



First Session — Thirty-Fourth Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)
REVISED**

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fourth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIBERAL
ANGUS, John	St. Norbert	LIBERAL
ASHTON, Steve	Thompson	NDP
BURRELL, Parker	Swan River	PC
CARR, James	Fort Rouge	LIBERAL
CARSTAIRS, Sharon	River Heights	LIBERAL
CHARLES, Gwen	Selkirk	LIBERAL
CHEEMA, Gulzar	Kildonan	LIBERAL
CHORNOPYSKI, William	Burrows	LIBERAL
CONNERY, Edward Hon.	Portage la Prairie	PC
COWAN, Jay	Churchill	NDP
CUMMINGS, Glen, Hon.	Ste. Rose du Lac	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DOER, Gary	Concordia	NDP
DOWNEY, James Hon.	Arthur	PC
DRIEDGER, Albert, Hon.	Emerson	PC
DRIEDGER, Herold, L.	Niakwa	LIBERAL
DUCHARME, Gerald, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIBERAL
ENNS, Harry	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Laurie	Fort Garry	LIBERAL
EVANS, Leonard	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen Hon.	Virten	PC
GAUDRY, Neil	St. Boniface	LIBERAL
GILLESHAMMER, Harold	Minnedosa	PC
GRAY, Avis	Ellice	LIBERAL
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry	The Pas	NDP
HARPER, Elijah	Rupert's Island	NDP
HELWER, Edward R.	Gimli	PC
HEMPHILL, Maureen	Logan	NDP
KOZAK, Richard, J.	Transcona	LIBERAL
LAMOUREUX, Kevin, M.	Inkster	LIBERAL
MALOWAY, Jim	Elmwood	NDP
MANDRAKE, Ed	Assiniboia	LIBERAL
MANNES, Clayton, Hon.	Morris	PC
MCCRAE, James Hon.	Brandon West	PC
MINENKO, Mark	Seven Oaks	LIBERAL
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
OLESON, Charlotte Hon.	Gladstone	PC
ORCHARD, Donald Hon.	Pembina	PC
PANKRATZ, Helmut	La Verendrye	PC
PATTERSON, Allan	Radisson	LIBERAL
PENNER, Jack, Hon.	Rhineland	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren	Lac du Bonnet	PC
ROCAN, Denis, Hon.	Turtle Mountain	PC
ROCH, Gilles	Springfield	LIBERAL
ROSE, Bob	St. Vital	LIBERAL
STORIE, Jerry	Flin Flon	NDP
TAYLOR, Harold	Wolseley	LIBERAL
URUSKI, Bill	Interlake	NDP
WASYLYCIA-LEIS, Judy	St. Johns	NDP
YEO, Iva	Sturgeon Creek	LIBERAL

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, December 5, 1988.

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

Mr. Speaker: Prior to oral questions, may I direct the attention of Honourable Members to the public gallery, where we have from the Bonneycastle School, twenty-one Grade 5 students under the direction of Mrs. Munro. This school is located in the constituency of the Honourable Member for Fort Garry (Mr. Laurie Evans).

We also have with us today from the Daniel McIntyre Collegiate, seventeen Grade 10 students under the direction of Mr. Rudy Rohs. This school is located in the constituency of the Honourable Member for Ellice (Ms. Gray).

We also have with us today from Ashern Central School, thirty Grade 11 students under the direction of Mr. Moroz. This school is located in the constituency of the Honourable Member for Interlake (Mr. Uruski).

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

ORAL QUESTION PERIOD

MIC Advisory Role

Mrs. Sharon Carstairs (Leader of the Opposition): My question is for the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson). For years, Mr. Speaker, the Manitoba Intercultural Council has been an advisory body to Government on ethnocultural matters but that has only been one aspect of their position. They have also been an advocacy group on behalf of the needs of its members and a group which allocates Lotteries revenues to its communities.

On Friday evening, the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson) indicated that she believed the council's role should be primarily advisory. My question to the Minister, is it now her policy that MIC should be limited to an advisory role with Government?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation): I thank the Leader of the Opposition for that question. I want to indicate, when I was invited to come and address MIC, that was the message that came across quite clearly because that is the reason MIC was set up. It was set up in legislation as an advisory body. There has been no decision made on whether MIC will remain an advisory, an advocacy and a funding body. I do want to indicate quite clearly that rather than making it a political issue—and I would like to just ask the critic for the New Democratic Party whether

she was invited on Saturday to their general meeting, their business meeting. I know that I was not invited as the Minister responsible, and I question why the Leader of the Opposition (Mrs. Carstairs) would want to be there and make it a political day instead of having a group and an organization that had their business meeting and having the Leader of the Opposition be present at that meeting.

* (1335)

Mrs. Carstairs: Unlike the Minister, I was sufficiently interested to sit and listen only to their discussions and did not participate in any way, Mr. Speaker, but just sat and listened.

Motions Presented

Mrs. Sharon Carstairs (Leader of the Opposition): On Saturday, the council passed a series of motions. One of those motions was the call for the election of a chairperson from among their own members. Another was the hiring of the executive secretary by the board, and the third was the legal authority to distribute Lotteries revenues. Can the Minister tell the House today, will she support the motions passed, I might add, unanimously by the members of the Intercultural Council?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation): I think, when those decisions are made by this Government, we will certainly let the Opposition and MIC know what those decisions are.

Chairperson Appointment

Mrs. Sharon Carstairs (Leader of the Opposition): With another question to the same Minister, three names have been put forward by MIC to be the chairperson of this Intercultural Council. Will the Minister today tell the House if she will choose the new chairperson from that list of three submitted by MIC?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation): I want to indicate that as of this date, this morning, no one from MIC has been in touch with me to indicate who those three names are, and it is unfortunate that the Leader of the Opposition (Mrs. Carstairs) has those names long before the Government of the Day that has to make those decisions has those names, so I look forward to MIC coming forward to me with those names. I have not seen them so I have absolutely no idea who they are. When I get that information, those decisions will be made.

Executive Secretary Hiring

Mr. Speaker: The Honourable Leader of the Opposition, with a new question.

Mrs. Sharon Carstairs (Leader of the Opposition):

With a new question to the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson), in this spirit of openness with which this Government came to office, we assumed that they were interested in a dialogue. We also assumed they were interested in an arm's length relationship with agencies such as the Manitoba Intercultural Council. The Minister stated on Friday evening that a public competition will be held for the position of executive secretary of MIC. Can the Minister tell us today who will conduct the interviews and the selection, and will MIC be represented on this panel?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation):

I think I clearly indicated to MIC that MIC would be a part of that process. I have been very open and honest and I want to indicate to the Leader of the Opposition (Mrs. Carstairs), when I did meet with MIC on Friday evening, I spoke in great length about the audit that was done. The Leader of the Opposition may have her ideas on what she would like to see happen at MIC but quite clearly I indicated that MIC in the past—and it was pointed out by the Provincial Auditor, I might add, who spent some \$31,000, a little over \$31,000 going around the province holding public hearings on the Task Force on Multiculturalism.

The Government—and it was the former Government that commissioned that Task Force on Multiculturalism—spent over \$100,000 on that report to get information from the communities on development of a multicultural policy, and quite clearly it was the former Government that commissioned that report, not MIC. The Auditor questioned, and with some justification, why they would spend some \$31,000, so I asked the Leader of the Opposition if that is the kind of—

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

* (1340)

Task Force Resignation

Mrs. Sharon Carstairs (Leader of the Opposition):

With a supplementary question, the Minister speaks about the task force. Can the Minister tell the House today why Dr. Tsai, the former chairperson of MIC resigned from the task force and refused to allow his name to be associated with the task force's report?

Hon. Bonnie Mitchelson (Minister of Culture, Heritage and Recreation):

I received a letter from Dr. Tsai giving his reasons for why he resigned. He clearly resigned after the fact. After he had met in all the meetings and had the final report presented to him, he decided at that time, for whatever his reasons were, that he did not want to have his name associated with that task force report. So maybe the Leader of the Opposition (Mrs. Carstairs) has more information that she has not expounded on. If she wants to give us her reasons why she thinks Dr. Tsai resigned, maybe she could provide that information.

Mrs. Carstairs: Can the Minister table today in the House the letter from Dr. Tsai indicating his reasons

for not wanting to have his name associated with this task force report, and has she had discussions with Dr. Tsai as to his reasons so that she can perhaps find out his concerns why the task force report did not reflect the delegations made to it?

Mrs. Mitchelson: Mr. Speaker, I have absolutely no problem tabling that letter in the Legislature. I will find it and I will bring it forward and table it in this House. But I want to clearly indicate too that when I spoke to MIC on Friday evening, I asked them quite clearly why Dr. Tsai, who is a not a member of MIC any longer, was allowed to send this letter out to all members of MIC with public funds, with taxpayers' money. That letter was sent out by a body that is funded by the Government, by the taxpayers of Manitoba to advise Government. There was a letter included by a member who was not even a member of MIC at taxpayers' expense going out to the community. So, Mr. Speaker, I have no problem tabling that letter.

