 23 of this year in which he had held a private meeting, a private briefing, for members of the media.

At that time, the news coverage of that particular briefing said, and I quote: "Bucklaschuk said yesterday there was a \$12.2 million claims provision included in the Corporation's 1984 Annual Report. After Bucklaschuk left the news conference, MPIC President, Robert Silver, said that was not so. Silver said there was only a \$2.5 million provision for the potential reinsurance claims in the 1984 Annual Report, and the Minister was wrong."

Well, Madam Speaker, the Minister was again wrong in this House on Friday morning, only he said it in a way that misled, not only this House, but the people of Manitoba, because he insisted . . .

MADAM SPEAKER: Order please.

MR. G. FILMON: . . . on saying that the \$12.3 million had not been covered up but, in fact, was in the annual report . . .

MADAM SPEAKER: Order please.

The Honourable Minister of Education on a point of order.

HON. J. STORIE: Madam Speaker, I would ask you to rule on whether the Leader of the Opposition is debating the motion. Madam Speaker, I believe he had indicated he was going to introduce a motion of privilege. He is debating the matter.

MADAM SPEAKER: Order please.

The Honourable Minister of Education doesn't have a point of order, in that the Honourable Leader of the Opposition's microphone was already cut off, in that I had already cautioned the honourable member to limit his discussion strictly to whether the essential conditions of a matter of privilege have been met.

The Honourable Leader of the Opposition, to the matter of privilege.

MR. G. FILMON: Madam Speaker, believing that the Minister's statement was clearly false and in contradiction with evidence on the record, I then spoke to the Auditor this morning and the Auditor, wanting

to be absolutely certain that he understood my point and that he understood the concern I had about the Minister's misleading statement Friday morning, brought on the line for a conference call Mr. Mayer, who had done the audit report with MPIC. Madam Speaker, after listening to the point, the Auditor said that in no way did the \$26 million that's contained as a "claims incurred" on page 17 of the annual financial statements of 1984 MPIC, in no way did that contain the \$12.3 million IBNR losses. Yet this Minister insisted in the House . . .

MADAM SPEAKER: Order please.

MR. G. FILMON: . . . waving this document and saying that they were in these financial statements, Madam Speaker.

MADAM SPEAKER: Order please.

MR. G. FILMON: He has, once again, misled the House.

MADAM SPEAKER: Order please, order please.

May I remind the Honourable Leader of the Opposition of our Rule 30 which says: "The Speaker will permit limited and strictly relevant debate concerning whether or not the essential conditions have been met." Would the Honourable Leader of the Opposition please limit his remarks strictly to the conditions of privilege?

MR. G. FILMON: Clearly, Madam Speaker, I am indicating to you the reasons why I believe I have a matter of privilege, and I'm raising it at the earliest possible opportunity. The Hansard for Friday morning arrived on our desk as we arrived in the House today. This is the earliest possible opportunity that I have had to raise it and I am raising it with you, Madam Speaker.

So, Madam Speaker, based on those conditions having been met, based on clear evidence that I have provided that the Minister has once again misled the House, I move, seconded by the Member for St. Norbert, that the matter of the Minister responsible for MPIC misleading the House about the provision of an amount of \$12.3 million IBNR claims in the 1984 annual financial statement for MPIC be referred to the Committee on Privileges and Elections for investigation and report back to the House.

MADAM SPEAKER: The Honourable Minister of Education.

HON. J. STORIE: Prior to your ruling on whether that motion is, in fact, in order, our Rules of course require that several pre-conditions be met. They include of course a formal motion, and the Leader of the Opposition has done that. But I'm afraid, Madam Speaker, that on a number of other fundamental points, the Leader of the Opposition has failed to substantiate and prepare his motion in accordance with the rules. Clearly, No. 1, is the prima facie case that he has attempted to make using bits of information from newspaper reports and events that have occurred, Madam Speaker, weeks and months prior to the introduction of this particular motion.

Madam Speaker, the Leader of the Opposition knows that these kinds of issues must be raised at the earliest opportunity and I remind you, Madam Speaker, of your ruling of several days ago in which the Member for The Pas, in seeking some redress to concerns that were made in this Chamber, had it indicated to him that the earliest opportunity did not require the unedited transcript of Hansard, but should occur when the breach of privilege occurred.

Madam Speaker, the Leader of the Opposition also knows that this matter is currently before a standing committee and, in fact, was subject of substantial debate in which many of the allegations - and I say allegations advisedly - were made before committee last week. Madam Speaker, there will be further opportunities to review this issue in committee. What we have, substantially, is a disagreement over fact, although that would be loosely defining what the Leader of the Opposition has put forward as fact, Madam Speaker, but it is quite obvious that there is no matter of privilege, either in substance or in intent. The issues that have been raised by the Leader of the Opposition have been dealt with in question period and in committee and in the public arena for months. This is another attempt by the Leader of the Opposition to grandstand, to heighten an issue which has been shown to be a non-issue. There is no matter of privilege, Madam Speaker, and I would ask you to rule so.

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, the Minister of Education has accused me of raising this matter to grandstand. I demand that he withdraw that allegation.

MADAM SPEAKER: As honourable members know, they are not to impute motives to each other.

The Honourable Minister of Education.

HON. J. STORIE: I'm sorry, Madam Speaker, did you rule the word "grandstanding" out of order?

MADAM SPEAKER: I'm asking the Minister of Education to withdraw any indication that he was imputing motives to the Honourable Leader of the Opposition.

HON. J. STORIE: No, I'm sorry, Madam Speaker, if I was imputing motives to the Leader of the Opposition, that would indicate that he knew what he was doing, and he doesn't. I withdraw categorically.

MR. G. FILMON: Madam Speaker, I would ask that you would ask the Minister to withdraw the imputation of the motive that I was grandstanding.

MADAM SPEAKER: In my opinion, the Honourable Minister just did that.

I will take the Honourable Leader of the Opposition's proposed motion of an alleged breach of privilege under advisement to see whether the essential conditions and a prima facie case has been presented.

ORAL QUESTIONS
SuperValu - demonstration
attended by members

MADAM SPEAKER: The Honourable Member for Brandon West.

MR. J. McCRAE: Madam Speaker, my question is directed to the First Minister.

In addition to the Honourable Member for Elmwood and the Honourable Member for Kildonan and the Honourable Member for Ellice and the Honourable Member for Thompson attending a demonstration on Thursday, were any additional NDP caucus or staff in attendance at the demonstration, which horrified, Madam Speaker, and terrorized and intimidated SuperValu customers?

MADAM SPEAKER: That question is not within the jurisdiction of the government.

The Honourable Member for Brandon West.

MR. J. McCRAE: Surely, Madam Speaker, if the Premier can't control his MLA's, he should at least try to control government staff.

MADAM SPEAKER: Order please, order please.

What individual members or civil servants do in their own time is not a matter of questions for the government.

The Honourable Member for Brandon West.

MR. J. McCRAE: Madam Speaker, because the attendance of NDP members and staff of the government tends, whether intentionally or not, to arouse and legitimize thuggery and hooliganism and gangsterism and violence . . .

MADAM SPEAKER: Order please!

I do hope that the honourable member is not accusing anyone in this House of any illegal behaviour.

The Honourable Opposition House Leader.

MR. G. MERCIER: Yes, Madam Speaker, I wish to raise a point of order.

Madam Speaker, you have suggested, I think, that the questions are out of order. I would like to remind you, Madam Speaker, that a number of years ago there was an incident take place with this government in power involving the U.S. Consulate in the burning of a flag, and the question arose whether members of that government and members of the Cabinet were there in their official capacity, and there were questions placed before this Legislature for a number of days.

Madam Speaker, you in making your comments were suggesting they were there in their private capacity. I think that is a question that should be answered by the Premier of this province, Madam Speaker, as to whether or not they were there in an official capacity.

MADAM SPEAKER: The Honourable First Minister on the point of order.

HON. H. PAWLEY: Yes, on the point of order. It appears, Madam Speaker, when one doesn't challenge these matters, they become self-perpetuated myths. There never was a demonstration in which members of this government participated in the burning of a flag. That is an outright falsehood, and the honourable member should withdraw that.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

Could the Honourable Leader of the Opposition please come to order?

The Honourable Member for Kildonan on the point of order.

MR. M. DOLIN: On the point of order the Member for St. Norbert raises with the Premier, whether or not acting on the part of the government.

I certainly was at the demonstration; I am not ashamed of the demonstration. I was there as a private citizen, supporting the workers in their just cause in a legal strike. I was not representing the government, and I was there in no official capacity.

MADAM SPEAKER: On the point of order . . .

MR. M. DOLIN: I was there supporting the people. I feel I have a just cause, and will continue to do so, Madam Speaker.

MADAM SPEAKER: The Honourable Member for Thompson, on the point of order.

MR. S. ASHTON: On the point of order, Madam Speaker.

I too, Madam Speaker, was present at the fully legal demonstration in support of the SuperValu workers, and I would point out once again the fact that the Member for Brandon West is becoming dangerously close to violating Beauséne 319 and my privilege as a member of the Legislature. I would hope you would call him to order before he suggests any unworthy motive on my part, Madam Speaker.

This is a free country. I exercise my free right to express my support for the SuperValu workers and I resent any implications, Madam Speaker, from that member of any unworthy motive on my part.

SOME HONOURABLE MEMBERS: Oh, oh!

HON. R. PENNER: To the same point of order, I think it should also be noted, arising from the activities of some people in what was otherwise a peaceful demonstration, charges have been laid and are presently before the courts. I would remind you, Madam Speaker, and this House that those people are to be presumed innocent until proven guilty. That's No. 1, so these charges that fall so easily from the loose lip of the Member for Brandon West about thuggery and thievery and all the rest of it are out of order in themselves.

Secondly, to then link everyone who was there acting in a lawful and peaceful way with what are only presumed to be possible criminal acts is, in itself, out of order. So those statements of the Member for Brandon West are out of order on both counts. He does a disservice to the legal process which is taking place in a peaceful and lawful society by attempting to prejudge those issues in this House, both with respect, Madam Speaker, to the activities of those who have actually been charged and to the actions of those who were there in a lawful capacity, and that is impermissible.

MADAM SPEAKER: The Honourable Member for Brandon West on the point of order.

MR. J. McCRAE: Madam Speaker, just for the record, in answer to the Attorney-General, my concerns in raising these questions . . .

MADAM SPEAKER: Order please.

On the point of order raised by the Honourable Opposition House Leader.

MR. J. McCRAE: Madam Speaker, if, for once, I could get to my feet and finish a complete thought without being interrupted by you, I'd appreciate it.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please, order please.

I happened to be in the process of recognizing the Honourable Member for Brandon West on the point of order raised by his colleague, the Opposition House Leader.

Would the Honourable Member for Brandon West please withdraw those last comments which certainly reflect on the Chair?

MR. J. McCRAE: Madam Speaker, even if I tried to withdraw, I don't think you'd let me finish what I was about to say.

MADAM SPEAKER: Order please.

MR. J. McCRAE: If you check . . .

MADAM SPEAKER: Order please.

Would the honourable member please withdraw those statements?

MR. J. McCRAE: Madam Speaker, if you check the Hansard, you'll find very many cases when I have reason to ask questions when you have cut me off in midstream, which gives rise to points of orders ad nauseum.

MADAM SPEAKER: Order please, order please!

Once and for all, would the Honourable Member for Brandon West withdraw those statements which reflect profoundly on the Chair, immediately?

MR. J. McCRAE: Madam Speaker, I apologize.

MADAM SPEAKER: Thank you. Now on the point of order raised by the Honourable Opposition House Leader.

MR. J. McCRAE: The point of order has been dealt with, Madam Speaker, ad nauseum. The point I was rising about, I'm not allowed to mention, Madam Speaker, so I won't.

SPEAKER'S RULING

MADAM SPEAKER: The point of order on the floor, raised by the Honourable Opposition House Leader, dealt with the issue of my ruling that the Honourable Member for Brandon West's question was out of order,

based on something that happened several years ago, and a ruling made by another Speaker in this House, or practice that was allowed by another Speaker.

As the honourable member well knows, questions are based on the immediate relevance to this House and my ruling was based on the exact question of the Honourable Member for Brandon West. I do not know under what circumstances questions about another situation were asked, and why they were ruled to be in order at the time.

The question asked this morning by the Honourable Member for Brandon West about the participation of members of this Legislature in their own private capacity are not within the jurisdiction of the government. So questions dealing with matters within the jurisdiction of the government in terms of labour legislation or whatever certainly are in order. The question the member put this morning is not in order.

The Honourable Member for Brandon West.

MR. J. McCRAE: Madam Speaker, the demonstrations we've been seeing have been -(Interjection)- Madam Speaker, is the Attorney-General the Speaker in this House or are you?

MADAM SPEAKER: First of all, the Honourable Member for Brandon West well knows that questions are not to be addressed to the Speaker.

The Honourable Member for Brandon West.

MR. J. McCRAE: Madam Speaker, on Friday, the First Minister told this House that he does not support violence, he does not condone violence even though he's unable to control his MLA's. Will NDP members who attend the next demonstration in the Westfair dispute, will those members be acting in an official capacity representing the government, and will governments . . .

MADAM SPEAKER: That question is hypothetical.

MR. J. McCRAE: Madam Speaker, it could hardly be hypothetical when the Member for Kildonan told us awhile ago that he would be attending future demonstrations.

MADAM SPEAKER: Order please.

Would the honourable member please rephrase his question?

MR. J. McCRAE: Will the First Minister step in to protect innocent women, children and elderly and other shoppers in this city, in this province, to prevent them from being abused by hooligans who attend demonstrations also attended by NDP caucus members?

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: The Honourable Member for Brandon West . . .

MR. J. McCRAE: We now know, Madam Speaker, that the First Minister is a straw man.

MADAM SPEAKER: . . . with a question.

MR. J. McCRAE: The man is made of straw.

Bill 61 - constitutionality of

MR. J. McCRAE: Madam Speaker, in view of allegations made by a labour lawyer in Winnipeg - the same labour lawyer who the Minister of Labour appointed to the Labour Board and three weeks later rescinded that appointment - in view of allegations that Bill 61 is unconstitutional on three grounds respecting the Canadian Charter of Rights and Freedoms, did the government receive an opinion about the constitutionality of Bill 61 before it proceeded with such haste to introduce it in this House?

MADAM SPEAKER: The Honourable Minister of Labour.

HON. A. MACKLING: Madam Speaker, the honourable member knows very well that the legislative committee heard the benefit of the individual lawyer's submission on behalf of the Chamber of Commerce. The Chamber of Commerce, represented by that lawyer or a similar spokesperson in the past, decried labour relation initiatives in 1972, said they were disastrous. They said the same thing in 1984, but the Winnipeg Chamber's lawyer appearing before the committee indicated that our labour relations in Manitoba was good. He said it not only once; he said it twice, Madam Speaker. The same spokespersons before were saying that our labour legislation was terrible.

Madam Speaker, I believe that the same kind of assessment will be made by the same spokespersons in about 10 or 20 years, that this legislation that we passed this Session was excellent.

Bill No. 61 - tabling of opinion by lawyer re

MR. J. McCRAE: Madam Speaker, a question for the Attorney-General.

Has such an opinion been given to the government and will the Attorney-General table it in this House so that we can all have the benefit of it?

MADAM SPEAKER: The Honourable Attorney-General.

HON. R. PENNER: Madam Speaker, I've answered questions of this kind in the House before and let me spell it out, once again, and thereafter refer the Member for Brandon West to Hansard of this day.

First of all, legislation passed in terms of labour relations within the province is prima facie valid legislation under the provisions of The Constitution Act 1867, section 92.

Secondly, with respect to any possible violation of the Charter, all of our legislation, as I have explained to this House before, goes through a multifaceted process before it sees the light of day as a bill, one of which is a review for any possible Charter violations.

Now, having said that, it follows that legislation has been looked at by the appropriate senior officials within the department and they do so, and indeed when they feel that there may be Charter violation, then and only then - and that is proper - am I furnished with a written

notice that there may be a Charter problem, in which case we take such advice seriously and take whatever steps may be necessary to deal with the problem. I've received no such notice about this legislation. Therefore I am presuming, as the Courts would presume, that prima facie it's valid until proven invalid.

CNR - moving of executive and senior personnel east

MADAM SPEAKER: The Honourable Member for Kildonan.

MR. M. DOLIN: Thank you, Madam Speaker.

It's unfortunate parliamentary procedure doesn't allow me to ask some questions of the Opposition. Since that is not the case, I would like to direct a question to the Minister of Transportation.

Once again, we are hearing rumors of moving CN administrative and senior executive personnel from Winnipeg to the east. I'm wondering, has the Minister been in touch with his federal counterparts to get confirmation or denial of that.

MADAM SPEAKER: The Honourable Minister of Highways and Transportation.

HON. J. PLOHMAN: Madam Speaker, we have been very concerned about the statements being made that seem to have a familiar ring to them back to 1985, where CN's headquarters were going to be moved from Winnipeg to Edmonton, now seemingly leaving the impression that they would be moving all of these regional headquarters and consolidating them in Montreal, when 70 percent of CN's business is done in Western Canada. With this serious concern also, Madam Speaker, is the concern that the CN has engaged an American foreign consulting firm to provide advice on how they should rationalize and downsize their operations here in Canada.

Madam Speaker, as a result of these concerns that we have . . .

MADAM SPEAKER: Order please.

May I remind the Honourable Minister that answers to questions should deal with the matter raised. The Honourable Minister.

HON. J. PLOHMAN: Madam Speaker, clearly we have a Canadian Crown corporation now that is going to be receiving advice on how to cut jobs in Canada which is of deep concern to us. Madam Speaker, we can only hope that they will also be giving advice to the Federal Minister, John Crosbie, who we will be contacting with a telex this afternoon, that they will also be giving advice that they should move their corporate headquarters from Montreal to Winnipeg in Western Canada, where 70 percent of the business is done.

Health care - number of Manitobans going to Saskatchewan

MADAM SPEAKER: The Honourable Member for Kildonan.

MR. M. DOLIN: Thank you, Madam Speaker. My question is to the Minister of Health.

I would like to ask the Minister of Health, there have been reports and quotes by the Premier of Saskatchewan that Manitobans have been going to Saskatchewan for health care. Is that true and can the Minister verify it?

MADAM SPEAKER: Order please.

May I remind the honourable member that it's a member's duty to ascertain the truth of statements that he brings to the House.

MR. M. DOLIN: I rephrase the question, Madam Speaker. The Premier of Saskatchewan has stated that there are Manitobans going to Saskatchewan for health care. Can the Minister of Health document the validity of such a statement?

MADAM SPEAKER: Order please.

That question is the same or substantially the same and still asks the Minister to confirm or deny allegations. The Honourable Member for Kildonan.

MR. M. DOLIN: A question to the Minister of Health, could the Minister give figures as to the number of Manitobans who are going to Saskatchewan for health care?

MADAM SPEAKER: The Honourable Minister of Health.

HON. L. DESJARDINS: Yes, Madam Speaker, I just happen to have them here.

It is shocking to hear the Premier of a province who knows that changes must come, and we should work with other departments to make such statements such as he did. He certainly has the right, but he should be factual.

Madam Speaker, in '86-87, there were 1,083 patients who left Manitoba to receive services in Saskatchewan. They took 6,485 days at a cost of \$1.5199 million. The same year, the patients from Saskatchewan coming to Manitoba were 2,561, for a ratio of 2:3, and the days are 15,745, a ratio of 2:4. The amount, instead of compared to \$1.5 million that they spent here, is \$4.469 million for a ratio of 2.9. It is the same thing, for instance, in '85-86, the total patients in Manitoba were 1,019 and 2,860 in Saskatchewan. The days were 5,753, Saskatchewan 17,000. It's the same thing in '85-86, Madam Speaker.

Now the Premier for Saskatchewan said yes, but we paid for the capital. Sure, you pay for it because there's an exchange. People must pay the bills; the province must pay the bill. He said yes, but the capital. Well, every province except Manitoba supported the way that we have it now. Manitoba wanted to make sure that in the allowance, in the payment, the capital should be covered. So we would have improved the situation an awful lot here because we take care of a large part of Saskatchewan and also Ontario.

My honourable friend should be factual when he makes statements such as that.

NDP members - assurance of no future participation in demonstrations

MADAM SPEAKER: The Honourable Leader of the Opposition.

MR. G. FILMON: Madam Speaker, my question is for the Premier.

Given that the presence of members of the government at a strike demonstration has the effect of encouraging the strikers in their efforts; and given that those efforts last Thursday night at Kenaston and Grant, at the SuperValu Store, included a very violent display, included physical and verbal intimidation, included physical violence against some of the shoppers there - women, children; given that it involved the use of weapons such as sticks; given that it included jumping on top of and in front of vehicles, jostling and upsetting grocery carts and grocery bags . . .

MADAM SPEAKER: Does the honourable member have a question?

MR. G. FILMON: . . . a disgusting animal-like display, Madam Speaker, of violence and that all of this was purposely staged by the union bosses of this province, together with Bernie Christophe, will the Premier ensure that his NDP members do not, in future, participate in these mass demonstrations so that they do not give the appearance that they are condoning this kind of violent display?

HON. H. PAWLEY: Madam Speaker, regrettably, the only impression that I have from the Leader of the Opposition's violently anti-labour harangue is that we are not indeed faced by one who is prepared to examine a current labour-management issue with any sense of objectivity, but one that . . .

MADAM SPEAKER: Order please.

The Honourable Leader of the Opposition on a point of order.

MR. G. FILMON: Madam Speaker, on a point of order, clearly I was speaking out against the violence, the disgusting animal-like display of which four NDP members took part. That was my purpose in . . .

MADAM SPEAKER: Order please, order please.

MR. G. FILMON: I was not speaking out against labour, Madam Speaker.

MADAM SPEAKER: Order please.

A dispute over the facts is not a point of order.

The Honourable Member for Ellice on a point of order.

MR. H. SMITH: Through listening to these people suggest . . .

MADAM SPEAKER: Order please.

What is the honourable member's point of order?

MR. H. SMITH: The point of order is there was no violence while I was there. It was the least . . .

MADAM SPEAKER: Order please.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

The honourable member does not have a point of order.

MR. G. FILMON: Madam Speaker, on a point of privilege, I hope I didn't hear the Member for Ellice . . .

MADAM SPEAKER: The Honourable Leader of the Opposition on a point of privilege.

MR. G. FILMON: Yes, I hope I didn't hear the Member for Ellice use the term "bastards" in this House. Will he clarify that?

MADAM SPEAKER: Order please.

The honourable member does not have a point of privilege. Unparliamentary language is a point of order.

POINT OF ORDER

MR. G. FILMON: On a point of order then, Madam Speaker, I believe that I heard the Member for Ellice use that term. Will he withdraw that term?

MADAM SPEAKER: The Honourable Member for Ellice on the point of order.

MR. H. SMITH: Madam Speaker, I did get carried away in observing the behaviour of the Opposition. I did get carried away and I withdraw.

MADAM SPEAKER: The Honourable Member for Thompson on another point of order?

MR. S. ASHTON: On another point of order, Madam Speaker.

MADAM SPEAKER: What is your point of order?

MR. S. ASHTON: On another point of order, Madam Speaker . . .

MADAM SPEAKER: What is your point of order?

MR. S. ASHTON: My point of order is that the Leader of the Opposition, once again suggested, Madam Speaker, that my presence and the presence of my three colleagues at the demonstration somehow encouraged violence or condoned violence. I would like the Leader of the Opposition to withdraw that statement, which is an imputation of motive that is incorrect.

I have stated, as have other members of this Legislature who were at that demonstration, first of all, that we did not condone any violence; second of all, Madam Speaker, there was not any violence while we were there. So given that situation, I think it is in opposition, not only to the rules, Madam Speaker, but to common decency on the part of the Leader of the Opposition that he withdraw any suggestion that I or any other members of this Legislature condone any violence at any demonstration, because I certainly did not condone any violence.

MADAM SPEAKER: Would the Honourable Leader of the Opposition please clarify that he has not imputed any motives to honourable members?

MR. G. FILMON: Madam Speaker, if you check Hansard, you will see that I very carefully said that their presence had the effect of encouraging the strikers in their efforts, and then I clearly also asked that the Premier ensure that they not attend in future, so as not to give the appearance of condoning this violence.- (Interjection)- Now, if this Member for Thompson is sensitive about that, then he well should be because his presence there did have that effect.

MADAM SPEAKER: Order please.

The Honourable Member for Thompson.