Rafferty-Alameda Project U.S. Corps of Engineers Report

Mr. Gary Doer (Leader of the Second Opposition):

My question is to the Minister of Natural Resources (Mr. Penner). On October 12, the Minister indicated that he was hopeful and wanted the U.S. Corps of Engineers Environmental Impact Study to include downstream effect on Manitoba. The Army Corps of Engineers Report is completed, it is ready for publication. Can the Minister confirm that there has been no downstream effect in terms of Manitoba in that report from the Army Corps of Engineers?

Hon. Jack Penner (Minister of Natural Resources):

I have not seen the Army Corps of Engineers Report, so I simply do not know what it is in it. As soon as we get it

Manitoba's Interests

Mr. Gary Doer (Leader of the Second Opposition):

Mr. Speaker, perhaps the Premier (Mr. Filmon) can answer the second question then. The Premier of Saskatchewan, Mr. Devine, has written the Governor of North Dakota dealing with Saskatchewan's concerns about the Rafferty-Alameda Project and says categorically that we will proceed notwithstanding any concern that North Dakota may have because we have the requisite approvals to proceed in Canada in terms of that dam.

Has the Premier written a similar letter outlining Manitoba's concerns to the State of North Dakota, Governor Sinner, and has he followed up on any other concern on the downstream effect of the water quality, especially considering what is going to come out of the Army Corps of Engineers Report?

Hon. Gary Filmon (Premier): First and foremost, we have consistently maintained that our role is to deal with the federal Government vis-a-vis The Boundary Waters Treaty Act of 1909 and the jurisdiction that it has over the downstream flows that come to us not

from Saskatchewan but from North Dakota. Our jurisdiction is between ourselves and North Dakota with the federal Government's being responsible for that Boundary Waters Treaty Act.

We consistently have said that we are out to protect Manitoba's interest to ensure that we maintain the quality and the quantity of the flows downstream that come to us from North Dakota. That is where our jurisdiction is. That is where we have continued to meet and consistently put forward Manitoba's position saying that we must protect our quality and quantity of water downstream as it flows out of North Dakota into Manitoba.

* (1345)

International Agreement

Mr. Gary Doer (Leader of the Second Opposition): The Member's own technical report clearly demonstrates that the issue of water quantity is greatly jeopardized by this project, Section 7, Page 7. My question to the First Minister (Mr. Filmon), in the *Minot News* on November 21, is quoted by the reporters dealing with this issue that the international agreement affecting the Rafferty-Alameda Dam will be signed shortly. Can the First Minister confirm (a) that there is an agreement that is going to be signed, and can he guarantee us that there will be an environmental impact study in terms of the downstream effect on the Rafferty-Alameda Dam as part of that agreement and not the wishy-washy monitoring committee that the Minister of Natural Resources has talked about in this province?

Hon. Gary Filmon (Premier): Mr. Speaker, you know, the monitoring committee is precisely the approach that the NDP Government took in place vis-a-vis Limestone. They constructed a more than \$1.5 billion major project involving flows of 75,000-80,000 cubic feet per second on the Nelson River without an environmental impact study, and their answer to it was to have a monitoring of the flows after the construction of the project. That is precisely the approach they took on a project of a magnitude that might be 100 times the magnitude of what we are dealing with in Rafferty and Alameda, and they felt that was a good approach. Now he is suggesting that it is not the kind of approach that somebody should have.

The fact of the matter is that we will continue to press strongly vis-a-vis the agreement between Canada and the U.S. for assurance that our flows will be protected in terms of quality and quantity. That is where we will put our efforts, because that is where they belong and that is where they have the most opportunity for success.

Federal Environmental Study

Mr. Gary Doer (Leader of the Second Opposition): We know how desperate the Premier (Mr. Filmon) of this province is to protect his Tory friends when he starts talking about something totally unrelated to the Rafferty-Alameda Dam. My question to the First Minister, will he give Manitobans the guarantee that

he will not recommend the signing of an international agreement that provides for a wishy-washy monitoring body and secondly, Mr. Speaker, will he give Manitobans the guarantee, his personal guarantee, that if the U.S. Corps of Engineers do not provide for water quality assessment downstream to the Manitoba-North Dakota border, that he will write the federal Minister of Environment, the new federal Minister when they are sworn in, and demand that before any other action take place a federal environmental impact study be guaranteed in this province, as has always been required in terms of this project?

Hon. Gary Filmon (Premier): I repeat, this is the Leader of the Party that did not think it was necessary to have an environmental impact assessment review for a project that is 100 times the size of the Rafferty and Alameda. They did not think it was important enough to introduce that kind of project on to the Nelson River with environmental impact assessments. They are the same people who were prepared to give a licence for the development of a potash mine without any environmental impact assessment review. That is the same Party. Talk about hypocrisy! That is what we are dealing with, with this kind of question.

We will assure the people of Manitoba that our efforts will be there to ensure that we get at least the same minimum average flows that we have been entitled to under previous agreements and that the quality of water flows downstream to Manitoba will not be adversely affected.

Mr. Harold Taylor (Wolesey): I was tempted to say Tweedledum and Tweedledumber, but—

Some Honourable Members: Oh, oh!

An Honourable Member: This is only Monday!

Federal Assurances

Mr. Harold Taylor (Wolesey): My question is for the Minister of the Environment (Mr. Connery). Since July this year, the Liberals have been attempting to get the Filmon administration to take seriously the potential for negative impacts from the Rafferty-Alameda on Manitoba. As a result of the expeditious approval process, the degree to which this Government is prepared to stonewall on an issue as complex and serious as this, while disheartening and disturbing, is nonetheless educational. It illustrates only too clearly how Conservatives are only too eager to get on the environmental buzzword bandwagon. We hear "sustainable development, environmental concerns." We hear about "round tables" but the telling truth is we have got lethargy, lip-service and lies.

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

Mr. Taylor: My question to the Minister is, given—

Mr. Speaker: Order, please. I would ask the Honourable Member for Wolesey (Mr. Taylor) to withdraw the unparliamentary remarks he has just made.

Mr. Taylor: I would just point out to the Speaker that it was not addressed to any particular Member.

Mr. Speaker: Order, please.

Mr. Taylor: I will submit the terms—

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. Unequivocally withdraw the remarks.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order, please. I am having difficulty in hearing the Honourable Member for Wolseley.

Mr. Taylor: I withdrew the word "lies," and said a major deviation from the truth.

Mr. Speaker: I would like to thank the Honourable Member for Wolseley.

Mr. Taylor: My question to the Minister is, given the non-compliance of Environment Canada with its own legislation and a breach of a promise to conduct an environmental impact assessment, and the Grasslands Park fix, just what form of reassurance did this Government get from the feds and when will he be tabling that here in this House? Let us see that assurance. Let us see what it looks like.

* (1350)

Hon. Jack Penner (Minister of Natural Resources): Mr. Speaker, the line of questioning from the Liberal Party is certainly somewhat unrealistic. Given the fact that we have continually stood in this House and told the Members opposite exactly the form of assurances that we have sought from the federal Government, the forms of assurances that we have been given by the federal Government, we have tabled letters in this House indicating that we will have the quality assurances that have been given us under the 1909 agreement, given the assurances that we will have the quantity under the 1959 agreement—I give up. We have indicated continually where our negotiating position has been and what we are asking for.

We are asking for and we have negotiated constantly towards an ongoing monitoring of the water quality in the Souris River. I simply cannot understand what other assurances the Honourable Member of the Liberal Party opposite wants, because we have been given all the assurances that our interests in the Rafferty-Alameda project will be maintained by the federal Government.

FEARO Consultations

Mr. Harold Taylor (Wolseley): Mr. Speaker, I will again attempt to question the Minister of the Environment (Mr. Connery). It has been clearly pointed out that the Federal Environment Assessment Review Office was never even questioned about Rafferty-Alameda. What assurances do Manitobans have as to the environmental

soundness of this project, given that the Federal Environment Assessment Review Office was never even questioned, let alone requested to produce a study of any sort, an analysis of the facts? I would like to see what it is that we have, other than this crazy little blue book that raises more questions than answers, that we have an EIS out in Saskatchewan that is totally beyond any comprehension, and that the EPA in the U.S. has asked North Dakota to redo theirs. What assurances, and I would ask it of the Minister of the Environment (Mr. Connery) if he would please . . .

Some Honourable Members: Oh, oh!

Mr. Speaker: Order.

Hon. Jack Penner (Minister of Natural Resources): Mr. Speaker, again we have received assurances from the federal Government in writing that Manitoba's interests in quality and quantity will be maintained. I am sorry, I do not know how much plainer I can say that for the Honourable Member opposite to be able to understand. If there is anything else that he would indicate to me that we should be doing or that I should be saying in a more simple language than that, I would like to hear from him.

Funding Request

Mr. Speaker: The Honourable Member for Wolseley, with a final supplementary question.

Mr. Harold Taylor (Wolseley): Mr. Speaker, an earlier question referred to Governor Sinner's letter that he received from the Premier of Saskatchewan.

Some Honourable Members: Oh, oh!

Mr. Speaker: Order.

Mr. Taylor: The question is, is this Minister of the Environment (Mr. Connery) familiar with this COD letter that has been sent saying that all environmental concerns have been answered and, given that they have, would you please be so good as to send on your money or is he going to save his comments for the Senate hearings here in Winnipeg and we will get the full scoop then?

* (1355)

Hon. Jack Penner (Minister of Natural Resources): Again, Mr. Speaker, I am not sure what the Honourable Member opposite is getting at. He is now indicating that who is supposed to send what money to whom? I am not sure, because it is my understanding that the federal Government has no financial interest in the Rafferty-Alameda Dam. There are no federal lands involved in the Rafferty-Alameda project so, for that reason, I am simply not sure of where the Honourable Member opposite is coming from in his line of questioning or what he is trying to get at.

Sewer Explosion Compensation

Mr. Gulzar Cheema (Kildonan): Mr. Speaker, my question is for the Minister of Urban Affairs (Mr. Ducharme). A sad story of Mrs. Bishop who is a 76-year-old senior citizen. She is one of my constituents who has suffered and continues to suffer as a result of a gas explosion in my constituency on August 24. She suffers from facial burns, burns to both her hands, has some loss of movement in her both hands and, above all, she continues to suffer from mental stress due to the failure on the part of the City of Winnipeg to compensate for her claim. Mrs. Bishop also suffered the problem of financial loss—her loss of clothing, her loss of groceries, and the expense of home help. Mr. Speaker, there is also an outstanding bill of \$150.00.

My question is to the Minister of Urban Affairs. The City of Winnipeg has stated that the injuries were due to illegal dumping for which the city has no responsibility. Could the Minister tell us who is responsible for compensating Mrs. Bishop's loss, if not the City of Winnipeg?

Hon. Gerald Ducharme (Minister of Urban Affairs): Mr. Speaker, I will ask for the up-to-date report on this incident from the City of Winnipeg.

Investigation

Mr. Gulzar Cheema (Kildonan): Mr. Speaker, on August 25, Mrs. Bishop said in the Winnipeg Free Press that, no, they will do nothing. Bishop said the city will only talk cheap talk—and it could have been her death, Mr. Speaker. My question is to the Minister of Environment (Mr. Connery). Was there any investigation of this incident and, if so, what are the results? Could he provide the results to this House today?

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): I am sorry, Mr. Speaker, I was reading some notes and I thought he was addressing the Minister of Health (Mr. Orchard). Could he repeat the question?

Mr. Cheema: Mr. Speaker, in view of Mrs. Bishop's injuries—my question is to the Minister of Environment (Mr. Connery)—was there any investigation of this incident and, if so, can he report that investigation to this House today? If there was no investigation, why was the investigation not done?

Mr. Connery: I will take that question as notice.

Mr. Cheema: Mr. Speaker, this again is a sad story, because none of them know what is happening in the City of Winnipeg, and none of them know what is happening—

Mr. Speaker: Order, please; order, please. The Honourable Minister of Urban Affairs, on a point of order.

Hon. Gerald Ducharme (Minister of Urban Affairs): Mr. Speaker, he got up on a question that he presented

to the Minister of Urban Affairs. I told him I had asked for a copy of the report. He now is broadly saying that no one understands his problem with the City of Winnipeg. I would ask him to withdraw that comment.

Mr. Speaker: Order, please. The Honourable Minister does not have a point of order.

Safety Measures

Mr. Gulzar Cheema (Kildonan): Mr. Speaker, my final supplementary, again to the Minister of Environment (Mr. Connery), can the Minister of Environment now tell us what measures are in place to ensure that this type of disaster, which causes suffering and grief to people like Mrs. Bishop, will not occur in the City of Winnipeg and other places also in Manitoba?

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): Mr. Speaker, once again, I will say I will take that question as notice.

Ruttan Mine - Leaf Rapids Fire Investigation

Mr. Jay Cowan (Churchill): Mr. Speaker, I have just been informed by a number of constituents that the entire underground shift at the Leaf Rapids Mine, Ruttan Mine in Leaf Rapids, are refusing to work because of a toxic waste fire which was started in the dump last week. I would ask the Minister of the Environment and the Minister responsible for Workplace Safety and Health (Mr. Connery) if he can provide a status report to the House as to the extent of this fire, the extent of the injury which has been done to the health of a number of workers there who have reported to the hospital, and what action his department will be taking to ensure that those workers are able to exercise their right to refuse to undertake work which they believe to be unsafe or unhealthy without fear of any reprisal or penalty.

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): Mr. Speaker, indeed that is a serious concern that we have at Ruttan. They were using some rock that had been used from the open pit and they were crushing it and using it to create roads in the mine area. There was an overhang because of the frozen nature. There are beams and papers and so forth that were very close to that particular overhang and the company thought that if they lit the material on fire that it would thaw the overhang and fall down so that there would not be a hazard. What they did not realize is that, and they should have, there are changes in wind direction that happen on a regular basis. The wind changed and the smoke blew into the intake for the fresh air ventilation for the mine. Some of the miners did get some smoke inhalation. As a precaution, they were taken to the hospital.

Now the department is investigating it but, to my knowledge, there has been no injury to workers. They did have some smoke inhalation. The morning crew refused to go on until they were assured that this would

not happen again, Mr. Speaker, and I do not blame them.

* (1400)

Mr. Cowan: Well, the fact is that what is burning there is a dump that has been used since the mine was started in the early 1970's and contained within that dump are all the waste and the hazardous materials that are deposited in such a dump in close proximity to a mine. That is what is on fire now. The workers there want to know what hazards exist in that fire, what materials they are being subjected to, what hazards they may be subjected to because of that fire. I would ask the Minister if he is prepared to send the necessary personnel immediately by Government jet to Leaf Rapids to find out what exactly is on fire in that dump, what hazards the workers are subjected to under those certain wind conditions? (Interjection)- I am sorry? The First Minister (Mr. Filmon) said something from his seat, Mr. Speaker. I am sorry I missed it. Perhaps if he would like to stand and put that comment on the record.

Mr. Speaker: Order, please. Would the Honourable Member kindly place his question now?

Mr. Cowan: Yes, I was in the midst of a question when I was interrupted by the First Minister (Mr. Filmon). I would ask him to pay attention to this because this is a very serious matter for my constituents and those in the area.

Worker Safety

Mr. Jay Cowan (Churchill): I would ask the Minister if he is prepared to immediately have the Government jet take the necessary Workplace Safety and Health and Environmental people up to Leaf Rapids so they can immediately investigate the substances that are in that fire and provide some information to the workers who are quite concerned as to what hazards they would be subjected to if they had to work under those conditions?

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): Again, what total hypocrisy. That Member for Churchill (Mr. Cowan) was at one time the Minister of Environment. The material in those dumps did not accumulate in the last six months. They have been accumulating for years. They did absolutely nothing about it.

I have asked my department to investigate the fire. I did not ask them to only investigate the fire at Ruttan and the dump at Ruttan. I have asked them to investigate every dump site and every mine around so that we know what is in there. Mr. Speaker, they are going up there. I have asked them to investigate in case there is some chemical in there so that we know what is in it. Maybe he was talking to my employees this morning because that is exactly what we discussed.

Mr. Speaker: The Honourable Member for Churchill, with a final supplementary question.

Mr. Cowan: I can assure the Minister that I have talked to a great number of people this morning about this,

including those people who are responsible for protecting the health of the workers.

Fire Investigation

Mr. Jay Cowan (Churchill): I asked the Minister, because he has not yet given any direction to my knowledge or to the knowledge of any of those workers or any other individuals in the community to have someone go up there and check that fire out immediately to determine what is burning at the present time. If he will not undertake that activity immediately, will he not, at this point in time, confirm that those workers have the right to refuse to do unsafe work without any fear of reprisal or penalty? I would like him to do that in this House so that there is no doubt whatsoever. There is that concern in the community right now. Can he also ask his staff to determine how they intend to put that fire out, which I am told could possibly burn for a month or more?

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): Once again, Mr. Speaker, that direction has been given. The direction to investigate the fire and all of the dumps up North has been given in spite of the previous Government's inability and unwillingness to do anything. We are doing it.

Work Refusal

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): Mr. Speaker, I said in the first question I do not blame the workers for not going into an unhealthy workplace. They have the right to stay out. They have the right and we will see that they are protected.

Some Honourable Members: Oh, oh!

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

Liquor Control Board Right of Appeal

Mr. Kevin Lamoureux (Inkster): My question is for the Attorney-General (Mr. McCrae). From time to time, residents of a community will come into conflict with the operator of a liquor establishment in many communities. Such disputes are dealt with by a licensing board. If the operator is dissatisfied with the ruling of the licensing board, they may appeal it to the Liquor Control Board.

Mr. Speaker, the residents do not have such a right of appeal. My question for the Attorney-General, knowing that he has been approached by one community in particular, what action has he taken on their behalf?

Hon. James McCrae (Attorney-General): Perhaps the Honourable Member would like to let me know what group he is referring to?

Mr. Lamoureux: That would be the Weston Residents' Association located in my constituency, in answer to the question.