MR. S. ASHTON: Madam Speaker, I ask the Leader of the Opposition to withdraw any suggestion that I in any way condoned violence as he stated in a further comment, Madam Speaker, which will be recorded in Hansard, not the comment he made reference to. So I once again, Madam Speaker, ask you to ask the Leader of the Opposition to obey our rules and show a bit of decency in this particular case instead of the kind of tactics that we're seeing in this particular case. I ask him, once again, to withdraw completely any suggestion that I in any way condoned or incited violence.

MADAM SPEAKER: Order please.

The Honourable Leader of the Opposition was asked to clarify that he had no intentions of imputing motives to honourable members. In his clarification, I'm afraid that he made matters worse. Would the honourable member please withdraw any imputation that any honourable members participated in anything with motives of promoting any illegal . . .

MR. G. FILMON: I will be very, very clear, Madam Speaker. I will accept totally and completely the assertion by the Member for Thompson that he did not go there to encourage violence. But I repeat, his presence there had the effect of encouraging violence and he should be old enough to understand that. He's either naive because he doesn't . . .

MADAM SPEAKER: Order please, order please.

In my opinion the Honourable Leader of the Opposition has withdrawn a personal imputation against any member. On the other hand, the rest of his remarks constitute his personal opinion and a dispute over the facts is not a point of order.

Now, where were we?

I believe the Honourable, the First Minister was endeavouring to answer the question.

Cancer Foundation - tabling of internal audit report

MADAM SPEAKER: The Honourable Member for Gladstone.

MRS. C. OLESON: Thank you, Madam Speaker. My question is to the Minister of Health.

An internal audit of the Cancer Foundation was done some time earlier this year or late last year. Can the

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Minister tell us if he could make that report available to the House?

I repeat, Madam Speaker, an internal audit was done of the Cancer Foundation early this year or late last year, could the Minister make that report of that audit available to the House?

MADAM SPEAKER: The Honourable Minister of Health.

HON. L. DESJARDINS: I'll take that question as notice, Madam Speaker.

Cancer Foundation - who ordered audit report

MRS. C. OLESON: Madam Speaker, when the Minister is taking that as notice, would he also find out who ordered the report and what recommendations were made, and have they been carried out?

Also I'd like to know from the Minister when he was first made aware that there were severe problems at the Cancer Foundation.

HON. L. DESJARDINS: Yes, I'll take that second part as notice. When was I - I can't tell you the exact date on that. It's a few months ago that I received the first call and the concern I was given was the main concern that I had.

Allocation of funds to chemotherapy and radiology

MRS. C. OLESON: Madam Speaker, I wonder could the Minister also tell the House how funds are allocated to chemotherapy and how they're allocated to radiology. Who makes that allocation? The Minister appropriates funds for the Cancer Foundation, but who makes the determination of how they're used?

HON. L. DESJARDINS: The Foundation and the funds, that is the responsibility of the Cancer Foundation.

Canada Games - announcement of commitment and site

MADAM SPEAKER: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Madam Speaker. My question is to the Minister responsible for Sport.

In 1990, Manitoba is going to aspire to be the site of Canada Games, friendly competition, something that perhaps we've been missing around here. Can the Minister tell us when the provincial commitment to these games will be announced and when the site will be announced?

MADAM SPEAKER: The Honourable Minister of Health.

HON. L. DESJARDINS: Madam Speaker, I think it was announced about two years ago that the City of Winnipeg had been invited to host the games. The

situation was that if they would accept it. I wrote them again on July 8, I believe, of 1986 and, in August of that year, I told them that I'd have to know by a certain date.

I received a letter from them on February 4 where they had an application as such, but there had been no discussion on that at all and no decision as to if they would host it at all. It was, frankly, like a bunch of conditions, where they would hold the sports. They hadn't discussed it with the people who owned the facilities and so on. So I discussed it with many of them unofficially and they knew that I was going to Cabinet to find out how much of a contribution we would make to the capital cost of some of these facilities. That is pretty well ready now, but we have been waiting for the City of Winnipeg longer than they have been waiting for us.

Canada Games Field House - Minister's department to cover cost of

MRS. S. CARSTAIRS: A supplementary question to the same Minister.

Will the Minister's department be covering the entire cost of the building of the provincial field house?

HON. L. DESJARDINS: First of all, there's no commitment to any field house. That has been a request which we've tried to do. We've been discussing with the City of Winnipeg when they approached us on this Triple A ball. We had an agreement made that we're ready to put a certain amount of money in. That went by the board. They couldn't deliver; apparently they had no commitment on Triple A ball. There's a committee where the city is represented, where the Sports Federation and the province were trying to get participation from the Federal Government also, who are making recommendations.

That is being looked at at this time, but under no circumstances will the Province of Manitoba pay all the costs - no way.

Canada Games - speeding up of negotiations

MRS. S. CARSTAIRS: A final supplementary, Madam Speaker.

It takes about four years to organize the games and we are now three-and-a-half years away from those games. Will the Minister accept the responsibility of speeding up these negotiations so that Winnipeg and Manitoba can be proud of the hosting job we will do in 1990?

HON. L. DESJARDINS: Madam Speaker, this is why I told you that I invited the city two years ago to put in a bid. When this committee has been going all along, if the city doesn't want to set the mechanism to do it, there's not much I can do.

You have to realize that when the amount of money that we're ready to offer them to participate under certain conditions for the facilities, and also it will take some money for administration to run the games, that will be conveyed - I hope tomorrow - to the city and then, if they accept, fine. If not, it's up to them. The games are run by the province.

I think I should say a word about Brandon. I met with the Mayor of Brandon last Friday and again I informed him of the way these games are held. It's not the "Canada" games; It's the "Western Canada" games. There is no participation from the Federal Government. The City of Winnipeg had no games since the Pan Am Games, I think it was '67 or so.

It is understood between the four provinces who started these games that this would be held in the larger cities where most of the facilities are in place and so on. This is no reflection on Brandon. I think that Brandon might even do a better job because it is a smaller area. They would get the volunteers and so on. (Interjection)- Well if you know the answer, I'll sit down and you tell us, but you've been yapping to hear the situation and I'm telling you.

MADAM SPEAKER: Order please, order please.

The Honourable Minister of Health will address his remarks through the Chair.

Closure of beds - decision re

MADAM SPEAKER: The Honourable Member for River East.

MRS. B. MITCHELSON: Thank you, Madam Speaker. My question is for the Minister of Health.

Can the Minister inform this House whether he has made a decision or not on when bed closures in Manitoba hospitals will take place?

MADAM SPEAKER: The Honourable Minister of Health.

HON. L. DESJARDINS: Madam Speaker, I'd ask my friend to be patient. You'll have your chance.

MRS. B. MITCHELSON: Madam Speaker, given that two days from now is July 1 and many hospitals within the City of Winnipeg have made proposals to close beds for the months of July and August, when will those hospitals be formally informed?

HON. L. DESJARDINS: Madam Speaker, maybe my honourable friend could make the recommendation of what she wants. The situation is very clear. For a number of years, starting in the years with Roblin and all the others, there has been some closure of beds in the summer. That has been accepted as the responsibility of the hospitals. This year, it's not any different.

Now, as far as to cover the deficit, when they were told - and I listened to my friend, the Member for Morris, who told us that we shouldn't have all these deficits, that's exactly what we're trying to do. Then they have been asked by the commission, how do they propose to stay within their budget. That is the program that they've given to the commission, and the commission is looking at it. We're looking at . . . of all the hospitals and, if and when we agree with that, well then we will go ahead and announce it. So far, there has been some change in Brandon and, I believe, Seven Oaks and that has been announced.

Victoria and HSC bed closures

MRS. B. MITCHELSON: If I could just ask the Minister of Health then for clarification. Those hospitals that have requested bed closures for the summer months have been approved then for the summer months. Those hospitals that have requested bed closures for the summer months, have those beds been approved? What is happening at Victoria Hospital where they have requested to close 48 beds permanently, and at the Health Sciences Centre where they have requested to close another 100 beds permanently?

HON. L. DESJARDINS: Madam Speaker, the honourable member has so many questions that it doesn't matter what I answer, they're repeated. The question are repeated.

I said that the permanent closure, I explained that will have to be approved by the commission. The closure that we've had periodically every year, not all the same, but every year, in the days ever since we've had hospitalization and so on, that has been the responsibility of the hospital with the understanding that nobody will be laid off, that the standards will not suffer and that, yes, they go ahead and do it. They accept the responsibility.

Federal tax reform - is main thrust supported by the provincial government

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Thank you very much, Madam Speaker.

For the most part, the government and the Minister of Finance, Madam Speaker, have been noncommittal in their assessment of the federal tax reform package. Madam Speaker, the main thrust of that package was to broaden the tax base so as to allow lower individual and corporate tax rates.

My question to the Minister of Finance: Is that main thrust of the federal tax reform package supported by the Provincial Government?

MADAM SPEAKER: The Honourable Minister of Finance.

HON. E. KOSTYRA: Thank you, Madam Speaker.

I believe that I've provided initial comments with respect to the position of the Government of Manitoba on the package of reforms that were brought down by the Federal Minister of Finance a couple of weeks ago. The province is pleased that, first of all, after years of putting forth a case for tax reform in this country, in fact the only government that talked about a comprehensive reform of our tax system, we are finally having that debate and that discussion at the federal level. So we're certainly pleased that we have moved to that point.

I'm also pleased and I've indicated that we've been part of the process of consultation with other provincial Ministers and staff on the particulars of the reforms that the Federal Finance Minister is reviewing.

I've also indicated that, while some of the moves that are contained in that White Paper are a step in the

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right direction, they do not go far enough in terms of bringing about the kind of fairness that Canadians want back in the federal tax system. It does not even bring us back to the point that we were when the Federal Conservatives were elected with respect to corporate tax revenue in this country, and it certainly does not bring us back to the kind of balance that should exist between wealthier Canadians and those at middle and lower incomes.

Assurance Provincial Government not to increase taxes

MR. C. MANNES: Madam Speaker, given that many Manitobans, once they do their own assessment of the tax reform package and see where their individual tax rates are going to diminish, many of these Manitobans have a very real concern that the Provincial Government will just quickly move to increase taxes, in taxes within the personal rate, so as to remove any impact, any positive effect of the federal tax reform.

My question to the Minister of Finance: What assurances can he give Manitobans that this Provincial Government will not move in and quickly increase taxes that have just been proposed to be reduced by the Federal Government?

HON. E. KOSTYRA: The assurance that I have for Manitobans is that this government will continue to work to ensure, to the greatest extent possible, that our taxes in this province are fair to those, particularly those at lower-income levels, that there is a fair share from corporations in our province paying taxes. I would suggest to you, Madam Speaker, that our government, our party has shown that commitment in action and will continue to do that.

Federal tax reform package - does Minister accept proposal

MR. C. MANNES: A final question, Madam Speaker.

Not having seen the complete text of the Minister's remarks at his press conference, and given the fact that this government over the years has complained bitterly as to the \$500,000 capital gains exemptions that has been for the most part removed, can the Minister of Finance indicate whether he supports the proposal in the tax reform package, which has farmers and small businesses still exempt up to \$500,000 of capital gains?

HON. E. KOSTYRA: Madam Speaker, the government, as has shown by its action is sensitive to needs of farmers in Manitoba. We have taken steps through our own tax system to provide significant relief for farmers in Manitoba, recognizing the particular strains that are on family farms in our province. We have brought in measures to provide additional assistance with respect to farm tax assistance and other measures that my colleague, the Minister of Agriculture, has indicated with respect to MACC and other areas, and we certainly support any provisions that will assist our farmers during this particular crisis.

I might add because it also relates to a question that the member raised during debate on a bill in this House

last week, that we put in mechanisms to ensure that farmers would not be subject to the land transfer tax that was brought in as part of the Budget to ensure, particularly in the cases where that farm land is continuing in production, we indicated that was a temporary exemption and would be reviewed after the crisis that is facing our farmers has come to an end, Madam Speaker.

MPIC - clarification of response re provision for losses incurred

MADAM SPEAKER: The Honourable Member for Ellice.

MR. H. SMITH: Yes, Madam Speaker, can the Minister responsible for MPIC clarify his response last Friday in respect to provisions for losses incurred?

HON. J. BUCKLASCHUK: Thank you, Madam Speaker.

MADAM SPEAKER: Order please.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: That question relates directly to a matter which I've taken under advisement and at the time that a matter of privilege is raised, any member has the opportunity to give me advice as to the prima facie case. I would have thought, if the Minister had any comments to make, that would have been the appropriate time to make them.

HON. J. BUCKLASCHUK: Well, Madam Speaker, I do not wish to speak to the matter of privilege, it is simply a clarification . . .

MADAM SPEAKER: Order please.

I am dealing with the question as asked by the Honourable Member for Ellice, which I am suggesting is out of order for the reasons I just gave.

The Honourable Member for Ellice.

MR. H. SMITH: All I'm asking for is clarification of his statement. I'm asking for information.

MADAM SPEAKER: The question deals directly with the matter which I just, a very short time ago in this session, took under advisement, and I would appreciate if the honourable member waited until I report on that particular question.

Minor drainage projects - subject to regulations of Dept. of Natural Resources

MADAM SPEAKER: The Honourable Member for Virden.

MR. G. FINDLAY: Thank you, Madam Speaker. My question is to the Minister of Natural Resources.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: Order please.

The Honourable Member for Virden has the floor.

MR. G. FINDLAY: Thank you, Madam Speaker. My question is to the Minister of Natural Resources.

Madam Speaker, under the regulations of The Water Rights Act, there is a clear indication that all landowners, including farmers, must have their land drainage projects approved by members of his department. Madam Speaker, at the recent municipal meetings in Binscarth, his regional water manager clearly indicated to me that he felt it was his responsibility to approve all drainage projects on farms no matter how major or minor.

I would like to ask the Minister if it's his intention, through the regulations under this act, that all minor drainage projects on farms, including cleaning out of existing drains and natural drains, are going to be subject to regulation by his department?

MADAM SPEAKER: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Thank you, Madam Speaker.

I think we've provided clarification on several occasions, and perhaps there is yet need to provide further clarification. The intent of the act was to deal only with those situations where there was a change to the water regime in the area.

In terms of dealing with existing drains, those are already in place and if they are being maintained, they are not affected, provided the dimensions of the drain are not altered. So it's clearly only those circumstances where the water regime will be affected that we would want to become involved to protect the interests of those who are downstream from the property being altered.

Water regime - definition of

MR. G. FINDLAY: Madam Speaker, given that there has been conflicting information reach the municipal councillors, I would like to ask the Minister if he will tell me or tell the House what he means by change to the water regime. Would he define that term and also tell the municipal councillors what that means?

HON. L. HARAPIAK: Madam Speaker, a change in the water regime will deal with matters of surface water as to whether levels in ponds and lakes are being altered. It will deal as well with alteration of groundwater levels. It will deal as well with rates of flow. So clearly, in those instances where someone is wanting to alter the flow of water, where the rate is impacted, that would require licensing. Where someone was removing a natural pond, draining a natural pond, that as well would be affected because that would, in turn, have a bearing on groundwater levels.

MR. G. FINDLAY: Madam Speaker, given that the Minister has just indicated that drainage involves changes of water flow, does the act have any degree of retroactive power such that these changes in flow that have occurred from previous drainage projects have to be filled in?

HON. L. HARAPIAK: Madam Speaker, if a drain was legal under the previous legislation, it will be legal now

but, clearly, if it was illegal under the previous legislation, it will still be illegal.

Asessippi Park - removal of residences

MADAM SPEAKER: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Madam Speaker. My question is to the Minister responsible for Natural Resources.

A serious concern has arisen in my constituency among councillors and residents around the Asessippi Park area regarding the removal of a park officer's residence and also the staff quarters from the area to the Town of Swan River.

Can I ask the Minister what reason other than political there is in removing these facilities and the services that have been used and are important to that particular area?

MADAM SPEAKER: The Honourable Minister of Natural Resources.

HON. L. HARAPIAK: Madam Speaker, I want to say to all members here that I would thank the members for bringing that to my attention. I was not aware that it occurred. But for them to imply that it is political is astounding because only last week I had the Member for Emerson, along with another member from that side, come to my office with a delegation from the southeast part of the province, wherein staff was contemplating a transfer between Piney and Sprague and they asked me to become involved, Madam Speaker. So they asked for political interference on my part when it is in their interests.

I want everyone to know, Madam Speaker, that I have a competent staff which will make decisions with respect to the effective deployment of staff. And I, at this point, prior to the mention from the Member for Roblin-Russell, was not aware of the transfer to Swan River.

MR. L. DERKACH: Well, Madam Speaker, no one suggests that there isn't a time when it's important for a Minister to intervene, but certainly not to the political advantage of his own constituency.

MADAM SPEAKER: Does the honourable member have a question?

Childs Lake and Blue Lake - facilities moved to Wellman Lake

MR. L. DERKACH: Madam Speaker, my second question is: As there was no political intention intended in this particular move, then why are facilities, such as docks, washroom facilities being removed from areas like Childs Lake and the Blue Lakes, and being moved into Wellman Lake, which is in his particular constituency?

HON. L. HARAPIAK: Madam Speaker, I want to point out again, as I pointed out to the Member for Niakwa

and the Member for Emerson when they visited my office on Friday of last week, that I have a competent staff in the Department of Natural Resources which will bring forward plans, and my role as a Minister is to provide the policy direction, and I think we are doing that. I'm surprised at the Member for Roblin-Russell, whose constituency borders the Duck Mountains, would seem to imply that I should not be interested in seeing an improvement in the facilities to the people of that area.

The Duck Mountain area is utilized not only by the people of the Swan River constituency, it is utilized by all people of Manitoba. It is one of the areas, Madam Speaker, that is designated as a destination point within the province and it's disappointing that the Member for Roblin-Russell, in fear of his own security in his riding, would suggest that the work that was being done was being done on my part for political interest. It is he who is demonstrating an interest in having political influence in the decision-making with respect to the Department of Natural Resources.

Childs Lake and Blue Lake - deplorable conditions in campgrounds

MR. L. DERKACH: Well, Madam Speaker, I have a new question for the same Minister.

Several tourists have come through my home town, Russell, and have stopped and talked to myself and to people in our community and have raised their concern about the deplorable conditions that exist in the campgrounds at Childs Lake and at the Blue Lakes; and at the same time the facilities at the Wellman Lake are in very good condition. Now if the Minister is interested in maintaining the facilities in the Duck Mountains, could I ask him to make sure that his staff investigate the conditions at the Childs Lake and Blue Lake areas, so that they are conducive to appropriate tourist usage.

A MEMBER: And we sure need it, don't we?

HON. L. HARAPIAK: Madam Speaker, I would be interested in knowing what the source of information is from the Member for Roblin-Russell because clearly there are differences of opinion as to where the work should be done.

I have enjoyed an excellent working relationship with the people of the entire northwest region. People have brought forward issues. I've worked with the sporting associations. We have a newly formed association in the area which is supporting the efforts of restocking in the interests of attracting tourists to the area. We have looked at facilities as well, but there are some who cannot be satisfied.

But I would ask him to look at the area and look at the plans. If within his comments there is a suggestion that the work planned for the Wellman Lake area is proceeding at a faster rate, well the member knows full well that I do not have time to get out to inspect the work.

He has made the suggestion that is so. I will ask staff to bring information forward to me to indicate whether any of the claims that he makes can be substantiated but I, Madam Speaker, will not apologize

for my efforts in working with the Parks Branch to improve the facilities in the Duck Mountain area as well as the Lake of the Prairies. It was only a matter of weeks ago that the Member for Roblin-Russell approached me for an improvement in those facilities.

MADAM SPEAKER: The time for Oral Questions has expired.

HOUSE BUSINESS

MADAM SPEAKER: The Honourable Opposition House Leader.

MR. G. MERCIER: Yes, Madam Speaker, on a matter of House Business, I am sure that all members of the House will be pleased to learn that Mr. Rory Henry, who graduated from Fort Richmond Collegiate on Thursday, received a Member of Parliament award for his academic achievements and his leadership qualifications.

SOME HONOURABLE MEMBERS: Oh, oh!

INTRODUCTION OF GUESTS

MADAM SPEAKER: May I address the attention of Honourable Members to the gallery where we have 60 Air Cadets from the Gimli School here, under the direction of Mrs. Marie Pemkowcki. The school, of course, is located in the constituency of the Honourable Member for Gimli.

On behalf of all the members, we welcome you to the Legislature this afternoon.

ORDERS OF THE DAY

HANSARD CORRECTIONS

MR. DEPUTY SPEAKER: The Honourable Member for Springfield.

MR. G. ROCH: I just wanted to know, Madam Speaker, is this the proper time for Hansard corrections?

MADAM SPEAKER: Yes.

MR. G. ROCH: Okay. On page 3382 where it says, "are not their national constituency," it should have read, "are not their natural constituency."

On the same page where it says "enough for 40 minutes," it should have read "enough time for 40 minutes."

HOUSE BUSINESS

MADAM SPEAKER: The Honourable Government House Leader.

HON. J. COWAN: Yes, Madam Speaker, this is just to indicate that there will be Private Members' Hour today. Preceding that, we'll move into Estimates.

I therefore move, Madam Speaker, seconded by the Minister of Agriculture, that Madam Speaker do now leave the Chair and the House resolve itself into a

Committee to consider the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for Finance; and the Honourable Member for Lac du Bonnet in the Chair for Government Services.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - GOVERNMENT SERVICES

MR. CHAIRMAN, C. Baker: The committee will come to order.

The Member for Portage la Prairie.

MR. E. CONNERY: We will get started. My leader will be here shortly.

Mr. Chairman, I took the privilege and I guess the time over this past weekend to review the - more than just review - part of this book. To say that I was shocked with what was in it is putting it mildly, because I've never seen a worse condemnation of a department and of a government than what you can ever hope to see in the review of it. But in light of the fact that our leader is here, I will pass onto him.

MR. CHAIRMAN: The Leader of the Opposition.

MR. G. FILMON: Thank you.

I wonder if the Minister is able to table that information he had agreed to table at the last meeting.

MR. CHAIRMAN: Mr. Minister.

HON. H. HARAPIAK: I would like to inform the Leader of the Opposition that I gave that information to his lead critic from his caucus several days ago, so I'm wondering if there is any communication that goes on within that Conservative caucus. I did give that information to the lead critic of this department several days ago.

MR. G. FILMON: It's the same communication that goes on between the Minister of MPIC and the Minister of Crown Investments and their Cabinet colleagues who find out about a \$12.3 million loss and conspire to hide it and not tell it to their Cabinet colleagues or their colleagues in government except, in our case, it's just a very minor thing such as not passing on some information that doesn't cost the taxpayer millions of dollars. It just perhaps delays a little bit my opportunity to ask the relevant questions of the Minister, but he understands that, I'm sure.

HON. H. HARAPIAK: I'm sure that if he talks to your researcher, your researcher has received the material, so he's probably got your list of questions ready at this time so you could proceed with the questioning.

MR. CHAIRMAN: The Minister of Industry and Commerce.

HON. V. SCHROEDER: . . . a couple of points, just in answer to the Leader of the Opposition.

Nothing done by the Minister in charge of MPIC or myself with respect to MPIC and its books had the effect of costing taxpayers any money whatsoever. The difficulty with the MPIC losses stem back, as the Leader of the Opposition full well knows, to a time when he was in Cabinet and even before that time. So any suggestion that any activity by Mr. Bucklaschuk or myself cost the taxpayers money is pure fabrication and nonsense.

I strongly resent and demand the withdrawal of the term "conspiracy." There was no conspiracy. There was no cover-up or any nonsense that the member would like to have people believe.

If he wants to deal with that issue, we're certainly prepared to deal with it, although I do think that overall, not only is it unparliamentary to use that term, but secondly that the whole statement by the Leader of the Opposition is out of order, given that we are not dealing with either MPIC, IT and T, Crown Investments, Finance or anything to do with those subjects.

MR. CHAIRMAN: The Leader of the Opposition, would you withdraw the reference to

MR. G. FILMON: No, there was nothing unparliamentary in my statement.

MR. CHAIRMAN: The Member for Kildonan.

MR. M. DOLIN: On the point of order, as the Honourable Leader of the Opposition very clearly said, the Minister responsible for MPIC and the then Minister of Finance were conspiring to cover up. That is an attribution of motives and it's certainly unparliamentary. I would think if he thought about it, he would withdraw it. I'm sure he didn't intend to accuse people of negative and opprobrious motives.

MR. G. FILMON: If the term "conspiring" offends the member, I'll withdraw it. But clearly their actions covered up from the knowledge of the people of Manitoba, the public, the Opposition, the media and everybody else, the loss of \$12.3 million, IBNR, which was not reported in the 1984-85 annual report. That's all clearly on the record, Mr. Chairman, so that part of it obviously remains.