Mr. McCrae: Regarding the Honourable Member's question, I will take notice of the question. The Honourable Member knows though, I suggest that the new Crown Accountability Act, Bill No. 37, will also have a part to play in this whole process.

Weston Residents' Association Meeting Attorney-General

Mr. Kevin Lamoureux (Inkster): This community residents group is very frustrated. They too do not have the right of appeal. Was the Attorney-General (Mr. McCrae) prepared to meet with the Weston Residents' Association to discuss their concerns and see what he can do about it?

Hon. James McCrae (Attorney-General): Mr. Speaker, I have told the Honourable Member I will take notice of his question, and I will take his question as representation as well.

Liquor Control Act Amendments

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, when can we expect the Attorney-General (Mr. McCrae) to come forth with some type of amendments to the legislation, that we can see the rights of the residents at least at equal with the rights of business?

Hon. James McCrae (Attorney-General): The Honourable Member's question is a representation.

Refugees Claim Processing

Ms. Maureen Hemphill (Logan): Mr. Speaker, my question is to the Minister of Employment Services and Economic Security (Mrs. Oleson). I think we all know that it is clear from the backlog of thousands of people who are claiming refugee status in Canada that something has to be done to improve the processing of the claims. We currently have a very elaborate process that has a number of hearings and a number of appeals that allow people to stay in Canada for several years before their case is dealt with. Clearly, the procedure has to be improved and speeded up. Has this Government been consulted by the federal Government? Were there any discussions? Did they talk to them about the changes in the procedure? Did they support and agree with those changes, and how many Manitobans do they think will be affected?

Hon. Charlotte Oleson (Minister of Employment Services and Economic Security): Mr. Speaker, I will have to take the specifics of that question as notice, as of course the Member realizes it is a federal responsibility. Immigration ultimately is a decision of the federal Government, but I will take the question as notice.

Ms. Hemphill: Mr. Speaker, we are quite aware that it is a federal responsibility but we are also aware that when major changes like that are taking place, they

usually have consultation and discussions with the provincial Governments to both inform them and get reaction from them about how they feel about both policy and procedural changes.

Fair Hearings

Ms. Maureen Hemphill (Logan): While the Minister is taking that question as notice, would she also ensure to her and their Government's satisfaction that in speeding up what could be 70,000 applications that may be in place by January that there will be a very fair process and a fair hearing for everybody so that people will not be sent back possibly to dangerous situations because they are speeding up the process so quickly that they cannot possibly do justice to them?

Hon. Charlotte Oleson (Minister of Employment Services and Economic Security): Mr. Speaker, we do not want people to suffer because of the length of time of the process and we all, of course, want the process to be fair. As I said before, I will take the question as notice.

Ms. Hemphill: Mr. Speaker, one final supplementary, I am wondering while the Minister is looking into this situation, one that has thousands of people actually in Manitoba and in Canada very worried, very frightened, very concerned because they do not know what the changes are going to be and how they are going to affect them, would the Minister, after she receives the information, make some effort to provide to make contact with the refugee community in Manitoba to give them information about what the process will be, and what steps the federal Government and the Government of Manitoba is going to take to make sure that nobody is sent back who should not be sent back?

Mrs. Oleson: Mr. Speaker, the Member should realize, as it is a federal responsibility, it would be up to the federal Government to provide information to people. But I will look into what I can do to expedite this matter for those people because I do realize that they do have a great many concerns.

* (1410)

Lead Exposure Standards Stop-Work Order

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): Mr. Speaker, there were two questions asked on November 30 that I did not have the detail to. One was to a company that asked for an exemption for the level of lead in the blood. Of course, the answer—he asked if there were any stop-work orders or any improvement. There were no stop-work orders. There were seven improvement orders and they have basically been completed. We have had excellent cooperation with the company.

Emission Levels

Hon. Edward Connery (Minister of the Environment and Workplace Safety and Health): The other was to do with lead in the soil. The question was, has the department had any tests of the emissions and the soil levels surrounding the company that is in a residential area or close to a residential area? Mr. Speaker, lead in air routinely measured at four sites in Winnipeg to identify urban air quality, levels of lead in air measured at these sites has been well below provincial guidelines and standards since 1979. Three lead-in-air surveys have been conducted within the vicinity of Winnipeg's secondary lead smelters. Daily sampling took place June, July and August of 1979. Some exceedences (sic) were found at Canada Metal, fewer at North West Smelting & Refining, and no exceedences were found at Canadian Bronze.

Between 1980 and 1984, regular samplings at four compass directions were carried on at three smelters in the city. Exceedences around Canada Metal were fairly frequent until June of 1981, thereafter only the occasional exceedence, improvement due to enhanced maintenance at the plant. In the vicinity of North West Smelting & Refining, fewer exceedences were recorded, and at Canada Bronze only three exceedences during this time frame. Monitoring was discontinued because of the improvements and acceptability of air quality.

Stack sampling was carried out as recently as 1986 at locations at lead emissions. Results have been consistently low, well within limits. Companies are now obligated by law to do sampling every three years, the responsibility for hiring and paying for testing—

Mr. Speaker: Order, please; order, please. It seems like it is a very detailed answer. I would ask the Honourable Minister if he would not mind just tabling the document.

Dennison Mines Potash Development

Mr. Herold Driedger (Niakwa): My question is for the Minister of Energy and Mines (Mr. Neufeld). The Dennison Mines Corporation apparently decided not to proceed with the potash development along with the Canamax, Manitoba Government, in western Manitoba.

My question simply for the Minister of Mines is, will he please tell this House what additional percentages of the Dennison deal did the Government of Manitoba have to underwrite in order to get this project under way?

Hon. Harold Neufeld (Minister of Energy and Mines): Mr. Speaker, the Member for Niakwa (Mr. Herold Driedger) indicated that Dennison no longer wishes to proceed. There was never any discussion with Dennison with respect to the amount that the Manitoba Government would have to underwrite. We were, of course, disappointed that Dennison chose not to proceed, but that is of their own choosing and we are continuing to look for other developers.

Resource Development Future Projects

Mr. Herold Driedger (Niakwa): That is refreshing, 1989 was to be the year of decision regarding the development of a potash mine in Manitoba. The year is now nearly over. Can Manitobans expect a decision which will benefit resource development in western Manitoba in our province this year? Did I say 1989?

An Honourable Member: Yes, you did.

Mr. Herold Driedger: I suppose you are going to attribute that to the Liberal computer, too.

Hon. Harold Neufeld (Minister of Energy and Mines): I did understand the Member's question and I took it as 1988. We are continuing, as I said, to look for developers in the project. The Manitoba Government, since we took office in any event, never had any intention of being the lead in the development, and that has been said in this House over and over again. We are still of that mind. However, we are doing two things. We are looking for markets and we are looking for developers—actually three things, we are looking also for investors. If we can put a consortium together, we will do that at our first opportunity but, at this point in time, we are in the process of looking for developers and looking for investors.

Mr. Speaker: The time for oral questions has expired.

WRITTEN QUESTIONS

Mr. Storie -

- On what date did the Minister of Education receive a copy of the Department of Education - Adult and Continuing Education report "Progress in Literacy"?

- On what date did the Minister meet with the staff who produced the study to go over the recommendations of the study, the research completed, the status of current literacy programs, and participants?

- List the rationale that the Minister has used for refusing to increase funding to each of the following literacy organizations, despite the fact that there has been an increased federal commitment to literacy training:

The Pas Friendship Centre
Birch River School
Brandon Friendship Centre Inc.
Manitoba Metis Federation S. W., St. Lazare
Journeys Literacy Program
Thompson Reading Aides Council
Salvation Army
Winnipeg Adult Education Centre
Camperville Adult Education Committee
Dauphin Friendship Centre
The Selkirk School Division No. 11
Manitoba Metis Federation S. E. Region, Powerview
Pluri-Elles (Man.) Inc.
Brokenhead Educational Authority, Scanterbury
Rossbrook House.

- List the organizations that requested the Minister to establish a Task Force on Literacy after the Department had just completed an unpublished study of literacy.
- List the literacy workers and organizations who have praised the decision to spend \$300,000 on a Task Force on Literacy rather than increasing spending on literacy programs in this province.
- List the anticipated percentage of the \$300,000 that will be spent on salaries and expenses of the participants of the Task Force and itemize budgeted salary for each participant.
- List the amount of new funding for literacy training that the Minister or his Department has received from the Federal Government since May 9th, 1988.

ORDERS OF THE DAY

Hon. James McCrae (Government House Leader): I move, seconded by the Honourable Minister of Municipal Affairs (Mr. Cummings), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty, with the Honourable Member for Minnedosa (Mr. Gilleshammer) in the Chair for the Workers Compensation Board, Civil Service, and the Department of Natural Resources; and the Honourable Member for Seven Oaks (Mr. Minenko) in the Chair for the Department of Finance, the Department of Legislation, and Executive Council.

(* (1430)

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—WORKERS COMPENSATION

Mr. Chairman, Harold Gilleshammer: We will continue with the discussion of the Workers Compensation—the Member for Thompson.

Mr. Steve Ashton (Thompson): I just had a few concluding comments. We have had some discussion in this committee about the Workers Compensation Board. I suspect that we are going to have increased time, in terms of discussion in the upcoming committees in the next number of years, because essentially some of the changes that are needed at the Workers Compensation Board are essentially in the process right now. I have expressed my concern that maybe some changes that are not needed either, as far as the interests of injured workers are concerned. But I do want to put on the record the view of the New Democratic Party that action has to be taken and taken soon in response to many of the recommendations that were in the King Task Force Report.

I would like to remind committee Members that task force report was certainly not the only review that was initiated by the New Democratic Party Government. In fact, there were several reviews in a various number

of areas, ranging from the Compensation Board generally to rehabilitation, reviews and changes that were made necessary by the fact that the previous Conservative Government had ignored some of the problems, many of the problems. In fact, even when they did initiate a review, the Lampe Commission, I believe, out of the 129 recommendations, only two were enacted at that particular point in time. It took a series of reviews of particular areas to deal with the concerns of injured workers in the upcoming number of years between 1981 and 1988. I think we are at the same juncture now.

The King Task Force Report was the most comprehensive review that was enacted. We had committed ourselves to action during 1988 in response to the task force report. I think it is important to point out the task force report resulted from the views of Manitobans that were expressed throughout the province, particularly by injured workers themselves. I think the task force dealt in a very realistic and a very comprehensive way with some of the problems that have developed with Workers Compensation.

I would like to also, in urging that we do respond to the task force report, urge that in dealing with the financial situation at the board that we not, either directly or indirectly, have changes that are made to Workers Compensation that really only reflect the bottom line and are not in the best interests of injured workers. I raise that concern because, quite frankly, I remember some of the pressure that the NDP was put under because of the so-called deficits rising out of the unfunded liability, an unfunded liability incidentally that exists with virtually every compensation board across the country. If anything, I think the concerns over the financial bottom line did tend to create, I think, regular concern amongst injured workers that they would somehow be the victims of any attempt to balance the books.

I argued then when we were in Government and I argued once again in Opposition that the fundamental bottom line has to be the interests of the injured workers themselves. In fact, if the previous Government can be faulted anything at the Workers Compensation Board, it was not I think that the compensation premiums were increased too much but they were increased too little, because they did not reflect the increasing needs of the board to deal with the concerns of injured workers. I would certainly put on the record today and put on notice this Government that we will oppose vehemently any attempt to balance the books at the workers' expense, and any attempt as well to roll back some of the clauses I have introduced over the last number of years to improve the lot of injured workers in Manitoba. I have outlined a number of those during the Estimates procedure.

As I said, we perhaps have dealt with Workers Compensation more briefly than we might have done in other years. I can indicate there will be an extensive examination of the Workers Compensation Board, particularly in the upcoming year, if this Government does proceed with some of the areas that it has outlined as having concerns about The Workers' Compensation Act. Because, as I have said before both outside of

the Legislature and in the Legislature, we are concerned that some of the changes the Minister is contemplating and this Government is contemplating would put compensation back by 10, 20 and 30 years and would affect literally dozens if not hundreds of injured workers.

So with those brief comments, I would like to indicate once again that we will be watching very closely and I make no bones about our particular interest in watching the Workers Compensation Board. It will be in terms of the situation facing injured workers and their families.

Hon. Edward Connerly (Minister responsible for The Workers Compensation Act): I thank the Member for his comments and concerns, and of course they are concerns that we accept also.

The Lampe Report, of course, the Member should know that it had just not been out that long and of course the Government changed, so the previous Government did not have the opportunity to implement more of the Lampe Report.

I will say to the Member that I went to a dance last night—not last night, Saturday night—with the Workers Comp people, and the morale there was extremely different than it was in the previous year or two. The comment was that they were sold out this year where last year they were begging people to come and they just did not have a very good turnout. So I think it is important for you to know that the morale is much better, and that is significantly good for the injured workers when the morale is good. The production is much better and I think it is just better overall.

The deficits, as we have mentioned, you know the deficits of the Workers Comp have to be reduced and, in talking with our new administrator, Graham Lane, and with the members of the commission, we can eliminate a lot of the deficit and cost by just an improved administration.

As the Member might not agree, but when we took office the Workers Compensation Board was a rudderless ship with a lot of people missing. Maybe they were in the process of doing it because they did have an implementation team that we maintained on and it was a good implementation team, and we appreciate the efforts of that team, so we also appreciate the previous Government for putting those sorts of people on in place.

He mentioned to us about our concern about balancing the books and, yes, we all are concerned about balancing the books because in the long run the consumer pays for the cost of Workers Compensation. The consumer pays for the bulk of payroll tax, so while we talk about who cares if it is the employers who are paying it, in reality it is the consumers and a lot of times people who really cannot afford large increases. So that is one of the concerns.

But the balancing of the books will not take place on the backs of injured workers. I will say to the Member, while he has concerns, I think we are to be assessed after we produce the legislation and maybe have had a year of operation to see if what we have introduced

is working in the best interests of the people of Manitoba, but especially the workers of Manitoba.

Mr. Chairman: Are there any final comments then on Workers Compensation? This then will conclude our discussions of Workers Compensation. Thank you very much.

SUPPLY—CIVIL SERVICE

Mr. Chairman, Harold Gilleshammer: At this time then, we will move to the discussion of the Civil Service. We will begin with a statement from the Honourable Minister responsible.

Hon. Edward Connerly (Minister responsible for The Civil Service Act): It is obvious by only one from each Party that there is not an awful lot of interest in the Civil Service. I do not know if that is good news or bad news and I must say there are none except myself, so there is only one from each of the three Parties who are here today, and I guess we are all mandatory. I am the Minister and you each are the critics.

Mr. Allan Patterson (Radisson): Quality instead of quantity.

Mr. Connerly: Yes, we have the quality. I thank the Member for Radisson for that comment.

I have a prepared—and I guess we did not prepare copies, did we, for the other Members? Sorry about that. We did in the other ones and we have not got them.—(Interjection)—I know and I should have copies and I forgot to ask. Maybe we can get copies and then at least they will have them for after, if not while, because it will take a minute or two and we do not want to waste the time.

In introducing the 1988-89 Budget Estimates for the Civil Service Commission, I would draw attention to the 70th Annual Report of the Civil Service Commission for the fiscal year 1987 to 1988, which was introduced into the House September 23, 1988.

This report explains the organization, programs and activities of the Civil Service Commission over the past fiscal year. I would also draw the committee's attention to the Supplementary Estimates information which has been provided by the Civil Service Commission to provide additional detailed information and clarification to the printed Main Estimates. This information provides supplementary background, organization, program and financial information designed to assist the Members with the Estimates review now before us.

As indicated in the printed material, the Budget Estimates for the Civil Service Commission are comprised of three main components. These include the salary and operating expenses of the Commission as set out in item 1; the Government's contribution to the various Civil Service benefit plans as listed under item 2; and the Provincial Payroll Tax as set forth in item 3.

As can be seen from the Main Appropriation expenditure summary, the largest area of increase within

the Civil Service Commission's Estimates is associated with items 2 and 3, the Civil Service Benefit Plans and the levy for the payroll tax. With respect to the various Government benefit plans, the majority of these are fixed through statute or collective agreement. Similarly, the payroll tax is calculated based on the payroll for Government employees employed under the authority of The Civil Service Act.

* (1440)

With respect to program activities within the Civil Service Commission, much detail is provided within the text of the 1987-88 Annual Report. For the benefit of some of the newer MLAs, I would point out that in the area of collective bargaining, the Government is currently in the midst of a three-year agreement with the MGEA which expires September 21, 1990. This agreement provides for a wage increase of 3 percent in each of the first two years and a cost-of-living adjustment in the final year.

Having assumed responsibility for this portfolio in May of 1988, there is one area in particular I would like to specifically address in my opening remarks and that is the important area of affirmative action.

First, as a general comment, it is important to realize that the Government as an employer is operating in a limited to no-growth environment. As the annual report indicates, the number of competitions in 1987-88 was down from 939 in 1986-87 to 836 in 1987-88. I am advised that turnover and vacancy rates within the Civil Service are generally down as well compared with the previous years, in the area of 3 percent to 4 percent as compared with the norms of up to 8 percent to 10 percent.

The Manitoba Civil Service is no longer, and has not been for some years, an area of employment growth or expanding employment opportunities. However, at the same time that employment opportunities are limited, interest in Government employment remains high. In 1987-88, for example, there were 23,666 applications for the 836 competitions held across all Government departments. These figures emphasize that competition for available vacancies is very keen with an average of approximately 30 applications per competition. More dramatically stated, this means that each applicant has 29 chances out of 30 of not winning a given competition. As a result of these ratios, on average in any given year, there are approximately 800 to 1,000 successful applications as compared with 22,000 to 24,000 unsuccessful applicants.

Another interesting fact, Mr. Chairman, is that approximately 55 percent of all appointments through the competition process go internally to existing employees with the remaining 45 percent going to external applicants. This further limits the number of positions available to the general public and, more importantly, directly impacts the speed at which affirmative action target group representation can be increased within the Civil Service.