HON. V. SCHROEDER: Mr. Chairman, if the Leader of the Opposition insists on discussing it further, then we will discuss it further.

The fact of the matter is that there was discovery by the people at MPIC and by the Minister that there was a problem. There was a set of numbers given in the course of that. Those numbers kept changing. There was a request from the Minister, as makes sense, to get some proposals for how the financial statements should be shown.

Those statements were forwarded on to accounting staff from the Department of Finance, who provided the full specific wording of the accounting portion of my advice back to the Minister. None of the options referred to was indicated to be unacceptable. The options overall, under certain specific circumstances, were deemed to make no difference with whatever choice was made. Under some circumstances - and

those circumstances had not been met in October of 1984 - one method was deemed better than another, but those were and are the facts.

In addition to that, there was very clearly a question of timing referred to by staff, very clearly, that made it absolutely clear that there was no doubt in anyone's mind, other than those who seek conspiracy, that there was no conspiracy. In fact, what occurred was the cleaning up of a mess made by a previous administration in a non-political way, in a way that was best meeting the needs of Manitobans at a time when something had been discovered.

The simplest way to deal with it, had we wanted to deal with it politically, was to make a great big ruckus about the fact that the Tories had been incompetent with respect to how they ran MPIC and here was a very clear example of that. We chose not to do that.

We chose to go simply the route out saying, here's a problem, we're going to fix it up. We chose not to cover anything up; we chose to go specifically along with suggestions from staff as to how to proceed with it. I strongly resent any notion that there was any - why would we politically cover up something that had occurred under Tory mismanagement, something that occurred during a time when the Tories had politically determined how reinsurance was going to be written, by whom, and with what kinds of commissions for people they were involved with, which was something that hadn't taken place before the Tories were in office and something which immediately ceased on the NDP takeover.

So very clearly, Mr. Chairman, very clearly, there was no cover-up. We weren't intending to make political hay. We could have, we could have very easily made political hay.- (Interjection)- Well, Mr. Chairman, there are all kinds of messes that we have discovered over a period of years that were your messes, the messes of the Opposition, that we just chose to fix up rather than spend a lot of time dealing politically with.

The political games tend to be played, especially with the Crown corporations, and it's very often in a very unfair way by the official Opposition, who seem to really get their jollies out of demonstrating inefficiencies in the Crown sector, while totally ignoring the private sector.

I think one of the classics of that is the MTX affair which is, I think, terrible. It's terrible that we lost \$30 million over a period of five or six years. It's terrible, we shouldn't have done that. But we sat in total silence from the Opposition as we proved, to the satisfaction of the Public Utilities Board, that taxpayers of Manitoba, ratepayers were spending somewhere in the range of \$50 million per year extra with respect to natural gas and we still don't have the support of this bunch to come along and save that \$50 million a year.

This same bunch that's so concerned about that \$30 million over a five- or six-year period, sits silent, quiet, while their corporate friends are taking \$50 million a year. You know, over a six-year period, the same-year period, we're talking about \$300 million, a tenfold increase in terms of the costs to Manitobans, ICG, and the ripoff with TCPL. They're totally silent about \$300 million over a six-year period. They're yapping their heads off over \$30 million over the same period.

Mr. Chairman, I say that the Opposition tends to be focused very, very narrowly on expecting public sector

organizations to be perfect. They are not. I am the first to admit that they are not perfect. We do make mistakes. But they never compare that to what happens in the private sector where similar mistakes or much larger mistakes - take the example of INCO, which blew somewhere in the range of several hundred million dollars when several hundred million dollars were very much money back in the 1970's when they made that profit in Thompson, Manitoba, with our excellent economical efficient mining operation. Spent that money where? In New Caledonia, in South America as well, with two operations, one of which was mothballed within two years, money that was to a large extent contributed by the taxpayers of Manitoba and Canada, total silence from the Tories; total silence when their friends were blowing all this money, a good chunk of which would have come to the taxpayers of Manitoba had it simply been reported as income and not had any kind of investment going on with it or, even more, had they invested in the Province of Manitoba or in other parts of Canada for jobs for Canadians.

Instead, they chose to go what they thought was the cheap route. What happened was they came up against changing economic circumstances, and it was a very, very bad decision. We never hear a word about that, but what you hear about is the MTX. As we all know, MTS was first involved with all of those exotic things back in the Tory times . . .

MR. E. CONNERY: A point of order, Mr. Chairman.

HON. V. SCHROEDER: And the Member for Portage, I'm sure, wants to say that we should be discussing the Minister's Salary. What the Member for Portage should be understanding is that, when his leader comes in here and raises . . .

MR. E. CONNERY: A point of order, Mr. Chairman. Do you recognize a point of order or not?

MR. CHAIRMAN: The Member for Portage la Prairie.

MR. E. CONNERY: A point of order, Mr. Chairman. Do you recognize a point of order or not?

MR. CHAIRMAN: The Member for Portage la Prairie.

MR. E. CONNERY: Mr. Chairman, I think the member has had an ample opportunity to have a rebuttal. We're in the Workers Compensation review, and I suggest that we get back to the Workmen's Compensation review.

HON. V. SCHROEDER: Well, Mr. Chairman, the member says we are in Workmen's Compensation. We are not. We are in Workers Compensation, and in this province that terminology has changed some time ago. I think that it's about time even the Member for Portage recognized that it is Workers, as opposed to Workmen's, Compensation.

I go back to the point that this corporation, heaven knows, is not perfect, but neither are corporations on the outside. That is what I think is a very important point that should be recognized by members of this committee, by members of the Legislature and by

members of the public who generally do recognize that, when you look at Crown corporations and Crown agencies, you don't expect that they should be compared to the Almighty. They should be compared to the alternatives, and the alternatives are certainly worse than what we have.

So I say, let's get on with dealing with Workers Comp. and, if you want to deal with those extraneous issues, we will deal with them.

MR. E. CONNERY: Mr. Chairman, the Minister has said that one of the reasons that Workers Compensation is good is that the employers cannot be sued. I'd like to put on the record also though that it is protection from the employees, like the employees cannot be sued either. So there is some benefit to having the Workers Comp. in place that employers can't be sued and neither can workers, which is a possibility if the worker was negligent, that a worker could be sued if we didn't have Workers Compensation. So there are some benefits.

Mr. Chairman, I would like to know if there is an increase in claims prior to seasonal layoffs. Has the Workers Compensation done a review of this sort of a situation?

HON. H. HARAPIAK: That's difficult to come up with an answer to that because we keep our statistics on a monthly basis and there are layoffs throughout the province at different times of the year. There are no records kept as to what industry is laying off and what industry is hiring, so statistics are kept on a monthly basis.

MR. E. CONNERY: Could there be a review of that or, in the future, do some analysis or an overwatch to make sure that there isn't that sort of a situation arising?

HON. H. HARAPIAK: We have records of claims increasing or going down throughout the different months of the year, but it would be difficult to keep track of when the layoffs are occurring or when the higher peaks of employment are, I guess. Usually there's an increase in claims when the employment peaks are at their highest point. Where there's an increase in employment, there are usually increased claims.

MR. E. CONNERY: One of the conceptions is that mismanagement of this board, which is very evident by this report, would be paid by the employer. But in the King Report, it very clearly states that, where companies are totally within the bounds of the province and are not subject to interprovincial competition, the cost of the Workers Compensation will be passed on to the people of Manitoba and the employees of Manitoba.

The King Report also states that, because of the big losses, the ridiculous losses of this Workers Compensation being carried forward that future employers will be called upon to pay, so therefore future generations of Manitobans and employees will be called upon to pay for the mismanagement of this board at this particular time.

HON. H. HARAPIAK: The review committee very clearly pays tribute to the existing board for the reform that

they carried out in the years that they were in place. It has been mentioned on several occasions that, when the district board did come into place, there was a heck of a lot of reform required. Rehabilitation was not taking place, claims were not being dealt with. Several studies were completed and they weren't acted on. So there was a lot of work to be carried out. The review committee points out that there was a lot of reform carried out. That member chooses to pick up one part of the comments made in the review committee and dwell on that.

MR. E. CONNERY: Could the Minister tell us what reform has been put in place?

HON. H. HARAPIAK: To begin with, if the Member for Portage la Prairie would look at the reports dealing with Lampe, the Cooper, the Section 100 Report, it would be an indication of all the reform that was not being carried out and the services that the injured workers were not receiving, and they have implemented a majority of those recommendations.

Here's some of the reform. The member asked for the reform that has taken place, and I guess we should maybe be a little more specific than say we've acted on the Lampe and the Cooper and the section 100 reports.

Since 1982, when they came in, they have appointed a full-time Board of Commissioners. They've also appointed a management consulting firm to review the existing system, and they've identified deficiencies in the operations under the communications system. They've made improvements in that area.

They have established an independent Worker Advisor Program, which reports directly to the Minister responsible and that has really assisted a lot of the workers in the filing of claims which were outstanding for many years. They were able to correct many of the deficiencies that were there, and they helped correct some of the claims that were outstanding for many years. There has been a great deal of improvement in that area.

They established a Rehabilitation Advisory Committee under section 100 of The Workers Compensation Act to examine the rehabilitation practices of the Workers Compensation, which is reporting to the Minister as well. As I mentioned earlier, based on the Lampe and Cooper Reports, the new board also did several improvements which moved towards a more efficient system and a more efficient way of delivering the services, which were not being delivered to the injured workers and the community as a whole. The cost of these impacts had quite a large cost associated with them. I guess the total cost increase was over \$15 million to just bring into place many of the recommendations that were contained in those reports.

MR. G. FILMON: I wonder if I could ask the Minister, a number of times I've requested that he table the Cormack Report into long-term claims, the report of the Long-term Claims Disabilities Committee. Is he able to do that?

HON. H. HARAPIAK: The Leader of the Opposition has asked on several occasions that I table the Cormack

Report, and I have told him on every occasion that the Cormack Report was an internal study, one of many that is being carried on by the Workers Compensation to be sure that there is change carried on in the whole way, that injured workers are receiving their entitled benefits. This Cormack Report is one of the several reports that are being carried on by the Workers Compensation, these two long-term employees who were asked to look at the rehabilitation and claims process and see where some improvements can be made to the process. We do not have a final copy of the report yet. Apparently, some of the information is still being developed by the members of the committee.

MR. G. FILMON: What about the University of Manitoba research report?

HON. H. HARAPIAK: That also is a report that was asked for by the Board of Commissioners through the Workers Compensation Board and there was, in the reference again, to make sure that they are delivering a service that is improving the lot of the injured workers. They also wanted to know how industry was feeling about the rehabilitation that was being delivered. The report was asked for for that purpose, and it's for the workings of the Board of Commissioners.

MR. G. FILMON: Was that report not intended to be public originally when you arranged with U. of M. research to do it?

HON. H. HARAPIAK: It is my understanding that was initially done as an internal study for Workers Compensation, and the board is presently dealing with the tabling of it to make it public. They haven't determined that decision yet.

MR. G. FILMON: What in it could be not in the interests of the public to be made public? What information in it would be against the public interest to be made public?

HON. H. HARAPIAK: There is nothing in the report that could be damaging to the Workers Compensation system. It is just that it was meant for internal use of the board and the commission.

MR. G. FILMON: Mr. Chairman, my understanding is that \$25,000 is being spent on that. It presumably is intended to do something that will enhance the ability of the board to respond to the needs that are there and make it more effective in doing that, so why wouldn't you make it public?

HON. H. HARAPIAK: Once the board has had an opportunity to peruse it in full and make the determination, it's their report. If they feel that it should be made public, then they will be tabling it to me. At that time, I'll make a decision as to when I should table it.

MR. G. FILMON: Mr. Chairman, I understand that the board has had it since the end of May. Why would they not be dealing with it expeditiously and putting it out for public commentary?

HON. H. HARAPIAK: It is my understanding that the final report was received by the board approximately two weeks ago.

MR. G. FILMON: Well, Mr. Chairman, I would think that it would be useful to have it while the committee is dealing with Workers' Compensation, but I believe that the board ought to be more open and forthcoming with a lot of this information. So now that the cards are on the table, the King Committee has reported, we ought to be looking at all the information that's relevant to deciding factors that will affect the future improvements that obviously are needed in the operation of the board. I'm disappointed that the Minister refuses to make that public, just as I am that he refuses to make public the Cormack Report.

Mr. Chairman, I understand that, among other things, the Cormack Report indicates that the board's medical officers appear to lack an up-to-date working knowledge of both the rehabilitation and claims departments. This can result in costly misunderstandings. What is the Minister going to do about that?

HON. H. HARAPIAK: I have not had a copy of that report. When I get a copy of the report, the final report, then I'll have an opportunity to analyze it, and then I will be making a decision as to what should be done with it at that time. It's a report that was commissioned by the Workers Compensation.

Some of those responsibilities have been the responsibility of the Board of Commissioners. They should be acting on any recommendations of an internal report of how they should be moved in making improvements to the Workers Compensation Board. If the board feels that there is merit to some of the suggestions that are coming forward, then I think it's the responsibility of the Board of Commissioners to be making some changes in the operations of the board.

MR. G. FILMON: Could the chairperson, Ms. Arrojado, explain then why the board's medical officers have a lack of up-to-date working knowledge of both the rehabilitation and claims departments?

HON. H. HARAPIAK: I am told that, I guess the report was done by two staffpeople. All of the report is of their opinion, and those opinions are in the process of being validated. I guess, at this time, it's just a difference of opinion.

MR. G. FILMON: Is the Minister saying that the chairperson indicates that the board disagrees with that assertion?

HON. H. HARAPIAK: It's not a matter of being a difference of opinion. The director of the medical department is going to be asked for an opinion on some of the statements made by the long-term review committee and, once the medical director has had an opportunity to look at that, he will be advising the board of what his opinions are. So it's obviously going to be a difference of opinion.

MR. G. FILMON: The Minister just said, it's not a difference of opinion, and then earlier he said it was a difference of opinion. Which is it?

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HON. H. HARAPIAK: Well, I said there will probably be a difference of opinion. The director of medical services has not had an opportunity to peruse the report at this time, so I'm not sure if there will be a difference or he'll agree. I'm not sure if there will be a difference of opinion.

MR. G. FILMON: You mean that the board doesn't have any opinion on it?

HON. H. HARAPIAK: The board is asking the director of that department to do an assessment on what the long-term review committee has on the statements they have made.

MR. G. FILMON: How long has that Cormack Report been in the possession of the board?

HON. H. HARAPIAK: The information I have is that the final discussions have not taken place yet on that long-term review committee's report. There are still discussions going on on that report between the board and the two people who are involved in the long-term study.

MR. G. FILMON: But the report in its draft form has been available for quite some time to the board. How long? I've been asking questions about it. The Minister acknowledged that it was an internal report. This goes back more than a month. How long has the board had that draft report?

HON. H. HARAPIAK: The draft report was tabled with the Board of Commissioners at the end of April.

MR. G. FILMON: Is the Minister indicating then that the board has not bothered to review it and has not bothered to come up with any assessment, even though there are some serious allegations in here of matters that are not being handled properly and that are costly to the operation of the board, and yet they're ignoring it?

HON. H. HARAPIAK: The Board of Commissioners has had two meetings with the long-term review committee dealing with the report, but you should realize that, at this time, they also have other reports that they have to deal with. They have the University of Manitoba Committee, there is the review committee's report, and also there are other internal reports that the Board of Commissioners have to deal with. So it's not as if that long-term review committee is the only report that the Board of Commissioners has to deal with at this time.

MR. G. FILMON: So the Minister is not concerned with the allegation that the board's medical officers appeared to lack an up-to-date working knowledge of both the rehabilitation and claim's departments, which would result in costly misunderstandings. He doesn't think that's anything that he wants to get too stirred up about and try and get to the bottom of.

HON. H. HARAPIAK: I have told the Leader of the Opposition previously that the medical director is going to be reviewing that report and, once he has had an

opportunity to review the report, we expect the Board of Commissioners to maybe make any changes that may be required to correct any shortcomings that may exist in that area.

MR. G. FILMON: So the Minister is quite content to let the arsonist put out the fire, in other words. All these reports and all these recommendations, which are serious condemnations of the operation of the board, are going to be left to the board to correct.

HON. H. HARAPIAK: I think that the Leader of the Opposition should be aware that the review committee was conducted by a member of industry, labour, an appointee of labour, and an independent chair were involved in the entire review of the Workers Compensation Board. They have been at that review for 20 months. They have come up with 178 recommendations; 174 of the recommendations there was consensus on; four of the recommendations there was a minority report delivered on, and they had an opportunity to look at all aspects of the Workers Compensation operation.

That independent review committee looked at the rehabilitation; they looked at the medical services; they looked at the Claims Department; they looked at all parts of the Workers Compensation. We are in the process of reviewing that review committee. We've asked the Board of Commissioners for their opinion of it. The Leader of the Opposition also has a copy of the review committee's report, and I would hope that he would take the time to look at this report and come up with some suggestions as to the process we should be following.

He should also be aware that industry has also received a copy of the review committee report. I've had meetings with them and with labour, and they all are willing to work together to try and bring about some further reform of the Workers Compensation. I, as the Minister responsible for Workers Compensation, am also committed to reform of the Workers Compensation, to bringing about the changes that are required to make it a more humane, accountable Workers Compensation system, and I think the Leader of the Opposition has got a choice.

He could either make some suggestions and recommendations as to what we should be doing about the Workers Compensation as it presently exists, or he can sit back and criticize the existing operations and the reform will go on despite his criticism. So he's faced with a choice of either making some recommendations of what he sees as possible improvements because he says he's had a wealth of experience in the area of rehabilitation. His firm has been involved with rehabilitating workers. So I think he's in a position to make some suggestions as to how we should be making further improvements to the Workers Compensation system.

So I guess, rather than criticize what the existing report is, I would hope that we would look forward to making some of the changes and acting on some of the recommendations that have been put forward and making it a system that is the best in Canada. There is some criticism of the Workers Compensation systems right across Canada, but I guess we have to compare

what we have here in Canada, in Manitoba, compared to what's available south of the border where, quite often, it's pointed out that the private sector could do a much better job in the area of insurance.

I think that they should have a look at what's going on south of the border where most of the money is wasted in lengthy court cases where the employers are going broke because of settlements, because of them being sued, and where very little of the settlements are going to the workers. So the workers are also suffering. We have an option. We can be going towards some of those systems that are existing south of the border or we can make some changes and move in the direction that British Columbia, the Workers Compensation system, has moved into where they have delayed claims, where there is a waiting list of two years, where rehabilitation is not going on, where they've cut out their offices in the outlying areas. There are many choices that are out there.

We are in a position right now to move towards making this a better system. We think we have a good system now, but we can make it better, so the Leader of the Opposition is in a position as well. You know, I talked to him privately and said, you know, the Workers Compensation is too important a system to be politicizing and to be raking over the coals, because there are a lot of employees involved in working with the Workers Compensation and they are feeling very threatened with what is going on right now. So I think the sooner we stop taking a negative attitude to what is going on there, and start looking at the direction of reform, then I think the better off this entire system is going to be.

MR. G. FILMON: That's what we're trying to do, Mr. Chairman, is to get at the answers as to what is the best avenue to go for reform. Everybody here on our side wants it to be a better system, a more efficient system, a more effective system, one that gets the money to where it is helping the injured workers, not having it go through a political channel.

The Minister talked about politicization. This is the first administration that felt the need for a ministerial liaison person to be involved in the political aspects of Workers Compensation to make sure that the government and the Minister's desires were being looked after, first and foremost at the board. This is the first administration that felt a need to ensure that they had access to be able to influence the board in its decisions, and has indeed done so over the years, and appointed politically those people to run the board who it wanted to have running the board, wiping out career public servants who had run the operation on a non-political basis before. They must reap what they have sown, and what they have sown and what they must reap is now a board with a deficit that's wildly out of control, \$184 million at the latest estimate, and no plan that would see that turned around in the near future.

The Minister is suggesting to me that I should be a party to developing the solutions. As he well knows, in order to develop the solutions, you've got to have all of the information available to you. I would have to have the Cormack Report; I would have to have the University of Manitoba Research Report; I would have

to have all the internal documents that he will have available to him because only by having total and complete information can an informed decision be made. As long as this Minister intends to keep from us all of that information, then we can't make those decisions. I'd be happy to make them on his behalf. Give us all that information, just open up everything to us.

HON. H. HARAPIAK: I guess the Leader of the Opposition has some fantasy about political interference, and I can tell you that there has been less political interference under this administration than there has been under the previous administration.

MR. G. FILMON: The record doesn't show it, Harry.

HON. H. HARAPIAK: The record shows, very clearly . . .

MR. G. FILMON: The record doesn't show it, Harry.

HON. H. HARAPIAK: . . . that there has been no political interference. The Leader of the Opposition should maybe hearken back to the last days that we were in Estimates here where he raised a particular case - maybe he wants to make public the letter that was sent to him about the infringement on personal rights of a worker, that he table a letter stating a name which affects that worker. I'm sure that, with all the experience the Leader of the Opposition has had in the area of administration, a Minister of the Crown, and rehabilitation of workers that he was involved with his own company, he knows that there are some personal rights that should be protected. He obviously has forgotten about all of the integrity that's involved in some of those operations that he made public, the name of a person who has a claim and without first seeking that person's views if he should be making that, and very clearly, in the letter that he made available to the media, he didn't seek the person's approval to be tabling a letter of that sort.

It's unfortunate that the Leader of the Opposition chose to go that route but, in that same letter, he references a liaison person would be attending a meeting and it was not a regular board meeting that he was referring to. It was a meeting of the Workers Compensation in discussion with a particular case dealing with conditions in a plant. It wasn't to discuss a claim. So surely, if the Minister responsible for Workplace Safety and Health is made aware of a condition existing in some plant where it may be affecting workers in the workplace, he has a responsibility to look at those conditions and see if there can be some corrective measures taken to correct those conditions. That was what that meeting was referred to.

MR. G. FILMON: Mr. Chairman, clearly the only reason that name became a question of public information was because of the interference of the Minister. Had the Minister not intervened on behalf of that individual applicant, I would certainly have had no reason to make it public. The responsibility rests on this Minister's predecessor for having intervened on behalf of an

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applicant, something this Minister said was never done. Here he was writing to the regional vice-president of the union involved and saying clearly, and I quote: "As requested in your letter, I will ask my liaison officer to attend the forthcoming meeting with the Board of Commissioners." On behalf of that client, as a result of that individual case and that becomes a public issue, that kind of ministerial intervention on behalf of one applicant.

Mr. Chairman, that's the politicization that is taking place, as well as the fact that more than 75 percent of the claims that are taken on appeal to the board are overturned by the board, and this is a politically appointed board. Unlike any previous other board, it consists of political appointments, as opposed to senior public servants who have operated the board in the past. That's what we're talking about.

HON. H. HARAPIAK: The Leader of the Opposition talks about intervention in a particular case. I guess I should maybe read into the record this letter that I received a copy of, but it was sent to Mr. Filmon. It comes from Mr. Gareau, the individual who Mr. Filmon raised in the last meeting. I'll read the letter into the record: "Mr. Filmon, I was appalled when I read in Friday, June 19, '87, Winnipeg Free Press, a report from Mr. Thampi that you had used my name in the Legislature in conjunction with the Workers Compensation Board.

"What you said in the Legislature is not only untrue but it is libellous. Since you made these statements in public and in the Legislature, I expect you to make apologies in public and in the Legislature to the effect that you had your facts about me all wrong. I would expect a man in your position to be a little more careful in getting his facts straight before he slanders the man he does not know, just to score a few political points against the government or one of his Ministers.

"I am sensitized to isocyanate used in the plant at Coldstream and also probably other chemicals used in the manufacturing of polyurethane foam. My family doctor and the Chief of the Respiratory Disease Hospital had told me that I cannot work in an isocyanate-contaminated environment and will not be able to return to Coldstream until this company has cleaned up the environment. You said on the phone that you knew that I had an allergy. Again, Mr. Filmon, you have your facts all wrong. I do not have an allergy. It is a toxicity, and there is no known cure for a toxicity except to avoid the environment causing this condition. Placing me on another job in another part of the plant would not have solved the problem.

"I have to admit that I am terribly disappointed in you, Mr. Filmon. Your callous and libellous use of someone's name, my name, Mr. Filmon, the name of someone you haven't even met just shatters my faith in you as a politician and more so in you as a responsible human being. Just to score a few political points and, according to what you told me on the phone yesterday, just to get at one of the Ministers, you took my name from supposedly confidential files and brought it forth in the Legislature without making sure that what you said about me is true and, even worse, without having the human decency or dignity to check with me first. After speaking to you yesterday, I am convinced that

you couldn't care less what this has done to me or my family. All you cared about was getting at the government or one of its people without concern about what your lack of respect for a human being might do to this person.

"Well, Mr. Filmon, I think I have made my point both on the phone and in writing. I want to thank you for returning my call yesterday and I fully expect a reply to this letter. Nothing like this has ever happened to me before and I don't think it was ethical to do what you did, using my name in public. As a matter of fact, I am sure that your conduct was immoral."

I have had permission from this person to table this if it was necessary, and I feel that the public record should be clarified that he was not . . .

MR. G. FILMON: That's right, we'll see if he proceeds with it.

HON. H. HARAPIAK: . . . that he was not actively abusing some of that, using his name in a public way.

MR. G. FILMON: Well, we'll see who's honest about this.

Mr. Chairman, that's precisely why I think that particular file, in its entirety, ought to be tabled in this Legislature, so that we can see whether or not there's any truth to the allegations that Mr. Gareau has made or whether indeed my allegation of political interference stands.

I have responded to him, saying that I would not have in any way had any case to bring forward his name in this Legislature if it had not been for the political interference of Mr. Lecuyer, the former Minister responsible. It was his political interference that made Mr. Gareau's file a public issue. I have no apology to make for raising it to public attention that the Minister clearly intervened, and in fact instructed his liaison officer to go to the board on behalf of that individual case, at the request and under the influence of the union involved.

In fact, that is the whole issue here and that's what we're talking about. I'm glad that the Minister has put it on the record and, when he's willing to put on the record the entire file, then we'll have that public debate that we ought to on this ministerial intervention.

Indeed, if either Mr. Gareau or the union wants to take this further, then they have redress to the courts to see whether or not . . . and all that information will come out. The people involved will be able to be subpoenaed as witnesses so that we can get it on the record as to how this ministerial interference, political interference, took place.

He, this Minister, if he has the guts, can proceed on that basis.

HON. H. HARAPIAK: I want to respond to that first allegation of the Leader of the Opposition that there was political interference. There was no political interference in the case.

The Minister was informed of a condition in the plant that was bringing about this respiratory condition in some of the workers at this particular plant. The Minister was asking them to meet and discuss what their conditions were, and not on this particular case.

There was never a meeting with the Minister and a liaison officer dealing with the claims that the Leader of the Opposition is referring to.

MR. G. FILMON: The Minister's intervention in fact overturned a decision of the Rehabilitation Committee on this particular file, and the record will show that.

Speaking about the Long-Term Claims Disabilities Committee and the rehabilitation work that is going on, I wonder if the Minister can indicate what the board's policy is with respect to obesity as part of the factors involved in the prolongation of the disability period for a claimant. What is the policy with respect to what part obesity plays in prolonging a disability period?

HON. H. HARAPIAK: The Leader of the Opposition insists on debating or discussing the Long-Term Disabilities Report, the Cormack Report. I have told the Leader of the Opposition that I do not have the final copy of the Long-Term Disabilities Report so I don't think we should be discussing that until we do have that long-term disability report.

MR. G. FILMON: The Minister has his chairperson, the senior executive officer of this corporation. Is he telling me that the board has no policy with respect to obesity?

HON. H. HARAPIAK: Under the existing act, The Workers Compensation Act, this would fall under 34.1 or it may fall under section 34.1, which is dealing with pre-existing conditions. So that's where it would be dealt with if there was a condition of that sort brought forward.

MR. G. FILMON: Is the Minister indicating that obesity would be termed a pre-existing condition and, if it prolonged the disability period, that would result in an award being reduced?

HON. H. HARAPIAK: It is my understanding that obesity is one of the areas that are taken into consideration under pre-existing conditions, a point of law. So that's where it would be discussed if we were to proceed with a case of that sort.

MR. G. FILMON: But the Cormack Report indicated that the declared enhancement of a pre-existing condition appears to be, for the most part, based upon subjective factors. So how is it assessed?

HON. H. HARAPIAK: It is discussed in the individual cases. It's difficult to have a blanket statement on how a wide variety of claims may come forward. So as each case is brought forward, it's dealt with on an individual basis.

MR. G. FILMON: Well, there are no real guidelines? There's no real set of rules by which it's decided? It's just on a one-by-one basis?

HON. H. HARAPIAK: There is a judgment factor that is considered by the medical officers when discussing a case of that sort. There is a judgment factor that is considered by the medical department when they're discussing cases of that sort.

MR. G. FILMON: The medical department are the only ones who make that judgement? What about the board?

HON. H. HARAPIAK: The medical decision is taken into consideration when they're making their decisions.

MR. G. FILMON: Do they always follow the medical recommendation?

HON. H. HARAPIAK: Generally the medical advice is taken into consideration.

MR. G. FILMON: Why would they overturn some of them?

HON. H. HARAPIAK: I am advised that adjudication is not only a medical exercise, it's also an exercise in law. So they have to take into consideration the medical information brought forward and also how the laws are detected as well.

MR. G. FILMON: Why does the board not have a policy or procedure which takes into account the effects of a secondary accident upon a compensable condition?

HON. H. HARAPIAK: I am advised that there are too many differences in individual cases. That's why they have to be taken into consideration. But I'm just wondering if the Leader of the Opposition would maybe want to table his copy of the Cormack Report because he did table the Wiebe Report. So maybe, if he tabled his copy of the Cormack Report, then the other members of the committee would have a copy of it as well and we could all work from the same report.

MR. G. FILMON: Mr. Chairman, assuming I had a copy of the Cormack Report, I'm not certain what positive effect that would have, because I have been questioning this Minister about it for more than a month, and he has refused to look at it or to obtain any information on it or to even delve into it, despite the fact that it has some very serious allegations and has raised some very serious problems.

He has, for a month, sat back and ignored it. So what good would tabling it do? Would that ensure that the Minister, when all he had to do was ask the Workers Compensation Board for a copy, would that help him out at all? No, because he wants to remain ignorant and in the dark and do nothing about these things.

HON. H. HARAPIAK: I guess we all have many choices. The Leader of the Opposition should be familiar with what remaining ignorant and in the dark means, because he was ignorant and in the dark with four reports that were tabled with his government when they were in government. They chose to sit on those reports and not even do any assessment as well.

So it's easy to sit back and be critical of what's going on in Workers Compensation but you, sir, were in a position to act on some reports that were tabled when you were in government and you chose to disregard them altogether.

We have acted on those reports. We have received the report now of the review committee which looked at all parts of the Workers Compensation Board, dealing

with rehabilitation, dealing with the medical services, dealing with the claims, and we will be acting on some further reform and on the whole operation of the Workers Compensation. But I think that the Leader of the Opposition cannot talk about dealing or remaining ignorant and in the dark when he fits that bill very well himself.

MR. G. FILMON: Mr. Chairman, the member full well knows that I was never the Minister responsible for the Workers Compensation Board. He is, and he is ignoring the information at his disposal and, in fact, choosing not to have it at his disposal so that he can't answer questions on it. He wants me to supply him with the information so that he can now deal with it, a month after I've been asking him for it. That's an irresponsible attitude, Mr. Chairman.

I want to ask him further, the Cormack Report, as I understand it, suggests that the permanent partial disability awards are being made for impairment which cannot reasonably be attributed to the compensable incident. Surely that is something that shouldn't be going on in the board. What is he going to do about it?

HON. H. HARAPIAK: This is one of the areas that the review committee is also concerned about. They have made some recommendations dealing with this particular area. We will be assessing the costs to the Workers Compensation and moving on those recommendations when we have had an opportunity to assess the costs of the entire review committee report, which also deals with those areas that long-term disability raises. We will be dealing with the entire report.

MR. G. FILMON: Interestingly enough, Mr. Chairman, the Cormack Report called attention to the fact, for the Minister's attention and for the board's attention, that the practice of referring workers to Grand Forks for C.T. scans was not common knowledge within the medical community. In fact, a couple of weeks ago, it eventually did become public knowledge, as somebody obviously spoke to a media outlet about that. Why was the board keeping that practice or that policy under wraps? Why wasn't it common knowledge within the medical community that somebody who was on workers compensation could go to Grand Forks for a C.T. scan and have the cost paid?

HON. H. HARAPIAK: I am informed that, unfortunately, the two individuals who were involved in the long-term disability are not aware of everything that goes on with Workers Compensation. They are within their own departments, senior officers, but they are not aware of everything that goes on in the Workers Compensation. So they were not aware of some of the information that you had just brought up, and that information is erroneous.

MR. G. FILMON: Mr. Chairman, we're not talking about the knowledge of those two people. The allegation is that it was not common knowledge within the medical community. Is the Minister saying now that it was common knowledge within the medical community that

an individual on workers compensation could be sent to Grand Forks for a C.T. scan at the expense of WCB?

HON. H. HARAPIAK: There was knowledge within the medical community that this service was available. When doctors involved from the Workers Compensation dealt with the family physicians, they made them aware that this option was there.

MR. G. FILMON: Did the Minister indicate that a couple of doctors knew about it?

HON. H. HARAPIAK: All the cases that were before the Workers Compensation at that time that had a particular problem that would require a CAT scan, all the family physicians were made aware of the options that were available to them.

MR. G. FILMON: The Long-Term Disability Claims Committee also indicated that in some cases the board's medical officers, following examination, appear reluctant to declare a worker fit to return to work despite a lack of objective findings. How can this be tolerated, I ask the Minister. Is pressure being applied to the doctors not to declare workers fit to return to work? What can be done to stop this?

HON. H. HARAPIAK: I think that the Leader of the Opposition should be aware that the Cormack Report, the people who were involved in the long-term disability, had a meeting with the review committee. The review committee, including the industry representative, strongly disagreed with the draft of the Cormack Report. So the Leader of the Opposition seems to be placing a lot of emphasis on his copy of the Cormack Report.

I guess that's two people's opinion of what is going on, but there is strong disagreement from many areas of Workers Compensation. Their findings were not substantiated in many cases, and they're still in the process of dealing with that committee. So I don't think that we should put too much emphasis on what the long-term disability recommendations are until such time as they can substantiate many of their claims.

MR. G. FILMON: The fact of the matter is that just about a year ago, when the last Annual Report of Workers Compensation was tabled, a comment was made to the effect that the average length of time for people on Workers Compensation claims had doubled during the term of this chairperson and this new board of Workers Comp. This chairperson was on the media saying, well part of it was that the doctors, of course, were at fault because they weren't encouraging people to get back to work early enough. So now, people on average were twice as long on Workers Compensation claim incidents. This seems to confirm that, in fact, the board's own medical officers are reluctant to declare a worker fit to return to work despite a lack of objective findings. Surely, this is a recurring theme that should be looked at by this Minister.

HON. H. HARAPIAK: Very clearly, we've said before that there are recommendations of the review committee to be looking at this whole area. We will be assessing the impact of moving on the

recommendations that have been made by the review committee. Once we have done an assessment on cost implications by implementing all the recommendations of the review committee, then we will be acting on that report.

MR. G. FILMON: Mr. Chairman, a year ago, the chairperson was saying that, no, there wasn't anything that could be done about this because the doctors were advising people to stay off work longer. Now we find it's the board's own medical officers who are being accused of doing the same thing. Surely this is a matter - and there are big dollars involved. If the average length of time off work due to a claim has doubled, ergo the costs have doubled of maintaining people on Workers Compensation. On that basis alone, why wouldn't this Minister be addressing this?

HON. H. HARAPIAK: I think the Leader of the Opposition doesn't take into consideration many facts when he makes his statement. The Leader of the Opposition doesn't take into consideration that there is rehabilitation that is taking place. Getting workers back to work is the goal of everyone. Very clearly, it's one of the recommendations of the review committee that, the sooner there is rehabilitation, the earlier intervention and rehabilitation, the sooner the workers will be getting back to the workplace and the sooner there is rehabilitation. There will be a cost saving in the long run by having quick intervention in the whole area of rehabilitation.

Then another factor that comes into play here is industry taking the injured workers back on the work site. So there has to be cooperation between the injured worker, and I think there needs to be a greater determination by the injured workers themselves as to what they are capable of doing, where their interests may lie, in what area they want to move into, what area of work they want to move into if they're not capable of going back to the workplace that they come from. But there has to be a cooperation between industry, the injured worker and the medical profession.

I think the sooner that cooperation comes forward, the better off we are going to be as a board, a Workers Compensation system, and the better off we're going to be as an industry because the injured workers will be coming back to becoming productive and contributing citizens of society. There are all kinds of rehabilitation studies that show it is cost-effective.

So the sooner we start getting that cooperation between the injured workers - and the government has a role to play here too because I think, in many cases, it's a matter of education and Workplace Safety and Health has got many excellent programs which show how we can improve our workplace.

I think we have a responsibility to cooperate with industry to make sure we get out there and participate, make the workplace a safer place and correct some of the shortcomings that may exist in that workplace. The cooperation has to come from industry, the workers, the unions, and the medical doctor has a big role to play here. So the sooner they all start cooperating, I think the sooner the system will be working in an effective way.

MR. G. FILMON: Mr. Chairman, I have absolutely no doubt that the work that's been done towards making

a safer workplace over successive years has been a worthwhile endeavour. Indeed, I think the proof of its effectiveness is that claims being settled have not increased essentially over the past five years. But the cost of these claims and the massive costs of the operation of the board have gone up dramatically, despite the fact that there has not - it's not a question of claims having gone up. In fact, we've been successful in stemming increases in the numbers of claims. The fact of the matter is though that you have ministerial interference.

The very case that this Minister was criticizing me for having raised involves a situation in which the person is or should be a candidate for rehabilitation. The rehabilitation committee was recommending that person go through the job finding, retraining, rehabilitation process to be able to go out and work elsewhere after, because of the sensitivity to isocyanate which occurs in the very plant in which he was working.

But what was the response? The worker said to me over the phone - and you'll see it in the copy of the letter which I have sent to that worker - that he shouldn't have to go and work anywhere else. He should only have to stay and work in the one workplace. He said to me over the phone that he shouldn't be forced to go and find work somewhere else, despite the fact that he has been proven to have a sensitivity to isocyanate so he can't continue to work in that environment anywhere, no matter how it's done.

This government and the predecessor of this Minister intervened to ensure that he didn't have to go through rehabilitation, through job find, job search technique, through anything else, that he could continue to collect as long as he wanted to because of this ministerial intervention, and would not have to be rehabilitated to return to another workplace in which he wouldn't have to endure the problems of his sensitivity to isocyanate.

This Minister is talking about it, but their very actions go against what they say they want to do. I'll give you an example. I have a lengthy letter from a very large employer in this province, who is extremely concerned about the way in which the Workers Compensation operates in this province. As indicated to me, and I'll read into the record: "Prior to presenting our concerns, I would first like to take a moment to state our objectives when dealing with the Workers Compensation Board of Manitoba.

"Our primary objective is to ensure every employee at our firm who sustains an accident arising out of and in the course of employment will receive full protection of The Workers Compensation Act in an expedient and just manner.

"Our secondary objective is threefold" - and I think incidentally that's the objective of most employers, and I would say that I hope that the Minister won't be slandering employers by suggesting that they relish them being injured on the job and they don't want them to get their just treatment and so forth. I think that virtually every employer would say what this employer has indicated.

"Our primary objective to ensure every employee who sustains an accident arising out of and in the course of employment will receive the full protection of The Workers Compensation Act in an expedient and just manner.

"Our secondary objective is threefold. The first being to effectively control all compensation cases to ensure benefits are being awarded properly and in accordance with The Workers Compensation Act, and our employees are receiving proper and adequate treatment.

"The second being to maintain an effective and active involvement in the vocational rehabilitation process to ensure that injured workers are returned to employment as soon as reasonably possible.

"Lastly, to maintain an ongoing dialogue with the Workers Compensation Board to ensure that mutual interests and concerns are addressed in a cooperative spirit.

"As you can see, our objectives are quite comprehensive and equitable, but yet over the past few years we have experienced difficulties in meeting these objectives due to actions by the board.

"At this time, I would now like to express our concerns.

"First is the issue of benefits being awarded properly and the worker receiving proper and adequate treatment. A few years back, we experienced a rash of repetitive strain injuries which were initially diagnosed as tenonitis and which resulted in all sorts of varied treatments and lengthy time-loss situations.

"It was not until we, in our firm, took the initiative to set up a referral system with the Rehabilitation Hospital at Health Sciences Centre to ensure a proper diagnosis treatment program and future management did this change.

"It was only after this were we able to decrease time loss and ensure proper and adequate treatment, which resulted in a reduction of benefits paid out by the board" - the employer taking the initiative to find the reason for the problem, to institute a program of treatment and to reduce the benefits being paid out by the board.

"Next is the issue of maintaining active involvement in the rehabilitation process to ensure reasonable and expedient returns to work. It was only after increased involvement by our firm and our efforts did we start to become successful in this objective. If we were to wait for the board and their efforts, we would still be waiting. In fact, at present, we still have claims open with the board from the summer of 1986 where they have not made any decisions to accept or reject the claims, let alone decide on a course of action to effectively manage the claim.

"Also, access to the Rehabilitation Department is very questionable. It appears, with our dealings with the board, it is not until after a minimum of one year is the Rehabilitation Department involved in our dealings. By this time, rehabilitation appears to be too late and the person who is injured needs to be vocationally retrained, not assisted back into our workplace.

"Thirdly is the difficulty in maintaining an ongoing dialogue. It has been our experience over the past years that trying to meet this objective is a very difficult one. Responses to our concerns generally take over a month and, in some cases, three to four months. Tie this in with the fact that the information is never offered by the board, except at the appeal level, makes it difficult to address mutual concerns in a cooperative spirit."

If that doesn't ring a familiar chord with the Minister, that kind of lack of cooperation, sharing of information

was repeatedly stated before the King Commission, and the King Commission itself repeated that allegation.

"As you can see, the difficulties we presented make it extremely difficult to meet our primary objective of ensuring every employee at our firm who sustains an accident arising out of and in the course of employment will receive full protection of The Workers Compensation Act in an expedient and just manner.

"Also, since we are doing most of the work in effectively managing our employees who require the benefits offered by the board, we have difficulty in understanding why our payroll assessments have been steadily increasing."

That, Mr. Chairman, just follows upon the kind of discussion we've been having with respect to all of the problems with respect to settling claims and indeed giving the workers their just treatment, but doing it in a reasonable and expedient manner so that we don't have them involved in long-term rehabilitation when quicker action might have saved that.

HON. H. HARAPIAK: I guess the Leader of the Opposition makes many points when he goes on to his long speech, but I guess the first thing he did refer to is the interference of CAIMAW or the Minister into the case dealing with Gareau, who was employed by Coldstream Industries.

I want to indicate to the Leader of the Opposition that you say that it was political interference. It was only on the condition that existed inside the plant. I'm sure that you, as a responsible person, would respect the Minister interfering in a condition that existed in a work site that was causing some respiratory problems for the workers in the plant.

You're saying they were told that they could carry on to stay on compensation as long as they wanted to. That isn't so. They were informed that, if conditions were improved in the plant, then they could be returning to the job.

I think as a working person who has some idea what the seniority means to a person, I would hesitate to be making the commitment to quit a company and go into rehabilitation when there was a possibility of me getting back into a job that I previously carried out and I was able to carry out and, if there could be some improvements made in the ventilation system, then they could work there.

There was a Medical Review Committee set up to study the conditions in the plant. The report of that Workplace Safety and Health Medical Review Panel has now been received and indicates that, if the company made the improvements, then the conditions would improve and those people could come back to the workplace that they were previously employed in. So you know, there was work going on.

But the Leader of the Opposition also goes on and talks about employers taking the initiative. I am fully aware of some of the initiatives being taken by some of the major employers in this province and how they are committed to rehabilitating workers and working in every way in cooperation with Workers Compensation to get the injured workers either back in the workplace or else retraining them for some other employment they may be suited for.

I have never slandered any employer in this province. The Leader of the Opposition and his research people

have slandered injured workers and they can accept that, but I have never slandered . . .

MR. G. FILMON: No, Mr. Chairman, I am sorry. That is absolutely a falsehood. . . .

On a point of order, Mr. Chairman, I have never slandered injured workers.

A MEMBER: Nobody on this side has.

HON. H. HARAPIAK: There have been indications that workers don't want to be going back to work because they are hanging onto some medical evidence. That's the indication that I got from the Leader of the Opposition's comments, that he was slandering workers.

MR. G. FILMON: You didn't understand those comments any more than you have other comments, Mr. Chairman. That's the Minister's position.

HON. H. HARAPIAK: You're saying that there are employers who are dealing with injured workers in a very responsible way, and I am aware of some of these employers who go out of their way to deal with injured workers.

I guess I have had the misfortune to have been involved with an accident when I worked as a miner in a company that was, at that time, working on a safety record. I was involved in a cave-in. So, I was driven to work by a very responsible employer for two days. I went to their doctors and they said there wasn't anything wrong. All I required was some rest.

Several years later, after I spent the summer limping to work, then I find out several years later that there was a break at that time. So, I guess there are some employers who choose to handle their employees that way. It's unfortunate, but it does go on.

But I know there are also employers who are also very responsible in dealing with their injured workers and they work towards rehabilitating their workers, including the vocational rehabilitation process. You read the letter that they want to have more involvement in that whole process, and there will be more opportunities for industry to play a role in the whole area of vocational rehabilitation and there will be an opportunity for them to - the dialogue, I guess that's one of the areas that maybe there needs to be an improvement is in the dialogue between Workers Compensation Board and industry, and there will be an improvement in that area.

MR. G. FILMON: Mr. Chairman, I just wanted to place on the record with respect to the case that the Minister again referred to, it was his predecessor's ministerial interference that kept the individual on compensation for more than a year after rehabilitation had decided that they could and should find him alternate employment.

Mr. Chairman, we'll go on further. The Long-term Disability Claims Committee has indicated that there is no expeditious investigative mechanism in situations where the worker is in receipt of benefits and ongoing responsibility is questionable. This obviously is a major cost to the board. Why doesn't that expeditious investigative mechanism occur?

HON. H. HARAPIAK: I want to put on the record that the members involved with that previous case would have had to resign from their position at place of employment where they had been employed for many years in order to become involved with a rehabilitation process. As it turned out, the Medical Review Panel, after making inquiries, said that there should be some improvement in the ventilation system and then they could go back to the place they're at. So I think that would have been a more responsible way of handling it.

MR. G. FILMON: Mr. Chairman, the Minister must know that the process that the company uses in its business involves isocyanate being in that plant. That is one of the chemicals used. This individual has indicated, as has everybody, that he has a sensitivity to it. As long as that plant is in business, it will have that chemical in plant. Therefore, the individual cannot be able to work in that plant.

So is this Minister telling me now that he will be entitled, under the rules and the policies of the Workers Compensation, to be on compensation indefinitely rather than finding him a new job?

HON. H. HARAPIAK: The information I have is, when there is improvement made in the air movement system of that plant, the person could come back to work in that plant.

MR. G. FILMON: That chemical will still be in the plant. It has to be there for the process that they use in their manufacturing.

Mr. Chairman, talking about the lack of an expeditious investigative mechanism in situations where the worker is in receipt of benefits and ongoing responsibility is questionable.

Can the Minister indicate what is happening with respect to anonymous tips? I understand that one of the major sources that triggers investigation is anonymous tips come into the board, saying so and so shouldn't be entitled to, they've fully recovered and they no longer are entitled to it. What has happened with respect to the anonymous tips? Have they been increasing?

HON. H. HARAPIAK: We have made it quite clear that we do not feel that there should be any abuse of a system and, if there is abuse of a system and somebody makes the board aware that there is an abuse, then there will be an investigation carried out to be sure that there isn't any abuse. I mean, we recognize that there are some abuse cases and there have been charges laid in the cases where there was abuse being practised.

MR. G. FILMON: But if there is abuse, why isn't there an expeditious investigative mechanism to look into it so that we minimize the cost to the board?

HON. H. HARAPIAK: I am informed that the board has increased, previously had two claims officers in that area, now they have investigators in that area, and they have increased that to four. So there is an improvement to the process that was being followed

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previously and that's one of the reasons that we have something like the Long-Term Disability Committee studying our system to see if there are areas that there should be improvements made. As I mentioned on previous occasions, once they have an opportunity to assess the needs of all the areas, that's one of the areas the review committee looks at as well. Once we have had an opportunity to assess it, then we will be moving on the entire recommendations made by the review committee.