As a result, with approximately 1,000 vacancies available in a given year, if 55 percent or 550 go to internal applicants, this leaves a potential total of only

450 vacancies available to external applicants. It is this pool of 450 positions which must be used to increase affirmative action representation. Unfortunately, other than women, the target groups on average comprise only 10 percent to 15 percent of applicants for these positions. As a result, Mr. Chairman, the increasing target group representation is difficult given the limitations on the number of positions available for external employment. The available positions must then be shared among the four target groups, not to mention the non-target groups which comprise a much larger number of total applicants. With a total Civil Service of approximately 18,500, it takes 185 new appointments to effect a 1 percent change in any group.

The higher 55 percent success rate for internal applicants is due to many reasons including:

- promotional and seniority provisions within the collective agreement;
- employment security and redeployment measures which give first preference to internal staff affected by organizational change, program or budget cuts;
- the obvious advantage relevant and specific internal Government experience has with the selection process.

While these factors may be understandable, the previous administration agreed to a policy whereby positions within the administrative and clerical components below the administrative level of Officer 2 (currently \$37,000 and below) are restricted to internal candidates only. As a result, such working level categories as Administrative Secretary 3, Clerk 3 and 4, Accounting Clerk 1 and 2, Accountant 1 and 2, Administrative Officer 1 and 2, etc., are not available to the external public, including of course affirmative action target group members.

Because these are some of the most highly populated classifications in Government, collectively they can represent from one-fifth to one-third of all Civil Service competitions in any given year. They also represent classifications where target group members could logically hope to gain access to a career in Government. In my opinion, Mr. Chairman, it could be argued that this policy, agreed to with the MGEA by the previous administration, constitutes a systemic barrier by not allowing external target group candidates the opportunity to apply for these positions.

Attempts to justify the policy have stated that these restrictions were imposed in order to increase the promotional opportunities for existing clerical employees who are predominantly women, and that is a justifiable concern. While this may be well-intentioned and is obviously favourable to internal employees, the contradiction is this. If the competitions are restricted to internal applicants, then only internal applicants can apply. External applicants are totally shut out. If, on the other hand, the competitions are open to the public, then both internal and external applicants can apply. One group is not disadvantaged at the expense of the other. If the internal applicant is judged through the selection process to be the most meritorious for the competitions then, fine, they will be granted the position. If, however, an external candidate is judged to be the

most meritorious, then they will be granted the position and surely the best interest of the public will have been served.

Mr. Chairman, if we are truly talking about affirmative action, about fairness, about openness, and about equity with the selection process, then surely we would not be implementing systems which benefit one group, internal employees, to the direct disadvantage of the very groups we are trying to attract in greater numbers to the Civil Service, i.e., external target group members from the visible minority, Native and disabled communities, and also to women. This is what was approved under the previous administration as a component of their Affirmative Action Program through agreement with the MGEA at a time when total employment opportunities in Government were at best static and at worst, decreasing.

Mr. Chairman, these are some of the reasons why, in our commitment to move affirmative action ahead in Government in a realistic way, we are not going to simply duplicate what we view as the mistakes of the former administration. The Opposition have attempted to create a tempest in a teapot over the fact that we have elevated the function of affirmative action coordinator by incorporating those responsibilities within the role of Assistant Deputy Minister of Human Resources Management. The fact is, Mr. Chairman, if we are truly serious about integrating affirmative action into the relevant Government systems, then that is exactly where the responsibility for affirmative action should reside, with the central area in Government which is accountable for the staffing systems, employment counselling and support systems, staff development training functions, etc., which directly support the implementation of affirmative action in Government.

An Opposition critic has tried to suggest that the Assistant Deputy Minister will not have the time, given his other priorities, to devote to that affirmative action. What that person fails to realize, Mr. Chairman, is that under the previous administration the former affirmative action coordinator was one position without staff support or direct responsibility over the important programs and functions which are necessary to effectively implement affirmative action in Government. The Assistant Deputy Minister has reporting to him some 43 staff, including managers and professionals responsible for administering the staff, employment counselling and training and development systems of Government. All of these staff are now directly involved in providing services, support and activity that is required to ensure the monitoring and implementation of affirmative action in Government. This is the area in Government where Human Resource management policy is developed and through which all staffing actions and procedures, including affirmative action, are audited. These areas of implementation must be integrated in order to have any real impact across the Government as a whole.

Mr. Chairman, it is with these initial remarks that I wanted to address some of the preliminary comments to set the record straight with respect to this one important area of responsibility under this portfolio. Thank you.

Mr. Chairman: Thank you, Mr. Minister. We will now have the customary reply by the critic of the Official Opposition, the Member for Radisson (Mr. Patterson).

Mr. Patterson: Thank you, Mr. Chairman. I would like to ask the Minister some questions and address some of the things that he mentioned in his opening statement a little later on.

Mr. Chairman: We can have you ask the questions after the staff joins him.

Mr. Patterson: I would just like to say it is a pleasure for me to be here in the position of Opposition Critic with the Civil Service Commission. I have had some, as with the Department of Labour, considerable contact with people in the Commission over my years as a professor at the University of Manitoba. Your Assistant Deputy Minister, Mr. Gerry Irving, has been up every year to address my labour relations' classes and John Cumberford has similarly been up at the university, and I think it is one aspect of the Government people generally or the Civil Service Commission in this respect, that it is very, very useful to students at the university to have practitioners who are out there in the "real world" come up and tell them something about it. I would just like to commend the Commission, its personnel, for that type of thing.

I have some things to bring up on affirmative action and the selection process that probably gets better as we go along, but that will do for the moment. Thank you, Mr. Chairman.

* (1450)

Mr. Chairman: Thank you. We will now hear from the critic of the Second Opposition Party (Mr. Ashton).

Mr. Steve Ashton (Thompson): Thank you, Mr. Chairperson. During the Estimates' discussion in terms of the Civil Service, I will be raising a number of concerns about the way in which this Government has treated the Civil Service generally, whether it be indicated by some of the treatment of individuals, some of the statements that have been made, or what I feel has been an attempt on their part, especially in the order of affirmative action, they create a smoke screen around their clear lowering of the level of priority that this Government is giving to affirmative action. I will be dealing with that fairly extensively in the limited time that we do have available.

I want to begin by saying that there is a really poor atmosphere, I would say, particularly in certain segments of the Civil Service. It is interesting the Minister referred earlier to morale of the Workers Compensation Board. I can say in talking to civil servants that not just the actions of this Government but some of the comments, and comments made by the Minister himself, have contributed in some cases to people having, I would say, basically a climate of fear in their departments, other cases not quite as serious as that, but there is a sense of uneasiness.

I was in Portage, for example, last week, the home constituency of the Minister of Labour (Mr. Connery),

and was talking to people, civil servants, who indicated for example that, because of the statements that the Minister had made with regards to pink slips—and I realize the Minister issued an apology and so he should have issued an apology, but only after pressure from the MGEA and the New Democratic Party—of people, for example, who were afraid to work in the election in Portage, this last federal election, because of fear for their job. That is, I think, an indication of the kind of atmosphere that has developed in the Civil Service as I said because, in this particular case, of some pretty careless comments by the Minister. Even though he has apologized, I really feel that the consequences of those statements have gone beyond even what the apology can rectify. So I will be raising my concern about what is happening in the Civil Service as a result of that.

I will also be talking about some specific instances. I mentioned that the Minister of Labour apologized for his comments, but I raise the concerns of a couple of his departmental employees who are very concerned about statements that were made to them by senior officials in his department after the statements came out about the pink slips. They were very concerned about statements that were made to them and questions as to who would report it, the comments about the pink slips, to the New Democratic Party and also asking the question who would report it to the union. I can indicate once again, if one talks to the individuals involved, that this had a very major impact on them.

I talked to one of the individuals involved just earlier today, who has been suffering health-wise because of the comments that were made in the aftermath of those comments and, once again, I think is indicative of how the approach of this Government has created, and I do not mean to overstate it, but there is certainly an uneasiness among some people and, yes, even a fear among others because, no matter what the Minister likes to use as justification for the statements he made, there can be no doubt in my mind, having talked to civil servants at the time and since that time, they worry that the Minister was not joking, that people do have to worry for their jobs because of the agenda of this Government. So I will be raising that particular concern.

I referenced affirmative action a few minutes ago. I will be talking about the fact that the Government has done a great deal of finger pointing, trying to blame the previous NDP Government, when the Minister full well knows there were major initiatives taken by the New Democratic Party in the area of affirmative action.

What I find particularly bizarre is the logic or supposed logic of the Minister in suggesting that by eliminating the affirmative action coordinator, a move incidentally which was condemned not just by the Opposition—in fact, I condemned it as soon as I became aware of it—but also by Professor McDonald, for example, who was the chair of the recent Task Force into Multiculturalism, made a number of recommendations in regard to affirmative action and clearly said that the move by the Government to eliminate the affirmative action coordinator's position flew in the face of the kind of recommendations that task force had made, and further it flew in the face of what was needed to move affirmative action ahead.