MR. G. FILMON: The problem is, Mr. Chairman, it takes so many years to get at this, when obviously that should be known. What is the policy of the board with respect to anonymous tips? Are they followed up on?

HON. H. HARAPIAK: There has to be some substance to the tip. They just can't call up and say that Joe Blow is abusing the system. There has to be some additional information to that but, if there is some substance to the tip, then it will be followed up.

MR. G. FILMON: Who decides whether there is substance to the tip?

HON. H. HARAPIAK: The Claims Department would make that decision.

MR. G. FILMON: They do a preliminary investigation to assess that?

HON. H. HARAPIAK: If there is substance to the anonymous tip, then they will do a preliminary investigation.

MR. G. FILMON: Does the board respect the anonymity of individuals who contact them with respect to these tips on abuse of the system?

HON. H. HARAPIAK: They don't have any choice. If they are called in, they are anonymous, then they have to respect that.

MR. G. FILMON: Mr. Chairman, the Cormack Report, as I understand, it indicated that significant delays have occurred between the date a medical officer declared a worker fit to return to work and the date benefits were finally terminated. Why would this occur?

HON. H. HARAPIAK: Could you repeat that please?

MR. G. FILMON: The Cormack Report indicated that significant delays have occurred between the date a medical officer declared a worker fit to return to work and the date benefits were finally terminated. This would obviously be very costly and result in this situation that we have of the time off per claim increasing dramatically, doubling over the past five years. Why would this happen?

HON. H. HARAPIAK: Once again, this is dealing with the whole team concept of handling Workers Compensation claims. It's again an area that is addressed in the review committee's report and they go into it in some detail. I think that, as we're going

to be looking at all the recommendations, we will be looking at that recommendation dealing with that particular problem and we'll be acting on it when we have an assessment done on the entire report.

MR. G. FILMON: Mr. Chairman, surely this is a very straightforward procedure. Is there no control mechanism to ensure that, when the medical officer declares a worker fit to return, they go back to work? Couldn't you trigger it so that once it's done, that the compensation stops? Wouldn't that get to the problem very quickly?

HON. H. HARAPIAK: I'm told that, in the majority of cases, that is exactly what happens.

MR. G. FILMON: In the majority of cases. What happens in the other cases?

HON. H. HARAPIAK: I am told that in a few cases or in a small minority of cases, the file may have been borrowed, so it takes a bit of time before it gets down through the whole process.

MR. G. FILMON: Who would have borrowed the file?

HON. H. HARAPIAK: Any of the other departments that are dealing with the claim, the rehab or the medical or the claims department, any one, or the payments department would have the file.

MR. G. FILMON: Could there not be a mechanism in place whereby the medical officer declares a worker fit to return and the payments stop, the Workers Compensation stops, and then you get to the end of it?

HON. H. HARAPIAK: We are in the process of taking advantage of some of the technological advances that have been made in this area, and that is presently being processed on our data system. So there should be a great improvement in that whole area very shortly.

MR. G. FILMON: I understand that the Cormack Report indicated that there appears to be a need for a special unit in the claims department to review claims where there are unusual circumstances surrounding the accident, or in cases where a claimed recurrence occurs more than one year after the worker was last in receipt of benefits. What's being done about that?

HON. H. HARAPIAK: Well once more, we get into an area where there may be differences of opinion between people who are involved in the Workers Compensation system. The review committee looked at the Cormack Report, and that's one area that there was a disagreement on.

So you know, there are people with years of experience in the whole area of Workers Compensation. The chairperson of the review committee was the chairman of the Saskatchewan compensation system, had years of experience. The industry rep is Mr. Tom Farrell, who handles all the Workers Compensation files and claims for International Nickel. Lissa Donner was a labour rep who has had a wide range of experience

dealing with Workers Compensation claims. This committee, in looking at the Cormack Report, disagreed with the recommendation that the Long-Term Review Committee had on that particular subject.

MR. G. FILMON: I understand that the Cormack Report indicated that a number of situations were encountered where the claims adjudicator apparently did not act upon a consultant's report which indicated fitness to return to work, and instead were guided by the general practitioner involved. Why would you bring in a specialist if you were going to listen to the general practitioner?

HON. H. HARAPIAK: I am advised it is not the Workers Compensation Board that brings in the doctors. It's the claimant's own doctors may bring in a specialist and I guess, as in other professions, there are professional differences of opinion. So the doctors of the review committee or the doctors of the Workers Compensation may have a different opinion than specialists in that field.

MR. G. FILMON: Who's the claims adjudicator? Is that a board employee?

HON. H. HARAPIAK: The adjudicator is board employees.

MR. G. FILMON: Who is the general practitioner? Is that a board employee or the worker's doctor?

HON. H. HARAPIAK: The general practitioner is the doctor of the person who has been injured. He is the patient's own doctor.

MR. G. FILMON: Why would the claims adjudicator not act on a consultant's report indicating a fitness to return to work, and instead be guided by the general practitioner involved?

HON. H. HARAPIAK: Once again, I guess each case is different and I guess we don't want to get into specific claims and we can't do that, because we would require the agreement of the claimant in order to discuss this particular case. I guess each case is different that you have to deal with, in a separate way.

MR. G. FILMON: Would there not be a general policy that says that the specialist's opinion takes precedence over the general practitioner's opinion?

HON. H. HARAPIAK: I guess where you're talking about professional confidence, you're saying that should not the specialist's opinion be taken over the general practitioner's. They're both professionals and there is a process, the board has an additional process. If there is a difference of opinion between the practitioner and a specialist, then they can send the case to a Medical Review Panel made up of three specialists. Then you have three specialists making a decision on the differences of medical, professional opinion on the case.

MR. G. FILMON: This allegation is not with respect to a Medical Review Panel. It's with respect to taking the opinion of a general practitioner over that of the specialist. Why would that happen?

HON. H. HARAPIAK: When you're dealing, once again, with professionals - they are both professionals but one is a specialist, but maybe the general practitioner knows the individual, may know the claimant better than a specialist. A specialist may be aware of maybe one particular part of the injured worker, but I think the practitioner knows the claimant on a better basis.

MR. DEPUTY CHAIRMAN, H. Smith: The Leader of the Opposition.

MR. G. FILMON: When you're dealing with medical conditions and a medical analysis, do you want the word of somebody who is a friend of and knows better the applicant, or do you want the word of the specialist?

HON. H. HARAPIAK: The law requires that we deal with each case on the merits, in the justice of each case, and I guess, if there is a difference of opinion, we can go to arbitration to deal with it. But I don't think we should be sitting in judgment of judging professionals, which one is more competent or incompetent than the other. There is a process in law to deal with cases of that sort.

MR. G. FILMON: Why would the board seek a specialist opinion if it was going to award on the basis of the G.P.'s opinion? Obviously, it was looking for more specialized information and seeking another professional opinion with greater stature and, once it got it, rejected it.

HON. H. HARAPIAK: I am advised that there are cases that it is not the board that is seeking the opinion of specialists. Quite often, it's the claimant who is seeking the opinion of the specialist. But if the board in some cases does seek the opinion of a specialist, then they usually abide by the opinion of the specialist.

MR. G. FILMON: Regardless of who asked for it, even if . . .

MR. DEPUTY CHAIRMAN: Mr. Filmon, the hour now being 5:00 p.m., I am interrupting the proceedings for Private Members' Hour, and so I can finish reading this magazine.

The committee stands adjourned until 8:00 p.m. this evening.

SUPPLY - FINANCE

MR. CHAIRMAN, C. Santos: Committee, please come to order.

We have been considering the Estimates of the Department of Finance. We are on Item 1.(b)(1) Administration and Finance, Executive Support: Salaries; 1.(b)(2) Other Expenditures.

The Honourable Minister.

HON. E. KOSTYRA: Thank you, Mr. Chairman of Committees.

There were some general comments or questions made previously that I thought I should provide the response to. I believe actually both of these were taken as notice in previous question periods, and I thought

that since this is the first opportunity for the members here, that I would provide them with a response.

There was a question asked about the "direct and guaranteed per capita debt as of March 31, 1986." On a per capita basis, the direct and guaranteed debt, less accumulated sinking funds is \$7.302 billion. The population at that point in time from statistics is 1.0786 million and the per capita debt therefore would be \$6,769.00.

There was also a question asked in regard to amortization of the Swiss franc issues and this was a question that was asked back in April. Based on our three-year moving average policy, we have included \$8.1 million of Public Debt estimates and \$22 million in Hydro Rate Stabilization estimates.

This three-year moving average policy was adopted to smooth out the movements in foreign exchange markets. The three-year rates used in the amortization of the Swiss franc were: 56.15 cents, 77.69 cents, 84.27 cents, for an average of 72.7 cents.

It also should be noted that the amortization commences in the fiscal year following the issue of securities-dominated foreign currencies.

MR. CHAIRMAN: The Honourable Member for Morris.

MR. C. MANNES: Mr. Chairman, I noticed that the Minister of Finance was reading from a document. Possibly, on a couple of those questions, I think they were answers that were prepared.

Was he intending to give copies of that or just leave them on Hansard?

HON. E. KOSTYRA: . . . I can get copies.

MR. C. MANNES: No. If the Minister would undertake to make copies which I can peruse a little later on - I certainly don't need them now.

Mr. Chairman, let me say firstly, I thank my colleagues for their part in Finance Estimates the other day. I've had an opportunity to review Hansard.

Mr. Chairman, I'd like to ask the Minister specifically though, what salary increases are reflected in all of these Estimates? In what terms are they measured, in percentage terms, that is? What is the percentage increase and what merit increases are reflected?

HON. E. KOSTYRA: In this line or are you talking about the whole department?

The increases that are in the Salaries relate to the general salary increase that was put in place through collective agreement for those who are governed by collective agreement and for others on the basis that was put in place for all out-of-scope personnel in the government. The merit increases are based on actual increments that are due individuals. The overall salary component, the general salary increase excluding merit, would be approximately 4 percent overall. In terms of the overall, including merit, we don't have an overall figure for all branches of the department.

MR. C. MANNES: Mr. Chairman, on Item 1.(b), Executive Support, I would ask the Minister of Finance if he could tell me in what situations the Deputy Minister is allowed to make a public political comment.

I'm thinking specifically of one item here about a month ago, dealing with Manitoba Properties Inc., whereby one Peter Warren saw fit to ask those of us that were elected, politically, to make comment as to a specific program of government, and after some of us had done that, shortly thereafter, or towards the end of the program, had the Deputy Minister come forward and give his own commentary.

I would ask the Minister whether or not this is now a new policy of the government to explain which rightfully should be explained, Mr. Chairman, by the Minister himself; or indeed, is now the deputy going to enter the political fray in some fashion?

HON. E. KOSTYRA: First of all, I can't answer the question whether or not my Deputy Minister would be entering the political field; that would be a decision that he would make independent of government.

Let me say, in terms of the areas that the deputy - his response in terms of media questions - I have never, at any time, said that he ought not to respond to any questions. I would take issue with the statement made by the member that he was entering the political arena by commenting on the issue of MPI.

The circumstances of that particular situation were that at ten to nine of that morning, which was a Wednesday morning - I don't remember the date - I received a call from Peter Warren, or from someone in his staff, to my office, saying they wanted me to appear on his show to talk about Manitoba Properties Inc. later that morning. I indicated that I was not available and if they wanted comment in terms of information with respect to MPI, that my Deputy Minister would be available to provide any information that they needed in terms of the technical details of that.

That is the case with that situation, and has been the case with other situations. So there's no requirement - to use the member's term - that the Deputy Minister be required to deal with the political arena; nor has there been any direction from me to him to do that; nor has there been any restrictions placed by me on my deputy in terms of responding to requests for information from the media.

MR. C. MANNES: Mr. Chairman, certainly, the Minister of Finance realizes the delicate situation that can arise whereby those of us who are attacking a government program - purely on a political basis - find some of our views totally rebutted by the senior official within the department. Mr. Chairman, by the way, on a program which is listened to by a large number of people, and I dare say, there must be some guidelines in place which preclude that event from taking place.

I'm fully cognizant that the response that Mr. Curtis gave on the radio was one that he tried - and he tried valiantly - to give a technical response to what was occurring as far as the issue under discussion and that was Manitoba Properties Inc. But nevertheless, Mr. Chairman, it still begs the question as to what degree should a Deputy Minister be disagreeing, in a sense, however technical, with individuals that put forward a political point of view, that make a statement with respect to a government program?

I guess then it begs the question, I think, for me to put forward to the Minister of Finance, whether or not

he sees the wisdom in suggesting to anybody that his deputy can stand in his place in situations like that and give commentary. I'm wondering whether or not then, after that episode, there's been any change or will that continue to be the practice that's in place.

HON. E. KOSTYRA: Well, I find it interesting, Mr. Chairman, the comments from the Member for Morris. He indicated at the time, dealing with MPI, that there were serious concerns with that and the impact it would have on the province, the fact that they're - in fact, I remember him using the terms, there's going to be a run on the province at some point and the province's buildings. He now admits for the record that those were not motivated by any concern about the financial implications of that particular arrangement or not any concerns about the economic or fiscal well-being of the province, but were motivated by political considerations. So I think that's an interesting admission by the member opposite, that he had no technical concerns with that particular issue. He had no real concerns about the fiscal situation of the province vis-a-vis, but that he was using that for political means.

As I said, I don't believe that my Deputy Minister has, at any time to my knowledge, ever reflected or commented on members of the Legislature, particularly those in Opposition, and I don't believe that it would be his intention to do that in the future. It certainly would not be my intention to suggest that he reflect on comments made by members opposite.

Again, the details of that particular situation were that Peter Warren indicated he had done a major investigation into MPI. He had lawyers, he had accountants, he had all kinds of professionals who have launched this major expose into MPI. I indicated that the Deputy Minister would be available to deal with any technical issues that were being brought up as a result of this investigation by lawyers or so-called lawyers, accountants and others with respect to the transactions related to MPI. But I reject that my Deputy Minister in any way took so-called political action or made political comments with respect to members of the Legislature.

MR. C. MANNES: Well, Mr. Chairman, in the Minister's very narrow view of what the word "politic" means, of course he probably feels that you can't make a political statement without in any way drawing some conclusions on the economy or drawing some conclusions as to the ultimate outcoming of a specific course of action, as it impacts upon the fiscal standing of the province.

I am a politician, Mr. Chairman, I practise the art of politics. The art of politics is to try and convince people that some certain courses of action that the government embarks upon, in some cases, are wrong. I don't apologize for that, Mr. Chairman. That's my profession and indeed it's yours, indeed it's the Minister's of Finance.

Mr. Chairman, when I go onto a public program and I, from my viewpoint, very honestly believe that a certain issue and undertaking by the Department of Finance, by the Government of Manitoba, represents a form of unethical business arrangement, one that in some respects can be deemed to be a scam, I do not expect to be rebutted quite frankly by the Deputy Minister.

The Deputy Minister, yes, tried to keep his comments within the area of technical aspects, but was very clear in leaving the suggestion that it was not a scam. I expect that, but I expect that from the Minister of Finance, Mr. Chairman.

My only point is, in this area of questioning, whether or not the Minister puts any bounds as to what is proper or improper for any of his people, any of his senior staff, to make comment on that type of a situation, following which has been very, very much a political discussion at that time of morning on the Peter Warren show.

HON. E. KOSTYRA: If find it somewhat interesting that the member is reflecting on comments made by the Deputy Minister of Finance when, at the same time, some of his colleagues suggest that the government from time to time muzzles staff, muzzles senior staff of the government from providing comment. It's not something that has gone unnoticed over time. But now we have the member, when he doesn't agree or doesn't like those comments, saying that they shouldn't be made. If the comments on another occasion were not made or the question was not responded to, he would then say that the government is muzzling the staff. So, I guess, in some ways, it depends on what is being said.

But let me answer his question directly. I don't intend to put any restrictions on the Deputy Minister of Finance. I think that this Deputy Minister of Finance has served this government well. I think, in my view, he served previous governments well, even though I have not been in government or even been in this Legislature prior to 1981. I really regret the fact that there has been some suggestion that he acted improperly, because I think his abilities and his reputation for fairness and honesty and straightforward dealing is well-known, not within this Chamber, and I think appreciated by most members but indeed by the broader community in terms of his peers and colleagues in the private financial sector and other governments of Canada.

MR. C. MANNES: Mr. Chairman, this figure this year, \$377,000 has increased by \$100,000, and the detail provided by the department shows that it covers one additional individual.

Can the Minister explain why there is a \$100,000 increase within this department?

HON. E. KOSTYRA: Yes. As I previously indicated, there was that additional position. The other changes were that there was the addition of a secretary to the Deputy Minister as a result of the workload in that office and, at the same time, there was a reclassification of one of the staff in the Deputy Minister's office from secretary to administrative officer, which was an additional amount of money over and above that which that individual previously had been paid. That reclassification had gone through the normal process.

MR. C. MANNES: Pass.

MR. CHAIRMAN: 1.(b)(1) Executive Support: Salaries—pass; 1.(b)(2) Other Expenditures—pass.

1.(c)(1) Financial and Administrative Services: Salaries; 1.(c)(2) Other Expenditures - the Member for Morris.

MR. C. MANNES: Mr. Chairman, when one looks into the additional information provided, the supplementary information, we're told that this department, amongst a number of things, is responsible for revenue projections.

Can the Minister of Finance tell us, given the fact that we are now well into the new fiscal year, that being almost to the end of the first quarter, whether in general he has any indication that the revenue projections, as presented, are on track?

Of course, a number of those that are coming from the Federal Government, I would expect he would not be able to give us commentary on that, but I'm thinking specifically of the provincial taxes and, most specifically, that dealing with the sales tax, or is there a better time at which to ask these questions because I can leave them till later?

HON. E. KOSTYRA: The actual area, just for the member's information, is under the Comptroller's Division, but I have no problem in answering the question at this point.

Again, the projections will come out when we get the quarterly statements. The indications we have at this point is that revenues appear to be reasonably on target, but we don't get into any detailed announcement of that until we look at the quarterly statements.

I'd also add that some of the impacts - just to be straightforward with the answer - some of the impacts of the tax changes, there's a lag period. As an example, the sales tax increase went in effect in May. It will be reflected in the payments that are made in the month of June, which we have not really seen any kind of reconciliation. The same would be true of the land transfer tax increase which is in effect in the middle of May, and we would not see the proceeds until the end of the quarter, if indeed it would be reflected in this quarter.

At the present time, the indications are that revenues seem to be on target as they're seen on a month-by-month basis. The only area, I think, that has seen continued decline is in the area of tobacco tax revenue. Consumption seems to be dropping at a much quicker pace than we've anticipated. That was true last year and it seems to be true this year, which I think is a good sign.

MR. C. MANNES: Just to be absolutely certain, Mr. Chairman, the Minister is then telling us, within the measurable areas - and quite a number of them aren't, I fully realize that - but within the measurable areas - and I'm again specifically thinking of sales tax - that at this point in time - again and I would think his department would be able to track the results of projections over the last two months, certainly over the months of April and May - there's no cause for concern at this point in time. Indeed, given the month of June, which of course they wouldn't have access to yet, as reflected in the first quarterly report, which will not come out of course until September or thereabouts, but at this point in time there is no noticeable either increase or decrease from forecast of sales tax revenues.

HON. E. KOSTYRA: Again at this point in time, from what we've seen, there is no reason to alter any of the

projections in terms of revenue. That would be something that we would look at with the quarterly report. As I said, we would then see how the projections are with respect to the major areas and see what the impacts are of the taxation changes.

As an example with the sales tax, there were a number of areas included that were previously excluded and, while you can make projections as to what that might mean in revenue, you do not specifically know until you see the revenues coming in, because there's a certain assumption made of how much is actually generated by that activity that was previously excluded because there are no hard figures following that particular area. So there may be some adjustment once we see the first month or two of the revenue on the new rates but, at this point, it seems to be relatively on target in all areas. The one that I know staff mentioned to me that is somewhat under is tobacco.

MR. C. MANNES: Mr. Chairman, my colleague, the Member for St. Norbert, asked the Minister a question dealing with the final quarterly report of the old fiscal year. The Minister, at that time, indicated it may not be available until the end of July. If I could ask, the Minister, maybe in response to the next question I'm going to put, may want to indicate why it continues to seem to be locked into that point in time. I'm talking about the release, that being late July. It seems to me it's been somewhat earlier than that at times.

Now, Mr. Chairman, the question that I am more concerned about is that dealing about the economic forecasts. Certainly, when you have major institutions in this nation, and I'm particularly referring to the Conference Board of Canada and, to a lesser degree, departments of economic analysis within the Royal Bank and also the Investment Dealers' Association, when these groups, Mr. Chairman, come forward with forecasts of economic growth that are substantially less than they were at the time that the forecasts of revenue were being developed.

I will ask the Minister of Finance specifically what impacts these downgradings of forecasts will have on revenues; secondly, whether he takes them seriously; and, thirdly, if he does, how is he going to reflect that, therefore into not only the next forecast of revenues but, more importantly, in government decisions of expenditures which of course must flow from that new knowledge? Can he tell me what the department is doing with the new information respecting the downgrading of the economic forecasts of the Manitoba economy?

HON. E. KOSTYRA: In response to the question on the quarterly report, I don't have a copy of Hansard here, but I don't believe I said it was necessarily the end of July. I thought I had indicated it was still a few weeks away at that point. It may well be earlier than the end of July.

The dates that these reports have been tabled are - last year, it was July 4; the year previous, it was August 9, 1985; in 1984, it was July 27; in 1983, it was June 30; in 1982, it was July 2; in '80-81, it was June 26 - those last two are times when members opposite were in government - in 1979-80, it was July 18; the year before, it was June 29; and the year before that, it was

July 14. So I would anticipate that we would be within the middle range of those dates, sometime, hopefully, by the middle part of July.

In regard to any changes in the forecasts or any changes that may flow out of changes in forecasts with respect to the assumptions that were in the Budget and their resulting impact on revenues and/or expenditures, that is something that we review each quarter. In reviewing the economic data to date, the forecasts that we've seen still indicate that we will be within the area that we've identified in the assumptions going into the Budget.

Obviously when one reviews those areas, you'd take a look at a blending of all of the agencies that provide economic forecasting advice. If you look at that - in fact, I usually have a sheet prepared showing the forecasts of all of them and there's an averaging out to take something that is in the mid-range, so one doesn't take the most optimistic of the forecast, though at times one may highlight that in discussions; nor does one take the most pessimistic outlook of economic performance in a particular area, even though members opposite from time to time may highlight those statistics.

So we take a blending of that, and that is reviewed on a quarterly basis, and if, as a result of changes in economic forecasts and, indeed, as a result of actual results where there is some movement either up or down on revenues and/or expenditures in particular, then the necessary adjustments are made on a quarterly basis and forecasts are revised quarter by quarter based on not only the forecast but the actual results.

I recall last year that we made a significant change in our forecast revenues in a couple of areas as a result of the patterns that emerged during the first quarter. One that came to mind was the tobacco tax revenue. We had overly optimistic assumptions last year in the Budget and there was a decreasing trend that was far beyond what we had expected. So that forecast was adjusted in terms of the year-end on the basis of the experience in the first one and what was anticipated for the rest of the year.

MR. C. MANNES: Mr. Chairman, I'm troubled somewhat by the Minister's response because he seems to say yes. Once the quarterlies do come down, they will reflect firstly the empirical evidence as to how the revenue flows have come in. At that time we will make a determination as to whether the next quarterly forecast should take into account meaningfully those either increase or decrease in revenue experiences.

Mr. Chairman, before saying that, the Minister of Finance said, well, we also look at the forecasts of economic projections and we sort of select a mid-range between all of the ones that are made. That begs the question, because one is obviously looking at the situation before it occurs, the former one I discussed is looking at it after some of the results have become evident.

Mr. Chairman, I asked the Minister of Finance the same question, given that the Conference Board certainly has to be given considerable weight in this area of forecasting, and I don't want to get into the real numbers because that's not at issue here. But when we see the Conference Board at the end of last year, early January 1987, come forward with forecasts

of the Manitoba economy aggregated through all its sectors will grow at the rate of 3.5 percent in a net basis, in real growth, Mr. Chairman, and then three months after that forecast, revise the forecast down to 2.0 percent, then I'd have to think that the department, whatever assumptions it uses, whatever range of forecasts it uses, would have to seriously at this point be thinking of reducing their revenue forecasts.

The Minister may like to stand and say, no, we're not going to do anything until we see the first quarterly results. If that's his answer, fine, I will accept that. But, Mr. Chairman, I find it then hard to believe that's the basis on which expenditures within government continue to carry on when it is obvious that somebody who has a very high profile within our nation as far as an area of forecasting, that being the Conference Board, would tend to forewarn the Department of Finance officials there can be an expected decrease in economic activity.