So I am going to be talking about the reality of the Government's moves and also the reality of the fact that the Minister has repeatedly refused to give an indication of where this Government is going to go in regard to affirmative action in terms of targets. So we have no way of judging the Government, even by their own standards. I think that is extremely unfortunate on their part.

I will also be raising questions about what this Government's plans are in regard to contracting out because that is a long-standing concern of civil servants in particular. I think many Manitobans who do not want to see us go down the road of other provinces where they have privatized, where they have contracted out to the point where services have suffered. I know in British Columbia the way they suffered and in Saskatchewan under the ideological agendas of the Parties in power in those particular provinces.

I will be raising those sorts of concerns as well. The bottom line of the comments I will be making in Estimates, Mr. Chairperson, are that I think this Government has to rethink the way in which it deals with the Civil Service, I think in the same way it has to rethink the way it is dealing with working people generally in this province.

I raised those concerns in the area of discussion under the Department of Labour, but I think the combination of some of the statements that have been made in terms of pink slips, some of the individual treatment that people have received, some of the smoke screens that we have seen developed in affirmative action and the lack of the commitment on the part of this Government, not to proceed the same ideological ways of the right-wing Governments in terms of privatization, those are all areas that have created, as I said, an uneasiness in the Civil Service and—I hate to use this term, but—a climate of fear among some people.

When I hear people in the Minister's own constituency who are afraid to campaign in an election because of the pink slips comments, and I know one person particularly came under a great deal of pressure from her parents who said, do not get involved in the election. After those kinds of statements, it is pretty clear your job could be on the line.

Now whether that was the intent of the Minister or not, and I do not think it was the intent of the Minister to have people affected in that way, that has been the consequence and I think it is going to take the Minister a considerable amount of work to regain what trusts, if any, the Civil Service—and I do not mean just in the general sense but the individual sense—what level of trust they have in terms of the Government because it has suffered in the six months that this Government has been in office.

Mr. Chairman: We will allow the staff to come to the table at this time and proceed with item 1., the Civil Service Commission. This provides centralized personnel management services to all departments of Government and agencies, boards or commissions whose staff are appointed under The Civil Service Act.

The Commission is responsible for recruitment and selection, classification plans, pay plans, personnel policy and benefits administration, management development, staff training, employee health and counselling and the provision of leadership and support to departments in the implementation of affirmative action plans and programs. Through the Labour Relations Services Division, the Commission provides for negotiation of collective agreements, contract administration, public sector coordination, compensation research, and provision of consultative services. In addition to responsibility for an appeal function, the Commission performs an audit function, provides advice to the Minister responsible on matters concerning personnel administration, and is responsible for implementation of pay equity in the Manitoba Civil Service in line with pay equity legislation. The Commission also provides for the Temporary Assignment Program, a small core of executives and senior management professionals who can undertake a variety of temporary priority assignments within the Manitoba Civil Service.

1.(a) Executive Office: (1) Salaries, \$295,300—the Honourable Minister.

* (1500)

Mr. Connery: I would like to introduce staff first of all. We have Paul Hart, who is the Civil Service Commissioner. We have Gerry Irving, who is the Assistant Deputy Minister, Labour Relations; Terry Edgeworth, the Assistant Deputy Minister of Human Resources, the man who is going to see that affirmative action does well within the Civil Service—I hope I am not hanging you out, Terry—Bob Pollock, Secretary to the Civil Service Commission Board; and Audrey Clifford, Manager of Administrative Services. So this is the staff that we have with us today.

Mr. Chairman: On item 1.(a)(1) Salaries.

Mr. Ashton: On a point of order, Mr. Chairperson.

Mr. Chairman: A point of order.

Mr. Ashton: Since we have limited time, I am wondering if we might deal with all questions and then perhaps pass items line by line, as we have to do, and then have our closing comments. The reason I am raising that is because I do know we are under a severe time constraint.

Mr. Chairman: We have to proceed line by line.

Mr. Ashton: No, I am suggesting we have the discussion and then at the end of the discussion . . .

Mr. Chairman: Go to Research and Planning. Is there a line there? Do it all.

Mr. Ashton: Do all the discussion, pass every item, then go back to the necessary closing comments.

Mr. Chairman: 1.(a)(1)—pass; 1.(a)(2) Other Expenditures, \$52,700—pass; 1.(b)—Administrative Services, (1) Salaries, \$774,600—pass.

Mr. Connery: You are in the Supplementary, to the Member for Radisson (Mr. Patterson). Look in your Estimates Book. It is in your Estimates Book by the line.

Mr. Chairman: 1.(b)(2) Other Expenditures, \$460,100—pass; 1.(c) Human Resource Management Services, (1) Salaries, 1,603,500—pass; 1.(c)(2) Other Expenditures, \$758,200—pass; 1.(c)(3) Less: Recoverable from Other Appropriations, \$129,000—pass; 1.(d) Career Development Program: (1) Salaries—pass.

Mr. Patterson: Are there not details for each of these?

Mr. Connery: I think we need to decide where we want to discuss the issues while we have staff here. It does not matter what area it is in. I look here and there is no Research and Planning sector.

Mr. Ashton: Excuse me, Mr. Chairperson, if the Liberal critic—I would certainly agree that we deal with all the items under this line item, and then pass everything and then go back to Minister's Salary.

Mr. Chairman: There is no Minister's Salary in these Estimates.

Mr. Connery: I am donating my time here.

Mr. Ashton: Now we cannot move to reduce the Minister's Salary.

Mr. Patterson: I would just like to argue the details as we go along and try to get—these should be on the order here. For instance, where is Career Development Program?

Mr. Connery: Pages 46 and 47 in the Supplementary.

Mr. Chairman: Under Career Development Program, 1.(d)(1)—pass; 1.(d)(2) Less: Recoverable from Other Appropriations—pass; 1.(e) Temporary Assignment Program, (1) Salaries \$131,300—pass; 1.(e)(2) Less Recoverable from Other Appropriations \$131,300—pass.

1.(f) Labour Relations Services: (1) Salaries, \$655,300—the Member for Radisson.

Mr. Patterson: In the matter of affirmative action, the thrust of what the Minister said in the House in Question Period and what has been said in his opening remarks largely gives the impression of approaching affirmative action as being something that is connected only with selection, particularly for outside competitions.

Now I realize full well, if the facts are facts and we are limited to this pool of 450 new applicants, there is only so much can be done, although everything needs to be done in the matter of affirmative action in those roughly 450 selections but, nevertheless, affirmative action also should be taking place internally. I do not know the exact breakdown, but a very significant proportion of females for one, outside of any of the other target groups such as visible minorities and

handicapped and so on who are already in the Civil Service and affirmative action does not apply.

It means that steps have to be taken internally to see that the various target groups that are already within the Civil Service are provided with means to progress up the ladder and to make full use of their capabilities through special training programs, either internal or external, being given the opportunity to perform in other areas, be it transfers, promotions and so on. So I would like to ask the Minister just what specific actions are under way internally to redress some of the past discrimination, shall we say?

Mr. Connery: The same criteria for external or internal bulletining is the same for people to get the job. The Member knows that there are points and people are assessed and given points all the way through and then, if it is an affirmative action target group, whether it be a woman, a Native person, a physically handicapped or visible minority, they are given additional points for being of that target group. So if everything is equal, then the affirmative action person would get that particular job but, with the low numbers coming from the outside, unless there are affirmative action people already internal, then it is difficult to promote them internally.

I understand the concern of MGEA employees who are in the Civil Service. Now that they are in, they would like to promote people up through the ranks. It is a legitimate argument but it does restrict people from the outside getting into the Government, so we have to accept that reality. I have difficulty as the Minister when I look at the bulletin board and it says "an equal opportunity employer" and then it says "for internal people only," for existing Civil Service staff. I find that sticks in the craw just a little bit that that is taking place.

Mr. Patterson: Mr. Chairperson, I would point out that what the Minister has just described is the internal selection process, given that individuals, be they part of the target groups or not, have certain qualifications that are evaluated and scored and then the target groups get something extra.

The question I raised is, what is being done to enable these people internally in the target groups to improve themselves, to qualify for higher-level positions?

Mr. Connery: Okay, there are two programs, Career Pathing and Career Development for people within the Civil Service who need assistance to move up, so we have that. It is available only in Winnipeg at this point, but the department is working to move it outside of Winnipeg also so that we can help develop people in other centres, whether it be up North possibly or—it is a pilot project in Brandon, so we will see how that works outside of Winnipeg.

Mr. Patterson: Are the target groups being sought out internally to identify them and get across to them that these things are available? Are they being encouraged to take advantage of it?

Mr. Connery: Yes, they are. In fact, when I first assumed office, there was one of these people, target groups

in our office getting development so that they could move on either to permanent employment or to better employment. So this is an ongoing process.

* (1510)

Mr. Patterson: In carrying out—if I may revert to this as I have done occasionally in others, to my professorial background, in management, the Minister has stated that this is being shoved down into the departments. Now that, of course, is where implementation of any policy, be it affirmative action or any other policies in any organization has to take place. It is the line managers down throughout the hierarchy who have to carry it out.