So again my question stands, is the government doing nothing at all now with their forecasts or are they just going to wait to do an assessment of first quarter actual revenue flows?

HON. E. KOSTYRA: Just dealing specifically with the Conference Board, we thought last year when looking at the Conference Board's forecasts, that they were on the high end, that they were overly optimistic in terms of what they saw for the provincial economy. In fact, if you look and stack their proposals or their suggestions for growth as against some of the other agencies, you found that they were the highest. I believe they were about the highest of all the economic forecasting agencies. We thought that that was overly optimistic. So in the same vein, they've now come up with an adjusted figure or lower figure than that which they said previously.

And again, we look at theirs which is one of the major ones, also the others, and then blend that into what presumptions go into decisions that the government takes with respect to revenues and with respect to expenditures, indeed other areas of government activity.

Again, to be specific and direct, no, we don't intend to make any adjustments until we have the Court of Review process when we look at all aspects, not only the projections, but we see what experience that we have had in the first quarter, because obviously things like growth will be reflected in business tax, and corporation taxes will have an indication as to whether or not there's a moderating natural fact, and combine that with what is projected by all the agencies.

MR. C. MANNES: Mr. Chairman, I don't want to belabour this point but I'll ask the Minister specifically, what figure then did his department accept when they developed their major economic forecast indicators? He talks about a range, on the basis of which the Budget was prepared in the Estimates. What specific figure did they accept as potentially being representing the economic growth of the province?

HON. E. KOSTYRA: This isn't the specific area that we have that detail available. But I believe, from memory, that the assumptions at the time of the Budget, was

at a growth rate of about 2.7 percent, which was the rate that we determined was a blending of all the forecasters at that point in time.

MR. C. MANNES: A final question in this area, Mr. Chairman.

The Minister last year indicated that he would provide us with a list of all the assumptions that were in place, that went into place, to allow the government to come up with revenue forecasts. That was a year ago. To this point in time I haven't received those, and if he wants to refer to his answer, it's in 1517, page 1517, of last year's Estimates.

I would ask again that he undertake to provide those - as he indicated he would a year ago - and if possible, as quickly as he might be able to do so.

Thank you.

HON. E. KOSTYRA: I'm afraid I don't remember the specifics of that but I'll review it before we get into the Session this evening and see what information we can have put together that would answer that request.

MR. CHAIRMAN: 1.(c)(1) Financial and Administrative Services—pass; 1.(c)(2) Other Expenditures—pass.

1.(d)(1) Human Resource Management: Salaries; 1.(d)(2) Other Expenditures - the Member for Morris.

MR. C. MANNES: Referring to the Supplementary Information, one of the objectives of this branch, Mr. Chairman, is shown as providing not only the Department of Finance, but also Crown Investments in respect of Human Resource Management programs.

My question to the Minister of Finance: Is he saying then that this effort by the Department of Crown Investments over the past year or two to bring forward some consistency with respect to human resource endeavours through the various departments of government, that initiative out of the Crown Investments Department really has been financed and funded by the Department of Finance?

HON. E. KOSTYRA: All this means is that the Department of Crown Investments has its administrative personnel functions - accounting, payroll - done by the Department of Finance.

When that particular department was established a number of years ago, rather than setting up a separate administrative structure, it was determined that it would be better supplied through the Department of Finance. It only relates to the personnel practice policies of the staff of the department. It does not relate to the advice that Crown Investments may provide to Crown corporations. That is not something that is involved here.

MR. CHAIRMAN: 1.(d)(1) Human Resource Management: Salaries—pass; 1 (d)(2) Other Expenditures—pass.

There will be no resolution on item No. 1 until after we pass the Minister's Salary.

Item No. 2.(a) Treasury Division: Salaries; 2.(b) Other Expenditures; 2.(c) Soldiers' Taxation Relief - the Member for Morris.

MR. C. MANNES: Mr. Chairman, I ask the Minister of Finance: Is our credit rating being reviewed by any of the rating agencies today?

HON. E. KOSTYRA: Yes, all the rating agencies are in the process of doing their annual reviews with respect to the Province of Manitoba.

The USA-based rating agencies, I have met with both of them when I visited New York some month or better ago. One of the agencies has come in and had an extensive review in Manitoba a couple of weeks ago. The other agency, Moody's, is expected to come in within a matter of weeks.

The two Canadian agencies - one, the Dominion Bond Rating, has been in; the other has not given any indication as to when they want to do their yearly review. We've not received any specific comments back from them, though we don't anticipate any change in rating from any of the agencies at this point.

MR. C. MANNES: Can the Minister be a little more definitive and tell us specifically when the report card, so to speak, will be given back to the province, particularly from the two American rating agencies? Is it a situation where, if we don't hear anything, we assume it's good news? No news is good news.

Or, ultimately, does the government receive either by way of letter, by way of telephone call, by way of telex, some indication that there may be concerns, that we may be on credit watch, or indeed we've passed the test, Mr. Chairman, and we have yet another year whereby we exist at the already low rate that we stand at today?

HON. E. KOSTYRA: The simple answer is that at some point in the near future we anticipate some response from the agency that has been in, sometime in September. They didn't indicate any major concerns while they were here and certainly if they intended to place the province on any kind of credit watch or look at any potential downgrading, they would have - as they have in the past - taken rather swift action. Sometimes they have taken rather too swift action, but nevertheless they usually take fairly swift action around Budget time if they have any concerns with respect to any downward change in the credit rating.

Secondly, if the province was to do an issue in the U.S. then they may come up and either confirm or make some comment on our rating if we were doing an issue in the United States.

So that is all that I can tell the member at this time. They, in doing that, make their results public by way of public information when they confirm or alter a credit rating.

MR. C. MANNES: Mr. Chairman, I would like the Minister to give me a little more detail, associated again with the timing. Now, are the bond rating agencies - particularly again in the United States - are they assessing all the provincial budgets at this point in time, because indeed most of them have come down over the last two or three months. Has any province had its rating reduced? Has any province been put on credit watch?

It seems to me that, given these times where some provinces have significant deficits, others - like the

Province of Ontario - seems to not have a deficit on a per capita ratio that we do. Secondly, other provinces are doing different things as far as raising taxes to try and meet deficits, that there would have to be some change, somewhere, with one of the provinces.

That's why I'm a little confused with the Minister's answer when he says that usually they'll come up and do it and do the heavy analysis during the release of a Budget.

Can he tell me then, if that's the case, are we not expecting further dialogue with them? Or are we expecting more questions, given that the government may want to go into the American market for funds?

I'd like the Minister to tell me a little bit more as to what we can expect through the next three or four months, with not only borrowing of American dollars, but also with respect to what types of questions and comments we can expect from the bond rating agencies.

The Minister of Finance says, well, traditionally they make their comments and their decisions at Budget time. It seems to me, from memory, that that's not the case. In the past there have been occasions when we have found decisions made by the rating agencies at sometime other than Budget time.

So I would like him to expand and expound a little further on the question that I've asked.

HON. E. KOSTYRA: I thought I provided some of that detail. I'd indicated that the agencies do a major review of all Provincial Governments following on the Budgets of those governments.

I said that if they had any particular concerns or, as a result of their monitoring, that they would be looking at any swift action in terms of any downgrade, that they make those comments known at the time they have those concerns. That was the case with respect to the province last year, as you will recall. The member will recall there was an indication of a credit watch and then the subsequent change in rating. That was true a few months ago with respect to the Province of Saskatchewan, that they do detailed reviews of all provinces, on an annual basis, following provincial Budgets.

In terms of the details, as I said, Standard and Poor's has been in and had detailed discussions with staff. Moody's is expected to be here within another few weeks. The Dominion Bond Rating Service was in, and the Canadian Bond Rating Service has not indicated whether or not they will come in and require any detailed briefing.

As an example, when Standard and Poor's left Manitoba, they went to Ontario. I understand when Moody's is coming here, they will be going to Saskatchewan. So they are doing reviews of other provinces. But, as I said before, in my opinion, and the opinion of staff in the department, we don't anticipate any negative decisions from those agencies with respect to Manitoba's rating, because as a result of the Budget, we've seen a significant improvement in our deficit position both in absolute terms, on per capita terms and in terms of our ranking in Canada.

Last year, we had the third highest per capita deficit in the country, followed just behind, on a revised basis, Saskatchewan and Alberta. At this time, as a result of

the Budgets that have been brought down by all provinces in Canada, we are now in the sixth position better than the main point in Canada; where Alberta, Newfoundland, New Brunswick, Saskatchewan, Nova Scotia all have per capita deficits higher than the Province of Manitoba.

On an absolute dollar basis, we're in eighth position, but I don't think that's an accurate means of looking at it because it does relate to per capita size, but in terms of actual deficits, we're in eighth position with only a couple other provinces behind Manitoba. On a per capita basis, we've now improved our position to sixth.

I don't anticipate that we're going to get any negative reaction from the agencies once they do issue their ratings for this year.

MR. C. MANNES: Mr. Chairman, I suppose the exercise - or at least the Minister leads me to believe that the rating exercise is a relative one and if one province sort of stands out as not being able to manage its affairs, it then very quickly comes under the close scrutiny of the bond rating agencies and may very quickly have its rating changed, and the Minister takes some solace from the fact that on a per capita deficit basis, we are no longer standing out; we're sixth. Of course, what he fails to want to point out, it seems to me, is where we stand on a combined debt per capita basis and he made some reference to that at the beginning of this afternoon's Estimates. But, Mr. Chairman, I thank the Minister for taking me through that exercise.

I want to know specifically whether we, at this point, have filed a prospectus or whether we're developing one; and failing that, whether or not he could provide information that was provided to the rating agency - and I think he said it was Standard and Poor's that did come through - that somewhere does not exist in a public fashion today.

Were they provided with any information that is not public by way of the Budget, by way of any other document that is public in nature?

HON. E. KOSTYRA: In terms of the prospectus in the United States, we have one that was filed December 1986, and that's what stands at the present time. It will be updated when and if we do another issue in the U.S. You just update it, you don't have to file a new prospectus.

In terms of the information that's provided to the rating agencies, they do receive packages of all the information that is printed and tabled in the House, including the Budget, including Supplementary Estimates, including the other financial reports of Crown corporations, all of that material.

Then what happens is that they come and meet with staff, not only the Department of Finance but staff of other departments, and ask detailed questions about the printed or public material that they receive. So in terms of answering your question, I would imagine, because I don't sit into the detailed day or two of presentations with them, but there is information that's provided in terms of verbal responses that may or may not be part of the so-called public record. But they work from the documentation that is provided here, like the quarterly reports, all of that information.

MR. C. MANNES: This year, the Budget indicates, Mr. Chairman, that we will be going to the market for - and I'm pulling this from memory - \$1.54 billion. Can the Minister of Finance indicate how much of that is of a refinancing nature? How much of that request would be needed to satisfy refinancing?

HON. E. KOSTYRA: The amount of refinancing is \$278.3 million.

I would just add a point so that the member is aware, there was at the time of the Budget the detailing of what we anticipated would be in The Loan Act when it was brought forward. I think the member is aware of discussions we had in question period with respect to the potential acquisition of ICG and its impact on not only The Loan Act, but the potential borrowing in the province. So that does not include anything related to the ICG, and there are actually two other areas of Capital Supply which were not anticipated at the time of the Budget with respect to The Loan Act that will be included in The Loan Act when it's brought forward in the House. There'll be a new message from His Honour reflecting that, hopefully within the next short while.

MR. C. MANNES: Mr. Chairman, would the Minister like to share with us at this time what the total capital borrowing authority is that he will be seeking from the House, or would he like to wait until that capital bill is introduced, or can he share that figure with us at this time?

HON. E. KOSTYRA: I can't give a total figure because one obviously is still up in the air, and that is the one related to ICG. The one other addition to the schedule would be for Manitoba Mineral Resources Corporation of \$12.5 million, which would be added to the Capital Supply requirements, plus what is needed ultimately for ICG.

Part of that, I guess, would be reflected in the actual capital requirements and part of that would be reflected in, I presume, whatever debt may have to be assumed which does not actually have to be borrowed but would have to be guaranteed by the province.

MR. C. MANNES: Mr. Chairman, I hear that phone ringing. I am wondering if it's a bond rating agency trying to get a hold of the Minister of Finance.

HON. E. KOSTYRA: Moody's.

MR. C. MANNES: Maybe we shouldn't answer it, because it might be bad news. We'll just let it keep ringing, Mr. Chairman.

The Minister indicates that out of the one - and I'll do my own guesstimation, Mr. Chairman - it must be somewhere in the area of \$1.75 billion this province is going to loan this year, once we find out how much money they want to borrow in support of their entry into the distribution of gas.

Mr. Chairman, out of that \$1.75 billion - and these are my numbers - we'll be going to the market to garner, the Minister is telling me that two hundred and - and I didn't quite hear his number - \$278 million of that is in support of refinancing. Can the Minister tell me

specifically what loans are due and payable this year, or which ones we can exercise an early call on if it's to our advantage to do so?

Given, Mr. Chairman, that although Public Accounts gives me a nice breakout, I do not have the latest Public Accounts for the fiscal year ending '87, can the Minister tell me specifically what loans are due and payable in '87-88?

HON. E. KOSTYRA: We will get that list written up so, if you want to move on, we'll come back to it in a moment or two.

MR. C. MANNES: Mr. Chairman, last year - and it upsets me that I left this information back in my office - but last year, we exercised an early call date on one of our Swiss loans, and I think it was Series A-K, it could be, or 3-K or something; I forget specifically what it was.

Mr. Chairman, I want to tell you and other members who care to listen a little bit about that loan. That loan was taken out, I believe - and this is from memory - in 1975 for, in Canadian dollars, the equivalent of \$31 million. When we met the obligations under that loan last year, we ended up paying back the same, I think it was 80 million Swiss francs that we originally borrowed, but the cost of buying back those 80 million Swiss francs to pay back the capital, Mr. Chairman, wasn't 31 million - and I'm not talking about interest now, I'm talking about the face value of the loan. It was no longer \$31 million; it was \$66 million - over double.

My question to the Minister of Finance: How many of the loans that make up that aggregate, the \$278 million, are in terms of currencies that have gone badly against us? I'm specifically talking now, well any of the three. All three of them, over the last 10 years, have gone against us, and I'm talking about U.S. dollars, Swiss francs and Japanese yen. When the Minister says that we have to borrow \$278 million in support of refinancing, is that to cover the face value of the loan or does that represent something beyond that? Does that represent now what we have to borrow in support of paying back the original loan in the first place?

Again, I know he can't give me that in a general statement because it depends on loans which he's indicated he would provide to us, but I'm curious as to what the loans are and to what degree, firstly, the Sinking Fund has set aside dollars in support of those loans and, secondly, to what degree the foreign exchange losses have been reflected in the last two-year policy of amortizing these losses and covering some portion of them within the appropriation.

HON. E. KOSTYRA: If the member is agreeable, in order to get that level of detail, we can have that all provided or we could move on to some other areas, if there are some other detailed questions in this area for us, at eight o'clock this evening, because I understand we're breaking for Private Members' Hour at five o'clock. That level of detail, we can have provided for him at the start of the session this evening.

So if there are other detailed questions of that nature, where we have to go through the specific details of the ledgers and that, if we can take them now in this area,

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we can make sure that we have them to start tonight at eight o'clock.

MR. C. MANNESS: Mr. Chairman, I then would ask the Minister and his staff to provide for me a collation of all the '86-87 loans. I know most of them and maybe all of them have been announced by way of press release, but I would ask him if he could provide for me a table of all the loans carried on in '86-87, of course the total value of them, the currency and the exchange rates in effect at the time.

And now specifically to '87-88, can he tell me what loans have also been entered into at this point in time, this being almost the end of the third month of the new fiscal year.

HON. E. KOSTYRA: Last year - we'll have that information prepared.

This year, there's only been the one formal issue, and that has been the yen issue. The other borrowing has been CPP.

MR. C. MANNESS: Mr. Chairman, I'd like to spend the next little while dialoguing with the Minister of Finance as to his views as to where the fiscal standing of this province is going to be in three or four years.

Can the Minister of Finance tell me - and again I've virtually begged him over the best part of two years now to lay before the people of Manitoba a multiyear Budget, showing how it is that the revenue required to meet a quickly increasing interest demand, to show us specifically where the revenues will be in place in support of that.

Mr. Chairman, the Department of Finance is almost the fastest growing department of government today. As you're well aware, it's not because of additional staff; it's not because of major pay increases. It's because of the statutory debt which is associated with that department. I know some members at the table would probably like to see some major increases in wages, Mr. Chairman.

The point I'm trying to make is: Can the Minister of Finance tell me how it is that, once one looks at his department Estimates and sees them burgeoning from \$579 million to \$697 million, almost \$700 million in the space of one year, can he tell me and the people of Manitoba what is going to arrest this public debt figure, statutory debt figure, anything you want to call it? What is going to bring that into balance?

Mr. Chairman, that figure alone this past year - and I know you're well aware of it - has grown in the magnitude of roughly \$120 million. I better be more specific than that. For the record, let's do it right, Mr. Chairman.- (Interjection)- The Minister says I'm close enough. I hate to not be accurate on a number like that.

But the point being, the Minister through the Budget and indeed the government is, by way of taxes, increasing revenues to the province by \$360 million. A full one-third of that is going to additional interest. Mr. Chairman, I would make the assertion that the economy of this province is scaling back for a number of reasons, but certainly one of them has to be the major tax grab as brought forward with the Budget.

Now what is going to happen another year? Is the Minister of Finance saying that he, therefore, can take

yet another \$250 million away from disposable income by way of the taxation powers of government, Mr. Chairman, because if he says that - and I have to believe he believes he can - when one looks at -(Interjection)- well, he has to believe that or he has a bigger problem than even I can possibly suggest then, because this interest figure which is now around \$500 million, maybe \$460 million - it depends how you want to work in Manitoba Properties Inc.- but if that figure is going to continue to grow at the rate, not of 10 percent or 12 percent, Mr. Chairman, but I dare say, 15 percent, can the Minister possibly tell us how it is that there will be revenues in place to not only satisfy the additional interest demands, but also the demands of the various departments of government? I look specifically at the Minister responsible for Small Business and Tourism, just to name one. That Minister and, indeed, the other 20 of them covet increases to their departments.

Mr. Chairman, can the Minister of Finance tell us possibly how it is that he can bring into balance - and I'm not even talking about balancing the deficit now, I'm talking about balancing the additional revenues with the demands to pay out additional interest, plus the various so-called needs of his department because, quite frankly, I can't make it work.

With the numbers that he's provided to me, I can't see whereby, unless the government believes they can go to the public again for another \$350 million next year by way of yet another major increase in taxation, I don't see where the equation can work. So I would ask the Minister of Finance to tell me, for the first time tell somebody in the Province of Manitoba, how it is that he can balance revenues, increases in revenues, with the additional demands that are going to be placed upon them through particularly burgeoning interest demands?

HON. E. KOSTYRA: First, I want to deal with the comment that the member made the other day and I can't recall where it was, but he was talking about the Province of Saskatchewan. Anytime I talk about the Province of Saskatchewan, he says, well, you shouldn't compare yourself with Saskatchewan. Anyway he used that, but he used some figures that were incorrect, because he had suggested that the amount of revenue increase in the Province of Manitoba was considerably higher than that in the Province of Saskatchewan, yet the reverse is actually true - not by much.

But the reverse is true, because if you look at not what they put in their Budget, not what we put in our Budget in the previous year, but actual or projected results, you will find that in the Province of Saskatchewan that their increase was in excess of \$400 million over the actual revenue results as they've shown, because they inflated them, I guess, for their own particular reasons and some circumstances came into play.

But their revenue increase this year was \$402 million as against ours over the present projections for the year-end of just under \$400 million, because he was using figures the other day of some \$200 million.- (Interjection)- Well, I think one should look at actual results rather than what one projects if we take the arguments of the member seriously that he made earlier about projections, because obviously what you project

at the beginning of the year may not be the same that turns out in the end of the year. If you look particularly at the revenue side, our projections, and the results as shown by the third quarter, were not that far off in terms of they are within a percent or two. The difficulty obviously was in the expenditure side.

The member asks how we are going to bring about a situation that will bring the overall fiscal situation in the province into some better balance and how we will arrest the growth in public debt costs.

The answer, quite simply, is with a great deal of difficulty. The member is well aware that deficit financing has been an area of considerable growth by all governments in this country as a result of the severe recession that we went through. It's not been easy because the growth coming out of that recession has not been as quick or as balanced I guess as most provinces would like to see in this country. It's been somewhat uneven and not as strong or as quick as some would like. So it's been difficult for this government, indeed all governments in Canada, to provide for a significant reduction in deficits which will not decrease interest payments obviously, but reduce the growth of those payments because they will continue to grow until such time as there is no deficit, and even in a province like Ontario that is on the leading edge of economic growth in this country, and the Minister of Finance or the provincial treasurer in Ontario is the envy of all his colleagues right across Canada, when he sees revisions to his forecast, he finds that he's seeing revenue growth outstripping any projections that anyone has made in terms of those areas.

But even a province like Ontario, they are still incurring a year-over-year deficit. However, they're in the enviable position of seeing that decrease. But not even in a province like Ontario has that decrease been as dramatic or as quick as I guess many would like.

So it's certainly our intention to continue to provide for a reduction in the deficit. At the same time, that will bring about a reduction in the growth of interest costs. But I must say that the needs for taxpayers' dollars to go to services are continuing to put severe pressures on a number of areas of government and, indeed, the member knows full well, though he hasn't been as much a part of it, but indeed many members on his side of the House have demanded throughout the Estimates process, which we're in the latter days of, more spending in virtually every department of government - I would not say every department - but certainly all the major spending areas of government.

There's been demands from the Member for Gladstone, suggesting that we don't pay enough in terms of social assistance rates; there's been demands by a number of members in terms of the departments like Highways, or Natural Resources, and there's certainly been concerns about the fact that the amount of dollars available for health care, while increasing dramatically, are still not keeping up with all of the demands that all of the facilities and all of the practitioners and indeed all of the residents of the province want or demand.

So it is going to be difficult to ensure that we, on one hand, maintain services and even, where possible, provide for some selected improvements; at the same time ensure that we do not overburden taxpayers in this province with levels of taxation that are too onerous

or out of line with other jurisdictions. But I think the member has to recognize some of the factors that come into play and I think the comparison with other provinces is important.

Obviously one cannot guide their decisions solely by what is taking place elsewhere, but obviously the province is not an island unto itself in terms of a federation or a country like Canada. And I think if one looks at what's been happening, particularly for the provinces that have been in similar situations like Manitoba, they're finding those provinces even having far worse difficulty dealing with their fiscal problems.

If you look at virtually every province smaller on the other side of Manitoba, smaller than Manitoba, other than I think, I guess PEI, every one of them have seen the same problems with respect to public debt costs; and in the last budgets in all those provinces, increases in their deficits in actual dollars, not even staying the same or bringing some reduction.

But the decreases - and I made this point once before - that one has to look at what impact changes in federal funding have on provinces; and we saw the Finance Minister in the Province of New Brunswick say publicly that the reason for his fiscal situation, the reason for the fact that he's got an increased deficit, is the federal - he named the Federal Minister of Finance in very strong terms - stronger terms than I've ever used in terms of my comments or criticisms with respect to Federal Government actions - but we're having some of the impact of that scene on provincial budgets. At the same time, there hasn't been any large or significant improvement in the federal deficit position, or indeed the amount of money that the Federal Government pays with respect to interest costs on the public debt.

But certainly we're going to have to continue to ensure that we work on government expenditures throughout all departments in areas where there can be maintenance at previous levels or indeed, in some cases, reduced expenditures if programs are not as needed today as they may have been at some other point of time.

We're certainly going to have to be as innovative and creative as possible in the major areas such as health where the demands, both in percentage terms and in actual dollars, is just horrendous and the pressures are very strong. But we are going to have to continue to work to bring about further reductions in the deficit so that we're going to be able to arrest the growth in public debt costs so it doesn't consume an overpowering, overbearing portion of our available dollars.

MR. C. MANNES: A number of issues flow from that response by the Minister of Finance. Mr. Chairman, firstly, the Minister talks about my reference to Saskatchewan, and I don't know the motives for the estimate that they used a year ago which seems to be so far out of whack with the actual revenue that did flow in there.

But I say this, Mr. Chairman, it's the same reason that I asked the Minister awhile ago, the very same reason I asked him as to the certainty of the forecasts of the economic indicators for the sectors of this province, because I can tell the Minister of Finance, if he had done the exercise very objectively, like I think

he does by the way, his staff does when it comes to revenue; and indeed agriculture was the biggest contributor to the economy in this province as it was in Saskatchewan, and it was hit - that one industry was hit with a significant drop in value - I could see why government revenues could drop that way. I could see that happening.

As a matter of fact, the Minister would like to leave the impression it was done as a sleight of hand, a semi-sleight of hand in support of an election call, "I can't give any other commentary." Well, he didn't say it those words, of course he didn't. He inferred that, but he didn't say it.

The point being, Mr. Chairman, that's beside the point; that's why it's always better at times to compare print to print, and my reason for saying what I did was that in Saskatchewan their revenue-take increase, taxation-wise, was 267, a full hundred million dollars less than ours, print over print.

Now I asked the Minister a very specific question because I have to believe, Mr. Chairman, that when these high powered Ministers of Finance meet on occasion, certainly they have to wrestle, whether it's part of the formal agenda or whether it's part of the informal discussions that take place after the agenda hour.

But I have to think that they must be discussing these very issues as to what is going to happen in the future, because I don't care, Mr. Chairman, if the deficit stays at \$400 million, I would like to know how it is that there's some balance can be brought about. The Minister of Finance can say, on a per capita deficit basis, Manitoba has done well this year relative to other provinces. I accept that, but what the Minister of Finance does not say is that from my very cursory analysis, there is only one province that directs more of its expenditures to support of public debt payment and that's the Province of Newfoundland.

Mr. Chairman, we direct very close to 12 percent of all our expenditures toward debt servicing. Oh, the Budget says 8 percent, but start factoring in Manitoba Properties Inc. and you fall well over 11.5.

The Province of Saskatchewan - when I look at their figure, Mr. Chairman, and I'm not standing here in support of it, but I use Saskatchewan, the Minister uses Saskatchewan because it's a comparable province in terms of population and there are some very real likenesses.

That province directs or devotes 8 percent of its expenditures toward debt servicing. Maybe they've covered up something that I'm not aware of and maybe their figure is higher, but on the information that's provided in a very cursory review that's the figure at which I arrive.

Now, I asked the Minister of Finance what guarantee he could give and to the extent that he can, that our interest requirement as a percent of the total expenditures will not be 20 percent in three or four years.

I've asked him for this over and over and over again, and the Minister of Finance can give me no assurance, can give the people of this province no assurance, that that won't happen. Because it's quite obvious that if that's the case, and I think it is unless there are some very significant steps taken, that 20 percent of all our expenditures are going to be directed toward statutory

debt, and quite obviously there are going to be some very major declines in services to the Manitoba public.

Again, Mr. Chairman, I ask the Minister of Finance to tell us what other Ministers collectively are saying about this problem; what is the solution; or indeed is the direction in which we are headed, one wherein all people of this province on average are going to be committing three-quarters of their income to support the government?

Because I can't see where we're going. Maybe the Minister of Finance can; that's what I'm asking him to tell me. I cannot see where we're going as a province fiscally. I can't see where other provinces are going either, for that matter. I'm not picking on Manitoba as set aside from other provinces, I just think that we're heading the rest of them, that we're leading the race to oblivion, fiscal oblivion.

And yet, if I can't see it and if the Minister can show it to me, fine, I'm satisfied; my questions will cease. But let me know what it is, and the people of Manitoba know what is on his mind as to what he sees as a solution. Because, quite frankly, his children - the way that I analyze it, Mr. Chairman, in spite of what Professor Barber says - I see his children and mine in the space of 15 years, having to commit the vast majority of their gross take-home pay to government.

You know, Mr. Chairman, maybe you heard this morning the leader of the Libertarian Party was on Peter Warren, making the claim, and it may be very simplified - I am sure it is, in some respects - that as Canadians, on average, however computed, whatever the methodology is, I don't know, that we work until June 29 in support of government. And of course, "in support of government" means "in support of ourselves" because government provides the services we want.

But, Mr. Chairman, you know that if the incentive is removed such that we have to work until September 30 in support of government, because government means also a bunch of other people who are not working to the same degree that maybe we are prepared to, that that incentive quickly leaves.

My question to the Minister of Finance: Again, in concert in his dealings with the other Ministers, what assurances do we have that his children and mine, 15 years from now, won't be working until September 30 in support of not only the services they want, but the services that we are consuming today and not paying for? It's a very basic question.

If the Minister says, well, we believe that through the Oil and Gas Corporation, or that we have potash coming, or something, well, that's a partial answer; but I want him to be as definitive as he can in telling me how other jurisdictions are looking at this, how collectively Ministers of Finance are looking at it, because my great fear is that there's no real solution unless we bring, very quickly, our deficits under control. That in itself isn't going to provide meaningful relief for the next 10 years by my analysis.

HON. E. KOSTYRA: Well, we seem to be getting into some far-reaching debate in which you think is important in actually dealing with some very basic principles or philosophy in terms of how we govern ourselves as a people and as a society.

Let me first say that the member has used as a source for one comment, the Fraser Institute studying on tax freedom, so-called tax freedom days, in Canada. I know the member from time to time uses extensively documentation from the Fraser Institute to the point that he hands it out to people at meetings, rumour has it. I have found frankly the Fraser Institute analysis to be quite flawed, both in terms of when they are somewhat negative towards the province and, frankly, when they're somewhat positive towards the province.

But the member used the Fraser Institute tax freedom days as a comparison and he used the average figure for Canada, and I would just remind the member that according to the Fraser Institute that they have found Manitoba's tax freedom days comes before the national average in this country by a considerable period of time. So I just want that to show on the record for those that review these kinds of things on a regular basis.

In fact, our day, according to that institute was June 11, while the overall Canadian average was June 24, so according to their analysis Manitoba is doing relatively better than all of Canada.

In regard to the specific question about the discussions of Minister of Finance, let me first say that it's not my intention to provide any kind of detail of those matters that are discussed between Ministers of Finance when we meet because those have been traditionally meetings where there is a confidential exchange of information. I've respected that to date and I don't intend to change at this point unless there is agreement from my colleagues, the Ministers of Finance, across the country.

But I can say that area specifically has not been a general item during the time that I've been Minister of Finance, for the last 15 or so months. The member earlier said that - or the last two years he's been asking me these questions or some of these questions. Well, it may seem like two years and at times it seems like three or four years to me, it's actually been not even a year-and-a-half.

But there has not been any discussion on that specific item. There has been discussion around that in terms of concerns that various provinces have raised with respect to the revenue items and taxation items as they affect the ability of provinces to be able to maintain expenditures and also bring about a reduction in their deficits. That was very much in evidence when we discussed various federal-provincial fiscal arrangement items dealing with EPF and, most recently, equalization payments. But it was done in that context, not in terms of any overall or overview of costs of debt in the country collectively or accumulated deficits in the country.

But I was intrigued by a comment the member made in terms of initiative and the fact that taxation is starting to, or suggesting that over time it's going to impact significantly on initiative now and in the future. I guess one has to look at what we're doing with those tax dollars and how they're being utilized in terms of providing services to the public and how they go in some measure to provide some transfer of wealth between individuals. That's not only done in terms of the taxation system, but that's done in the terms of services that are provided to the public.

We can only look at very basic examples of that, like health care or education, whereby government funds

- taxpayers' earnings and payments are used to ensure that there is a level of service available to people no matter what their economic status or their personal wealth might be.

I think that's an important point to remember when we talk about the overall burden of taxation, because we can look at an area like health care in our country and look at the costs of that system, and indeed it is a costly system, one that requires a lot of tax dollars right across this country.

But if you compare that to what takes place in the United States where they are fortunate, I suppose, in having lower burdens of taxation, but individuals either directly or indirectly through insurance plans or through employee benefit plans are responsible for their health care costs, you find that the overall cost of health care in that country are higher than they are in Canada. In fact, if you look at other comparisons that are done with respect to social services and health services, studies that have been done by international bodies, Canada does not come out at the high end of those studies in terms of the provision of services but rather in some areas appear to be lacking.

So this argument that we're having taxation levels at a burdensome level in terms of providing services to society, I don't accept. There may be certainly some areas for improvement in terms of how we distribute that burden and I've made that point. Indeed, we discussed that to a limited extent in question period today. But I reject the argument that the raising of revenue by taxation is not fair in terms of society as a whole. I think it is fair in terms of ensuring that there are adequate levels of services available to people no matter what their economic or personal wealth status is. One could always argue that there are areas for efficiencies and maybe there are some areas where there can be reduced costs by greater efficiencies or greater planning, but I reject the basic notion that's behind that.

In terms of where we're going, the member says that we're second highest to Newfoundland. When I look at the figures I have and the comparisons that are made, we are not the highest in terms of public debt costs or, as the member suggested, the second highest in the country on any comparable per capita basis, that we're still just above the mid-range. I don't accept the notion or the suggestion that the member made that in a very short period of time we're going to be at 20 percent.

As I indicated, it's certainly our intention to work to ensure that we do reduce the deficit which will slow down the growth of public debt costs. It obviously very much depends on what is continued as expenditures, because that's a portion of the expenditure. But I don't accept his premise that we're going to be at those levels within a short period of time.

I also indicated, and repeat what I've said on previous occasions, that we want to get into the position to respond positively to the suggestions that he has raised in these Estimates debates previously, that the Provincial Auditor has raised, that were raised in the report that the government had commission on expenditures and revenues to get into providing for the Legislature, for the public, some projections beyond the current year as the case has been traditionally in this province with respect to the Budget. I would hope

that by next Budget year we'll be in that position, so that then you can look at projections going beyond one year in terms of expenditures and anticipated revenue growth. Of course, those are always subject to revisions as economies may change or revenue sources may change or indeed depressions on expenditures may change.

But I think it's a good idea to get into that multiyear forecast so that we can have some better sense and better public debate on what assumptions and what we see for the future and how we best can plan for that.

MR. C. MANNES: Mr. Chairman, most definitely what we're engaged in at this point is a philosophical discussion. The Minister of Finance says that he can't foresee where there's any potential that 20 percent of our expenditures will be directed towards the servicing of public debt.

I remind him five years ago, six years ago, when the Conservatives left power, that 4.1 percent of all expenditures were directed towards servicing debt. Most of that, by the way, is Schreyer Government debt. In the space of six years, that figure now is 12. That's an 8 percent increase, Mr. Chairman, and I can tell you that in my view we're headed for 20 percent and we're going to get there more quickly than we went from 4 to 12, so the Minister may wish to say, no, no, no, my figures are wrong.

My conclusions that I draw from what has happened over the last six years is wrong, but he can't lay before me any substantive figures or indeed arguments that would prove his point. What I have to prove mine, Mr. Chairman, is nothing but experience over the NDP term and the fact that they will continue to increase expenditures well above the rate of inflation and well above the rate of revenue creation.

One other point the Minister talked about, and this is where the philosophy comes in, and I don't really want to belabour it, about the needs of society as if it's static, as if when we hit here, everybody will be satisfied. Society isn't satisfied with the levels of needs or the levels of fairness that were provided by governments 10 years ago. Those needs continue to grow; they're dynamic. Yet the Minister doesn't refute, or at least I didn't hear him say this, my comment that if we continue to tax and tax and tax, that initiative is going to be removed or reduced. At least I didn't hear it and I was listening carefully. I didn't hear him indicate that he would quarrel with that assertion of mine.

Because if you put those two facts together, Mr. Chairman, that firstly the needs we want as people, particularly because we're not all contributing in the same fashion, but if we continue to increase what it is that you feel government should provide to you as a citizen; and, secondly, the initiative of the people, however determined, however measured, continues to drop, quite frankly, on a purely philosophical basis without adding any numbers to it, you're heading for a problem. That's the problem that I've asked the Minister of Finance to try and reflect upon, try and provide some greater detail, try and provide some greater insight as to how his department, indeed how Ministers of Finance across this land, are wrestling with what, in my view, has to be a very real problem.

Mr. Chairman, I've received absolutely no indication from the Minister of Finance that he knows where it is that we're heading. You take some comfort in the fact that the forecasted deficit is decreasing. I take some comfort from that, too, in the sense that it materializes, in the sense that our revenue projections hold. I would like to think what has been budgeted will come into existence.

But, Mr. Chairman, moving from the 500 million to the 400 million-plus deficit, or in this case, the 567 to the 415 forecast, that's the first step, that's the easy one. What comes after that, I would have to say I don't care who is in government, is much more difficult, and I daresay the Minister of Finance has shown me no indication in the discussion we've had over the last half-hour, that he knows at all where it is this province is headed. And I don't care, Mr. Chairman, about Saskatchewan and I don't care about Ontario because, quite frankly, members on this side are going to be in government in due course, sooner than later, and we are going to have to deal with that problem.

And I think it will only be much easier to deal with it, if the Minister of Finance today, the Minister of Finance a year ago, his predecessor some years ago had listened to our urgings then. There's no such time as a good time for government when they're bent on wanting to give the people more than the people themselves are prepared to work toward and have taxed away from.

So, Mr. Chairman, it's on that basis that I make the appeal because obviously when we come to government we'll have an easier time in trying to bring some reason into it, if a head start is given to that initiative, not only by way of the Budget released on March 16 of this year, but by way of daily decisions being made by Cabinet and Treasury Board with respect to expenditures.

Mr. Chairman, I'm disappointed, greatly disappointed in the response that the Minister of Finance has given to my question. He knows from where I'm coming, the question asked for some major indication that the government knows exactly where we are on the path and, more importantly, where the path is headed. I can draw no satisfaction from the answer provided by the Minister of Finance. It seems to me that in spite of all his discussions with people in industry, with people in private business, that he still neglects to understand the path it is we travel, fiscally within this province.

HON. E. KOSTYRA: I'm just wondering if the member has any other information he might require some detail for.

MR. CHAIRMAN: The hour is now 5:00 p.m. I'm interrupting the proceedings of the Committee of Supply for Private Members' Hour. The committee will return at 8:00 p.m.

Committee rise.

Call in the Speaker.

**IN SESSION
PRIVATE MEMBERS' BUSINESS
RES. NO. 3 - FARM PARITY PRICING**

MADAM SPEAKER: On the proposed motion of the Honourable Member for Lac du Bonnet, the Honourable Member for Arthur has 5 minutes remaining.

MR. J. DOWNEY: Madam Speaker, in the conclusion of my remarks, I'll try to touch on a couple of areas in which I was unable to the last time I spoke on this matter.

For the Member for Lac du Bonnet's benefit, I have two or three questions which I will address to him in my closing remarks. I note in the resolution that he has indicated, "THEREFORE BE IT RESOLVED that this Legislature request the Federal Government to consider the advisability of introducing parity pricing legislation that would ensure the producer's cost of production as well as fair profit." Well, that's very interesting. He's now on the side of government. He's now a firm believer in parity pricing, or has been a firm believer in parity pricing. Has he got some proposed legislation developed?

The question is: Has he met with the Department of Agriculture within this government to prepare a proposal? It's fine to introduce a resolution in this Assembly, to get political coverage, to get the mileage that he wants, but is he prepared to draft a copy of the type of legislation that he would like in the House of Commons? -(Interjection)- He says, yes. Well, I would wonder if the member would be prepared to table it in this Legislature.

I would think it would only be appropriate that he is, in a positive way, trying to help the farm community. I would expect him to table that legislation at an appropriate opportunity.

MADAM SPEAKER: The Honourable Member for Lac du Bonnet on a point of order.

MR. C. BAKER: Madam Speaker, just so that we can have a meaningful debate on a point of order, or privilege - I'm not sure what I should say, but there is a resolution introduced by Lorne Nystrom in the federal House . . .

MADAM SPEAKER: Order please, order please.

An honourable member can't interrupt another member except on a point of order - not to make a speech.

The Honourable Member for Arthur.

MR. J. DOWNEY: Thank you, Madam Speaker.

The member was a little bit misleading - I don't think, certainly not intentionally - when I asked him if he had prepared legislation. He hasn't prepared any legislation; the New Democratic Party of Manitoba haven't prepared any legislation, but his federal colleague has.

Well, I would have thought that he would have his version of it prepared here so that we could have a look at it. Otherwise, again we have to consider that there's quite a bit of an element of political posturing here, more than there is of real substance in what he's proposing.

Madam Speaker, in the other "THEREFORE BE IT FURTHER RESOLVED that this Legislature seek the support of the Legislatures of other provinces in requesting the Federal Government to consider the advisability . . ."

I again ask the member: How serious is he in his proposal? Has he sat down and written a letter to the legislators of the other provinces of Canada? Or again, are these the only eyes that have seen this - the members of this Legislature?

I asked the member; if he was really sincere, has he sat down, put his hand to paper and written to the other legislators of this country asking for support for this proposal? -(Interjection)- That's why I'm saying, I'm trying to be helpful, Madam Speaker, rather than trying to be overly critical, but there are two things here: One is to be sincere in what you are trying to sell in the proposal that you're putting to the Federal Government, Madam Speaker, and I would suggest that he's got the Department of Agriculture within his government - why hasn't he had them do more work with legislation . . .

A MEMBER: He's an Assistant to the Minister of Agriculture.

MR. J. DOWNEY: That's right. He's an Assistant to the Minister of Agriculture; he should have had a proposal prepared.

Number two, why hasn't he written? Why hasn't he written to the other Ministers of Agriculture throughout Canada asking for support? Because I tell you, Madam Speaker, it would have been a golden opportunity in the next few weeks when the Ministers of Agriculture meet in July at their annual conference, to debate it - to discuss it and to get support.

So I hope I'm helpful to the member. If he's really serious in what he is proposing, why hasn't he gone about it in a more effective and meaningful way to carry the thing through?

Madam Speaker, I can't, at this particular time, support this resolution, even though I would love to have parity pricing; I would love to have it. But at this particular point it is pretty much "pie in the sky." I'm certainly not against farmers being paid a fair and equitable price and a profit. That's why I suggest to the member that it would have been nice for him to lay the proposal before us. It would have been nice to lay the proposal before us so we knew how we would get there.

A MEMBER: It's buying a pig in a poke.

MR. J. DOWNEY: That's right.

Madam Speaker, what I see happening with parity pricing is that we would see . . . Have I spoken for five minutes already? My goodness, how time flies when you're having fun.

MADAM SPEAKER: The honourable member's time has expired.

The Honourable Member for Morris.

MR. C. MANNESS: Thank you very much, Madam Speaker.

It's unfortunate that the House wouldn't see fit to grant leave to my colleague, because I can tell he was just entering into another phase of very enlightened debate on parity pricing.

Madam Speaker, I would love to support - you're glaring at me, Madam Speaker; there must be a reason for that.

MADAM SPEAKER: Glaring? Is the honourable member reflecting on the chair?

MR. C. MANNESS: Not at all. I thought I was being reflected upon.

MADAM SPEAKER: It's just my normal look.

MR. C. MANNESS: Madam Speaker, the issue is parity pricing and I take this subject very seriously, but I think I should declare my conflict.

I am a farmer and, as much as I would love to support this, I have a conflict. What it would mean to me if we had parity pricing on the farm that I operate, Madam Speaker, in a very brief analysis, would represent an additional \$50,000 a year to my farm. So I declare that conflict, Madam Speaker, and I could digress, by the way, on The Conflict of Interest Act that we have in place, but I can't do that.

Madam Speaker, parity pricing is something like final offer selection. It's something that would be great in theory, wonderful in theory, an academician could really have a lot of fun with it, developing it, putting it onto paper and selling it. But in practice, Madam Speaker, it doesn't work.

In practice, Madam Speaker, parity pricing doesn't work. It works in those areas where you control production. It works in those areas where you hold your own consumers semi-captive - and I use that word advisedly. It works in that area, Madam Speaker. When consumers of a good within a country realize the benefit through legislation and providing full costs of production to those people who produce milk and eggs and so on and so forth, the system works, and it works relatively well.

But, Madam Speaker, nobody who I have seen has been able to marry the concept of parity pricing with the wish that people outside of the nation, people in Third Worlds, people in other consuming areas should pay the parity price or the cost of production price.

Madam Speaker, they've tried it in a few industries. Oil producers through OPEC have tried it, and it worked for awhile. It worked well for awhile. But, Madam Speaker, through the history of finance, through the history of enterprise, through the history of trade - and I don't care over what period of time you want to review it - it doesn't work very long.

Madam Speaker, we've had attempts through the International Wheat Agreement to lock into place, not parity pricing, but prices that were more meaningful, prices that made more sense, and that, Madam Speaker, worked for a period roughly of six years before it came crashing down much to the detriment of not only the MLA for Lac du Bonnet, but indeed all wheat producers in this land.

Madam Speaker, I would love to have parity pricing, but nobody has shown me how it can be brought into practice. I would like to think at times I'm a pragmatic person. I love people who have vision and I love people who do more than have vision, but are prepared to go out and try to bring that vision into reality.

I've known those types of people within the area of agriculture and I know some of them who have supported parity pricing, but none of them have been able to deliver. The reasons they can't deliver, Madam

Speaker, are as clear as the nose on your face. Yes, Madam Speaker, as clear as the nose on my face, too.

Madam Speaker, we have a Federal Government that is \$300 billion in debt - rightly or wrongly it's there. I know members opposite could talk about priorities of government. They could use the same arguments that we use against the Provincial Government, but the point being, there has to be some major tradeoffs if we are going to convince any Federal Government - and I don't care if it's the N.D. Party which today believes that they will form the next Federal Government, foolish as that belief may be, absolutely foolish, because they will fall short, Madam Speaker, as sure as I am standing here; they will fall short.

Madam Speaker, just like a party under an NDP stripe could never deliver on this promise, indeed never deliver on a resolution, I would say that no party can.

It's not only debt related, Madam Speaker, it's also related to the fact that today 80 percent of our production - and I'm roughing it off - is exported. I know the Member for Lac du Bonnet and myself have dialogued in this area before. We've asked each other how it is we would hold back production. Now, either we hold back production, which quite frankly isn't in keeping with the natural spirit of somebody who grows food, or secondly, we're going to have to find a system where the taxpayer, or indeed the consumer of this land is prepared to underwrite the costs of parity pricing.

If the food that we produce, the overabundance of food that we produce, not in terms of the needs of the world, because it's all needed, but in terms of the opportunities of hungry people in the world to afford that. Madam Speaker, the MLA for Lac du Bonnet is going to have to show us the system whereby all this overproduction in today's terms is going to be.

Well, you know, I find it curious that members opposite talk about the 10 billion for submarines. I was wondering when they were going to throw this into the mix. - (Interjection)- Madam Speaker, I'm not going to stand here and defend the federal initiative in this area, because I don't pretend to understand it totally; but I know one thing. When an American vessel transverse the North and flies the American flag, I know who's screaming the loudest. I know who's talking about national sovereignty - the socialists in this country - the people who say that there's no way that our water should be violated, Madam Speaker. And you know what . . .

HON. J. STORIE: A point of order, Madam Speaker.

MADAM SPEAKER: Order please.

The Honourable Minister of Education on a point of order.

HON. J. STORIE: Yes, Madam Speaker.

It is clearly unparliamentary for the Member for Morris to cast aspersions on individuals on this side in terms of our commitment to protecting our national integrity; that no one in the New Democratic Party has ever suggested that American ships should not ply the waters, any international waters.

What has been requested and what was decried was the fact that there was no previous consultation . . .

MADAM SPEAKER: Order please.

HON. J. STORIE: . . . no acknowledgement that that action was taking place, and the member should withdraw those spurious allegations.

MADAM SPEAKER: Order please.

A dispute over the facts is not a point of order.

MR. C. MANNES: Madam Speaker, I really wish not to even comment in rebuttal to this junior Deputy House Leader. But I say to him, the issue was sovereignty in the North and the issue is defence, and I don't care - unless the member opposite believes if we pass a resolution in this House requesting that the Americans not, in any way, show sovereignty, even to begin to hint that they maybe have a claim on some of our northern climes, Madam Speaker.

MADAM SPEAKER: Order please.

May I suggest to the honourable member while we usually, in Private Members' Hour, stray a little bit far in terms of relevancy, I think sovereignty of the North has little to do with the resolution on parity pricing.

MR. C. MANNES: With due respect, Madam Speaker, and I'm not going to challenge your ruling, but it has a lot to do with it, an awful lot to do with it. But, Madam Speaker, you bring me back to the issue, and that's parity pricing.

I think what the members were indicating was that if governments have money to direct in this fashion, they have money to direct to greater production in agriculture because, quite frankly, that's where parity pricing would be.

And as the MLA for Lac du Bonnet is well aware, parity pricing isn't a new concept. It's been in existence in the States for some 50 or 60 years, or at least that's when it was first introduced, and it's been a dismal failure there, Madam Speaker. It hasn't solved any long-run problems of the American farmer.

The member can nod his head, yes, but Madam Speaker, any of us that have travelled rural America, and we think that some of our hamlets and towns are suffering today, if one would look at their rural areas and see the numbers of producers that have gone by the boards over the last 30 years, then I say to you that parity pricing has not been the solution. It has been for those that have survived, Madam Speaker, it has been for those that have survived. And, Madam Speaker, what the member fails to address in this resolution is that there will be survivors in agriculture, and that's the unfair part about it in some respects.-(Interjection)-

Well, the member says corporations will be the survivors. Madam Speaker, if they're family farm corporations, yes, they will be survivors. But if their large family farm operations who have structured their affairs, used instruments other than corporations, they will survive also. They will survive in good measure and they'll continue to provide and produce food for the benefit, not only of the nation directly, but for the benefit of the nation in a trade sense.

Madam Speaker, agriculture is beginning to come out of its demise - it's my viewpoint that it is. It's my viewpoint that cycles will continue to occur and will occur as long as we are producing beyond the needs

of our own citizenry. It's no different whether we're talking food, it's no different whether we're talking oil, Madam Speaker, and just like a cartel cannot continue to exist in oil and it will break down, so will agreements as related to food, and so will parity pricing, unless somebody can find a source of revenue which is guaranteed.

Madam Speaker, that's the shortcoming in the resolution because how can it be done in a practical sense? Well, quite frankly, it can't be done because if it is done, Madam Speaker, you know what will happen?

I know the MLA for Lac du Bonnet will not disagree with me if indeed conflict of interest that I mentioned earlier on is realized, and parity pricing were to come into place and my farm was given an additional \$50,000, what I would do, Madam Speaker, is go and bid for the additional piece of land next door to me and I would bid that price up. It's called capitalization, Madam Speaker, and that's been one of the great tragedies of farming as we know it today, and unless governments with a socialist stripe would fix the value of land or indeed take over the ownership of land, I honestly don't believe parity pricing would cause the benefits that its supporters would envisage.

Madam Speaker, my light is blinking. I take it that means my time is up. Is it up, Madam Speaker?

MADAM SPEAKER: The member has about one-half minute left. The light has been blinking.

MR. C. MANNES: I would entertain a question from the MLA from Lac du Bonnet if he so wished to pose one? Seeing not, I still think it's a worthy resolution of discussion. I do not make light of it. It's one, again, that I find that in theory it is of great interest, but in practice I sometimes question as to how it can be brought into being.

Thank you.

MR. C. BAKER: I have a question, Madam Speaker.

MADAM SPEAKER: Order please.

The honourable member's time has expired. Is there leave for the Honourable Member for Lac du Bonnet to ask a question? (Agreed)

The Honourable Member for Lac du Bonnet.

MR. C. BAKER: Well, I'd simply like to ask the honourable gentleman, since he thinks my solution, though credible, would not be practical and wouldn't work, how he would propose that we get ourselves out of the present agricultural morass where 40 percent of the farmers are in financial difficulty? They're going to have to be earning money on their investment at some time or another in the future if they want to pay for it, what would he would propose for a solution if, as he says, parity prices won't work?

Further to that, Madam Speaker, I would just like to ask him if he wouldn't think it would be asking too much of the Federal Government, if they are planning to spend \$10 billion on the future for submarines, which he said they got because they listened to the NDP crying about the invasion of sovereignty from the North, if they want to listen to us on that instance, why won't they listen to us in this instance, and perhaps buy half

the submarines and put the other \$5 billion in western agriculture, that he wouldn't think that would be a practical solution?

MADAM SPEAKER: Can the House please advise me as to how long the honourable member has to answer that question?

SOME HONOURABLE MEMBERS: Unlimited.

MADAM SPEAKER: The Honourable Member for Morris.

MR. C. MANNES: Well, I thank the member for that question, Madam Speaker. I will not infringe upon the responsibility and indeed the time of other members who would like to speak, but I will answer the question.

Madam Speaker, if I thought great infusions of money, of billions of dollars federally and provincially, in itself would solve the problem, I'd march, arm in arm with the MLA for Lac du Bonnet, directed towards that solution.

I have found out, because the members opposite have shown me quite clearly in six years, that throwing money at solutions, and I don't care if there are social problems or other problems, health problems, which is a social problem, that throwing money at it in itself would resolve it, then, Madam Speaker, something else must have failed because, quite frankly, we have the same problems today in a whole host of areas of government that we did six years ago, and I dare say 60 years ago.

So when the member talks about an infusion of \$5 billion into the western economy - in a sense that I'd like to see those infusions in the western economy and support it, in a sense that the member believes that it is going to help us and help agriculture in the long run, I say to you, Madam Speaker, and indeed to anybody - it does not represent a long-run solution.

Now the member talks about the 40 percent of farmers who have debts. I take it by that he means debts that maybe in some respects are insurmountable. There is no doubt that a proportion of that 40 percent, and I can't quantify it - it might be 10 or 15 percent - will not be saved through this present situation in which we find ourselves, but I dare say that the majority of the 40 percent will survive. They'll survive through a combination of things. They'll survive because I think grain prices are going to begin to rebound. They'll survive because they've brought now a new level of management and they'll survive because they are willing to work a little bit harder.

Madam Speaker, I dare say the other 15 percent that won't survive - one of the reasons they won't is because of government regulations which have prevented them from going into some other areas. Now, the member waves his hand. But I can remember - I am young enough to remember - the late Sixties, when the last time we had this terrible situation, maybe not quite as bad as the one now, but I can remember young people at that time, in their early twenties, supplementing their income which was very negative at that time, with the produce on their own farm. Through cattle, indeed not only through hogs, but through supply managed areas. They made it through. But, now we have laws in place

that won't allow that. So there are some areas of manoeuvrability that have been taken away.

Now, the final question. The Minister says, "What's your answer? What is the solution to the problem?" Well, Minister-to-be, because I think he's going to be elevated in due course . . .

A MEMBER: For about half a day.

MR. C. MANNES: Madam Speaker, he's going to be elevated. No, he won't be moving down because they'll all be elevated. Every one of them is going to be a Minister. But he asks for the solution.

The solution is long run in nature. The solution is one where I think you have a growing population in the world, and all the food we produce will be of great importance. Indeed, the taxpayers - the taxpayers led by the MLA for Inkster is going to say to all his voters, "It's time now that 10 percent of all the taxes you pay be directed towards the very needy outside of the nation, and the best thing we can do for the very needy outside of our nation is to supplement their diets with the surplus we produce." - that's what it's going to take. That's the long-run solution.

SOME HONOURABLE MEMBERS: Oh, oh!

MADAM SPEAKER: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Thank you, Madam Speaker.

I am pleased to be able to rise and address this particular resolution today and I do it knowing that it's not a new resolution because this particular topic has been talked about for a considerable amount of time. It's a resolution that was introduced to the Federal Parliament by the Member for Yorkton, Mr. Nystrom, and therefore we have heard a considerable amount about this resolution, or about this idea for some time.

When one takes a look at the general intent of the resolution, one might be led to believe that - yes, this can be put into practice and it's a worthy goal to try and achieve, but when one takes a closer look at it and tries to ascertain how it is that we are going to achieve the goal, one quickly finds that it is academic and cannot be applied in practice in any sense of the imagination.

The WHEREASES that the Member for Lac du Bonnet proposed are certainly worthwhile in discussing and noting; and his first WHEREAS, which says, "WHEREAS the economic and social welfare of every citizen is affected by the disparity between major sectors of the economy," is certainly true. Not only is it true for the nation as a whole, but it is true within our own small province in which we have a government, an NDP Government, that has jurisdiction for the laws and is somewhat responsible for the disparities that exist between the various sectors within our own society here in Manitoba.

And we have seen, Madam Speaker, that labour, people in professions have, from year to year, gained increases based on the cost of living; they have gained increases because they have gained experience; so their incomes have, in general terms, increased as the years go by.

When we compare this part of the economy with the rural farm economy, we find the reverse has happened. In fact, the Honourable Member for Lac du Bonnet has very much experienced the kind of economic strife that we all, who are involved in the farm economy, experience. Our incomes have gone down.

So, therefore, yes, we agree that there shouldn't be this disparity in our economy; but I don't believe that the resolution is geared at putting out the two economies on a level playing field, as the member indicated, because in practice it isn't possible.

We have seen farmers labour hard and long. Grain producers at this present time are probably suffering most. We have seen this government put into place a system which even discriminates between various producers within our farm economy. We have seen the supply management aspect come into play. In recent years, as a matter of fact in the last two years, we have seen this same government discriminate against the small producer.

When supply management was introduced, especially in the feather industry in this province, it was introduced on the basis that small producer rights would be guaranteed forever and a day. And what have we seen in the last couple of years from this particular government? We have seen those producer rights that were guaranteed when the marketing boards were established, we have seen those producer rights eroded. And instead of cutting back the supply of the large producers, the registered producers, we have seen this government attack that small family farm, the farm that it is supposed to protect, the farm that it is saying that it's standing up for.

We have seen that family farm attacked whereby producers who at one time, as an example, could produce 1,000 broilers, can no longer do that. Producers who could have 500 hens on their farm, where there could be a little bit of extra income to supplement the family farm, that was reduced down to 99 hens.

I ask the Member for Lac du Bonnet: Is he supportive of that kind of an attitude, of that kind of an approach, in helping the small family farm in this province? I don't believe that he can sit there and think for one minute that that approach is one that is justified and reasonable.

We go to the second part of the resolution, the second WHEREAS. It says, "Whereas the various parts of the economy depend on each other . . ."

MADAM SPEAKER: Order. Order please.

The Honourable Member for Lac du Bonnet on a point of order.

MR. C. BAKER: Yes, Madam Speaker, I'd just like to ask the gentleman if in fact he is against . . .

MADAM SPEAKER: Order please.

What is the honourable member's point of order?

MR. C. BAKER: Well, he asked me a question, Madam Speaker.

MADAM SPEAKER: That is not a point of order.

MR. C. BAKER: Is he against supply and management? I guess that's the question I want to ask him.

MADAM SPEAKER: Order please.

Honourable members should not interrupt the members while they're speaking, except on a point of order.

MR. L. DERKACH: The second part of the WHEREASES - "Whereas the various parts of the economy depend on each other, and each one must be properly balanced for the economy to prosper as a whole" - well again, Madam Speaker, a very worthwhile statement but, in our particular economy, we see that does not happen. I think the Federal Government, if I can say this, has attempted to assist the farmers of this country to better be able to compete with other sectors of the economy. But again, we take a look at what this Provincial Government has done and how they have helped the agriculture economy that is sagging at the present time and we find that in fact the negative is the case. They have not helped in any way, shape or form.

We see the Minister of Agriculture stand up and talk about how much money he is injecting into the farm economy. We see him come up with fancy schemes like the Buy-Down Interest Rate for MACC loans. For the life of me, I can't understand how, for the last two years, he was able to say we will write-down that loan and now this year he says you have to buy-down the loan. For two years he said, okay, because the farmers are in distress we will write-down that interest rate, but this year - probably the most critical year of these last three years - we find that he is saying now farmers will have to buy-down their loans. If you listen to an accountant, you will find that every accountant will tell you that it is the net effect of this whole buy-down program is going to be a net cost to each and every farmer and a net gain to MACC and to this government.

The third WHEREAS in this particular resolution says: "WHEREAS grain production and marketing is a major contributor to the Manitoba national economies, the harm to which has negative rippling effects throughout the entire economy; and

"WHEREAS unlike other business people, farmers have particularly no say over the price they receive for their product with the result that said price often does not meet production costs." Very true, Madam Speaker, the statement can't be more true. We've seen production costs in the neighbourhood of \$80 or \$90 per acre without considering the fixed costs of some \$30 or \$50 or \$40 or whatever it might be, we see that those costs far outweigh the net income of farmers, or the income that a farmer can gain off an acre of land. Those statements are absolutely true. We know that the farmers' hands are tied when it comes to marketing and this government has even tied the hands of farmers further when it comes to marketing.

Let me tell you how this government has even further tied the hands of farmers when it comes to marketing. We see the Beef Stabilization Program. Certainly, some farmers have gained from this particular program, but at a time when we have a shortage of marketing facilities within our province, we find that those people who are in the beef marketing plan are being taken advantage of because they must market their product through the commission. There is no flexibility allowed in the marketing of their product. So, again, just an example of how this government is tying the hands of producers.

When we take a look at egg production - another example - at one time any breeder-producer could market his product before or after the season without having to pay any kind of a levy. Again, that was a right that was given to those producers at the time when marketing boards were established. In the last year we've seen that taken away. Now those producers, if they have more than 500 hens, have to pay levies to the marketing board and we are wondering what reason this has except to bolster the pocketbooks of the marketing agencies.

Madam Speaker, if this government were to only participate in helping farmers as much as our counterparts in Alberta or Saskatchewan, the farmers of Manitoba would be in much better shape today. I don't have to tell the Member for Lac du Bonnet that this is true; he can talk to other farmers. I'm sure he must know farmers in Saskatchewan and Alberta, and he can ask those farmers individually at the kind of effect the programs in that province have had on those farmers. And, yes, this government can stand, the Minister of Finance can stand up and say, well, look at the deficit in Saskatchewan and Alberta, but let's take a look at the accumulated deficits of this province, the population of this province, the resources of this province and compare that to the deficits of those other provinces, and let's see where the net gain or net loss is.

And where has that province put their money? Where has Saskatchewan put their money in the last two years, the last year? Where has Alberta put their money? They've put it in the hands of farmers and those farmers have been able to survive. Today, those farmers will tell you that they are ahead because of the fact that their government did help in a time of need.

What has the Manitoba Government done? What has this government done in particular to help our farmers? Well, even the Member for Lac du Bonnet should be embarrassed at the record because he is a farmer. How can he go out into his constituency and support the kinds of programs this government has come up with? I'm afraid he has difficulty.

Madam Speaker, you don't have to just go to my part of the province and ask farmers about the lack of support this government has given to the farm economy. You go into any community. Go into Swan River and ask the farmers how this government fares in terms of helping farmers and they will tell you. Ask the farmers in Roblin-Russell. Ask the farmers in Virden. But you see, Madam Speaker, yet these people stand up and they go out on demonstrations . . . How much time have I got left?

MADAM SPEAKER: The honourable member has three minutes.

MR. L. DERKACH: Thank you very much, Madam Speaker.

This government sends its members out or they go out voluntarily, and they show their support for a labour union that is striking against an employer. That labour union has the right to strike against an employer; that is known in this province and is accepted. But I don't think it's fair ball to see members of this government go out on a picket line, either voluntarily or otherwise,

either as private citizens or not, because we, as politicians, do not have exclusive private citizenship as such to go out and be able to demonstrate our cause against employers - labourers against employers. It would be tantamount to us going out and supporting the employer when they are out supporting labour. Madam Speaker, I don't think that is fair.

To conclude, Madam Speaker, I don't believe that this particular resolution can exist because the member has not outlined how this resolution is supposed to be applied. Nowhere in his speech do we know what his method of application is.

Is he going to be later suggesting that there be a tax on food to help pay for parity in this country or what is his method? He doesn't outline that method, Madam Speaker, and I believe that although it is a good academic discussion, the practicality of it is not there.

Thank you very much, Madam Speaker.

MADAM SPEAKER: The Honourable Member for Ste. Rose.

MR. G. CUMMINGS: Thank you, Madam Speaker.

It's my pleasure to rise to speak on this motion, but I think my colleagues raised a very good question - they raised an excellent question: Why is it that we have a motion coming from the government that now very few members of his side of the House are now standing up to speak in support of? I'm a little bit surprised, but perhaps it's because there is not a great deal of agricultural experience on that side of the House and it indicates some of the inability to bring forth some logical debate on this particular resolution.

Madam Speaker, the problem that I have with this resolution is not the fact that we are saying that agricultural producers should have as good an income as possible. My problem is not that we should be doing everything we can to make sure that agricultural products and agricultural producers receive a fair and reasonable market value.

My problem is that I don't think this resolution realizes the reality of agriculture in this country and agriculture in this province. The problem that I have is that parity pricing, as is outlined in this resolution, is probably going to mean that we are going to see a shrinking of the agricultural industry in this country. It would mean that we would become unable to compete on the world market. It would mean that we would have farmers out there who would be driven from the land by the very point that was brought forward by the Member for Morris. When we have a guaranteed income we're either going to have overproduction in this province and in this country, or we're going to have to control the amount of production that is put forward.

Madam Speaker, as a hog producer, as a beef producer and as a grain producer, I have very grave concerns that we might head in that direction and that is why I rise to debate this resolution. That is why I have considerable concern about the thoughts that may have gone behind it.

When I look at the report of the Manitoba Hog Commission that we received last Friday, I think it spelled out pretty clearly in here, if anyone wants to take a look, why those of us in this province who are

producers of red meat products, become very concerned when we start talking about the control of our production so that we cannot take advantage of the North American market.

The figures speak for themselves. North American hog production dropped by 4 percent. Manitoba Board sales had an increase of 3.9 percent. Manitoba's percentage of the national hog slaughter also rose.

We were able to take advantage of the openings that were offered through the inability or unwillingness of the American hog producers to fill the demand in the North American market. Very simply, of course, we know that the North American hog market is dominated by the American hog producers if they choose to go that direction. But they have had problems of their own the last few years, and their problems have been our gain.

Frankly, the fact that Canada is a free trader means that we have to be very cautious about how we would meddle and how we would manipulate the production that we have within our boundaries, because if we do not have the capacity, if we do not have the ability to take advantage of these rapid changes in markets, then we will be much the poorer for it.

Part of this same scenario in connection with the North American hog numbers indicates that the number of live hogs exported out of this province decreased, while at the same time the pork exports of this country and of this province were increasing.

What that says is that we are producing a value-added product that we are now putting onto the North American market which produces more jobs, which has produced more industry in this province and which has a greater spinoff effect.

Now there are certain parts of our industries right now that are production regulated. I think that the producers in those areas have chosen that route and have been prepared to live within those frameworks. At the same time, as the Honourable Member for Roblin-Russell pointed out, there are impinging problems in the people who want to get into the production of those controlled products.

And I say to you that this is the danger when we see a country with vast agricultural resources such as Canada has, with the ability to produce such as the farmers in Manitoba particularly have - and that is what we are debating here today - that if we in any way impinge on their ability to compete worldwide by putting them in a position where we may control their production, then eventually we are going to diminish the opportunity to produce jobs in this country, because we don't have the population.

We have to export; we are an exporting and trading nation. If we want to see what can happen when we get too deeply involved in the production and promotion of production at a cost-plus formula, all we have to do is look at the massive subsidization, the massive amounts of surpluses that have been produced in various products in the European Common Market, and we have to ask: Do the taxpayers of this country, do the farmers of this country really intend to move in that direction?

I'm particularly concerned about the grain production part of our economy when I address this resolution because we are in the doldrums right now. We are in a situation that can be described only as critical.

I'm sure that the Member for Lac du Bonnet and the members opposite are saying, well, this makes the case

for parity pricing. Why should we be producing grain at a loss? Why should we be calling on the taxpayers of this country to assist those farmers who are falling by the wayside, while at the same time we are producing grain that we have to sell at an ever declining price in the world market in today's circumstances?

Well, Madam Speaker, I guess for those who have perhaps been brought up or have earned their living in an area where you can shut down the production line and a few people lose their jobs, but the product can be held static and can be stored and the production line can be started up again six months or a year down the line without a great deal of loss of product providing there's been a reasonable reserve of product to sell during the interim, that would seem like a very practical and a very normal route for us to take.

But, Madam Speaker, we are dealing right now in the world grain market in a situation where we are fighting for our share of the market. We are fighting to preserve the Canadian share of world wheat trade, wheat being the primary grain that we export. At the same time, Madam Speaker, we are fighting to save our share of the market of every other grain and oil seed product that we have.

But let's talk about wheat for a moment. If we were to talk about parity pricing in wheat, we would be talking about a subsidization on a per bushel basis at a cost-plus basis. I can tell you unreservedly that we would fill every bin in this country. Given a reasonable year, we would fill every bin in this country within one year unless the world market was prepared to accept that product.

The world market will accept that product when we lower it to meet the world competition. When we lower it to reach the world competition we're probably going to be a dollar or two below the return that would be guaranteed to the farmer, given today's circumstances. But the only way that we're not going to create surpluses that would become absolutely horrendous and cause us to become a dumping nation in the world trade, would be to control our production. If you're going to control my production, then you have to pay me more than my cost of production is today because my cost of production is based on volume, and as my volume would be reduced by control, my cost of production quite simply would go up. Then we are in a Catch-22 situation that we see in the European Common Market, where they have a social problem of a magnitude that is so large that the governments are afraid to deal with it.

We have a social problem in connection with the hard times that agriculture, in particular grain production, has seen this year and the previous three years, but it is a problem that we can work our way through. There will be some casualties, but I don't think there were any less who went into farming expected that we would be guaranteed to survive no matter how good our management was.

What we have got to face in all reality is that this country has a population that is not sufficient to support our ability to produce, and the more that we constrict ourselves within the area of agricultural production, the less opportunity we will have for jobs and for the spinoff that comes with the value-added industry that goes with the production of beef, pork or grain.

Madam Speaker, we simply are fooling ourselves if we want to put ourselves into a situation where we are

talking parity prices with industry, and I presume that that is the parity the member speaks of. He is not particularly plain in this resolution as to what we are talking about in terms of parity.

Are we talking about parity with the SuperValu employees who are saying, many of them right now, that one of the reasons they're on strike is that they do not have enough hours? Is that the kind of parity he's talking about? Are we talking about parity with auto workers, that is determined on the basis of parity with the American auto workers? Are we talking about parity with teachers? I think not, Madam Speaker. I think what the member is talking about is cost plus.

Well, I know that the government very often contracts on a cost-plus basis where it's difficult to determine what the final cost will be on certain projects. Cost plus is not necessarily a terribly incorrect way to deal with costs. But if you do that in the area of agriculture, quite simply, you're not dealing with a full deck of cards, because what is cost to the Member for Lac du Bonnet, what is cost to the Member for Swan River is not necessarily my cost. Is the consumer out there going to say, because my cost is lower, that my product should be the basis of cost for their consumption?

There are ways that we can work through this problem, Madam Speaker, without going to a situation where we can limit the ability of this country and the ability of the agricultural industry to go out and compete on the world market. Denmark, which is a dot on the map compared to Canada, competes worldwide in the bacon market. Denmark can put bacon in Japan as cheap or cheaper than we can.

Madam Speaker, that's the kind of competition that the agricultural industry of this country is prepared to put forward. The spinoff from that is jobs. The spinoff from it is investment. The spinoff is fertilizer plants like the one we have in Brandon. The spinoff is in transportation. The spinoff is in keeping our rural towns and hamlets going. The spinoff is dramatically important to those of us in rural Manitoba, and let's not take the near-sighted version that is put forward very often by the Farmers Union of Canada that parity pricing is the only thing that will save the agricultural industry. It may

be the one thing that will save those farmers who have already got their debts paid off.

If you come to me with a guaranteed price and you go to another farmer, who has no debt, with a guaranteed price, his margin will be considerably wider than mine. He will be able to turn on the production. He will be able to increase his profit. He will be able to take over the land next to him, the operations next to him, and you will see corporate production in agriculture like you have never seen before. That is the reality of the free enterprise system. Unless we want to put a lid on the free enterprise system in agriculture in this country, then we don't want to be talking about the kinds of things that this resolution could lead to.

Free enterprise is what makes the farmer out there who, at one time was getting \$6 a bushel for his wheat, still able to produce at \$3 because he knows that if he plays his management carefully, if he controls his debt load as much as he possibly can, and if occasionally the Government of Canada and the government of this province will put into place programs that will help him to defend himself against circumstances such as rapidly escalating interest rates, against declining world markets, from time to time, if some monies can be put into the industry to help those farmers protect themselves from that kind of an offence, then they will in turn produce goods and jobs in this country that will far outweigh the cost of any kind of support that is being put into the industry on an ad hoc basis.

MADAM SPEAKER: The honourable member's time has expired.

The Honourable Member for Gladstone.

MRS. C. OLESON: Thank you, Madam Speaker.

Is it the will of the House to call it six o'clock?

MADAM SPEAKER: Is it the will of the House to call it 6:00 p.m.?

Okay, the hour being 6:00 p.m.. I am leaving the Chair with the understanding the House will reconvene at 8:00 p.m. in Committee of Supply.