But just to quote from a personal textbook that I used in my previous incarnation as a professor in this particular area, in the various steps, seven steps in this particular case that are laid out in setting up a good affirmative action program, it is pointed out that—if I might just quote: "Anything less than total backing from top officials raises questions about the sincerity of the organization's commitments in the eyes of Government agencies, courts and employees. To exhibit this commitment forcefully, company officials may make raises, bonuses and promotions dependent on each manager's compliance." This applies, as I say, to any policy. I might just carry on to the final step here of establishing controls. It says: "Personnel specialists and line managers must perceive their awards as depending upon the success of the affirmative action program."

In Government bureaucracies, be they municipal, provincial or federal, they cannot operate with quite, you might say, the ruthlessness of the private sector, but nevertheless what mechanisms are in place to see that the line managers down throughout the hierarchy see the implementation to the degree that they can of affirmative action as being an essential part of their job, and that their awards and punishments being somewhat dependent on it, along with other factors in the job of course?

Mr. Connery: A couple of comments, I am surprised the Member would say that the private sector was ruthless. I would hope that when he makes his next question he would withdraw that from the record. I am sure it was an inadvertent statement, because I do not consider the private sector "ruthless."

I also do not agree with the comment that affirmative action was shoved down into the department. The Member should know there is extensive training for managers, as dealing with affirmative action and how affirmative action should be progressed with. The Member should know there is a body of three Deputy Ministers and three people from MGEA who are on a committee. There is also another internal committee made up with all the departments. There are some 52 people there on a committee for affirmative action. It is in the personnel departments where people are hired. So you can have as many positions you want. If you do not have the people in the personnel departments understanding the requirements of affirmative action

and how to progress with affirmative action and affirmative action hiring, it is not going to take place. So it is where the action is, is where you have got to have the emphasis. This is what we have done.

We are not only concerned about affirmative action within the Civil Service, as you know. We are pushing the Crown corporations to ensure that they are also concerned with affirmative action and are following procedures. In fact, the Premier (Mr. Filmon) himself, personally, has contacted all of the Crown corporations, telling them that affirmative action is a major part of this Government's program and asking for their full support to implement affirmative action.

So I think, personally, that affirmative action will work better when it is in these departments. We will be monitoring departments to see that each department is following it. I know it is more difficult in certain departments which traditionally men are hired because of the nature of work, and so it is more difficult within some departments. In others, it is more easy to attain and really should be able to exceed the target groups.

What is the target for affirmative action? I hate setting goals and numbers because I always feel that then you stop when you have achieved that number. Of course, the realities are, what is the percentage of the affirmative action target group within the work force? Of course it has been identified that women are about 50 percent. Natives are in the 10 percent area. Visible minorities are, I believe, 6 percent and 7 percent for the physically handicapped. Those figures though are now told to us to be unrealistic, that when you are talking about those able to enter the labour force, in some instances, maybe those numbers are not there because there are not the people really wanting to enter the work force. There could be a disparity between those people who are wanting to be in the work force and the general make-up of the population as a whole.

Mr. Patterson: I in no way meant, Mr. Chairman, to denigrate the private sector, I apologize. What I had intended to do, it was a bit of a slip, I should have said "ruthless" was in quotation marks.

At any rate, and I think the Minister has said just what I was getting at, that it is the people down in the departments who have to carry these policies out. It needs to be seen as part of their job and that their annual or semi-annual performance evaluation and the extent to which they will get any standard or merit increments, that their results in implementing affirmative action will be taken into serious consideration, along with other things in their evaluation of how the departments are run. Unless there is this kind of pressure from the top, be it in the public sector or the private, things are not likely to happen because in any bureaucracy, be it private or public, if things are reasonably satisfactory and there is no particular impetus for making some change, the changes are difficult to implement.

Also, so far as affirmative action is concerned, the Minister was alluding to various percentages in the labour force. What we really need to be concerned with is the relevant labour market. Manitoba Hydro, for

instance, in hiring new engineers are trying to get its proportion of female engineers up from what it is, if anything. I cannot say that while 40 percent or 50 percent of the work force is female, so we want 50 percent female engineers. Until such time as the Engineering Faculties in the various universities start turning out significant numbers of female engineers, that type of target cannot be met.

The Minister also refers to targets and quotas, which I do not look at as being exactly the same thing. A quota is, if I may define it, any number. So if we say some particular department has a quota of we must hire, out of the 20 individuals they are going to hire, 10 must be female or whatever, that is a quota. But a target would merely be saying that over some, say, reasonable time period of, let us say, five years that we want to achieve such and such a percentage of some group in this particular department or unit. If that percentage is, say, 40 percent, if it ends up at 38 percent or 42 percent, we would not say that the target was particularly overshot or undershot, and at any one particular time—well, it would not necessarily be implemented evenly over the four or five years or whatever the time frame of the particular target is. I would just appreciate the Minister's comments on that.

Mr. Connerly: It is not quotas per se, and that word gets used I know, and there are targets, but targets also have to have a number to them and numbers almost then become quotas. You do not want to stop at a number or if you overshoot, so what, if the people are there and capable of doing it. But built right into the manager's job description is affirmative action and how they will deploy affirmative action is part of the manager's job description. So affirmative action is right there at the top.

* (1520)

Mr. Patterson: It would, therefore, be individual manager's performance, and this particular section of his or her duties would be given some weight at the annual performance evaluations and remuneration.

Mr. Connerly: You can be assured that it will be. If there is a sector that is not producing the desired results, then there will be follow-up work with those particular groups. In some particular instances, there might be a reasonable rationale for it not happening, like we say different departments and, as you say, engineers. If we said 50 percent of the engineers had to be women, are there enough women engineers out there to do it? So if they are of equal quality or equal ability, then a woman would be given the advantage of that.

This is quite interesting to—a young woman came into my office and she was doing a report. I think she was in university and wanted to know a little bit about affirmative action. So we had some discussion. She said, you mean to say that a woman of affirmative action—and this woman was not an affirmative action target group member—would get a preference over me? I said, if you all had the same number of points after assessing your capabilities, experience and all of

the other things required, you were equal, then the affirmative action person would be hired. She did not like that so much if that affirmative action person was a woman. But I said the reverse happens when it is a woman competing against a male. Then if you are competing against a male, you would get those extra points and you would get the job, and so she liked that. So there is a little bit of difference here as to how it affects people.

Mr. Patterson: I would just like to move on to the matter of selection and the general thrust of the Civil Service being appointments and promotions impartially on merit. I am not faulting the present Government in this respect. Actually, I am going back to the previous NDP administration. It would appear that in some cases the selection process has been—how shall we say?—somewhat overridden. In one particular case that came to the public's attention roughly a year and a half or so ago in the selection for French translators, a woman who was head and shoulders, from what one could tell from what was in the media, above virtually any other applicants was told that, well, the position had been filled, she was not qualified, and so on. I believe the case—I do not know if it has been settled yet or not. I understand the individual brought suit. I would like to just inquire about that and also ask the Minister what steps have been taken to see that the selection process is not circumvented in that particular case.

Mr. Connery: That particular case, of course, is not an affirmative action concern. It was of a different concern. It went before the Human Rights Commission. To our knowledge, we do not know where it is at, if it has been adjudicated or if it is just sitting there.

I do agree with the Member for Radisson (Mr. Patterson) of the impotence and disregard the previous Government had for affirmative action. It was given lots of lip-service but, in reality, it was not given very much firm direction to ensure that it took place.

Mr. Patterson: I was not referring to affirmative action in this particular case. I just thought that the selection process is such where to any knowledgeable individual in personal matters, to which I would lay some modest claim, would very quickly conclude from what was in the media at the time that the normal selection process had just been circumvented and others, I do not know how many, had been appointed to this job or jobs. The then Government and Civil Service Commission certainly had egg on its face. I am just asking the Minister if he will assure us there would be no interference in the selection process as set up for the Civil Service and that only strictly political appointments would be made in a unilateral or political manner.

Mr. Connery: Once you start to politicize the Government and politicize departments, you get in severe trouble. We saw that in the Workers Compensation Board where it just went awry.

The department officials—and of course you have to always remember that the press do not necessarily report all avenues or all parts of a concern. The department advises me that the selection was made

with all appropriateness and all of the factors taken into consideration in their belief that the appropriate person or the best person was hired at that time. While a person raises the allegation of impropriety in many respects, it maybe was not there, similarly to the allegations of impropriety from the Member for Thompson (Mr. Ashton) which was just a lot of smoke but there really is no fire.

Mr. Patterson: Along the same lines, there was some mention made in connection with, I guess, the Environment Estimates the other day about an excellent individual in the Minister's office who did not appear on the statements here. I would just like to ask the Minister what process was followed in the hiring of that particular individual. Was that an external competition that was opened to all?

Mr. Connery: It was a term employment. That is not open to the selection process in the term appointment. If I could add, it was done through the Civil Service and through the same proper procedures that would be done in the case of a term employment.

Mr. Patterson: Just a matter of clarification, that could be ministerial at discretion but handled by the Civil Service Commission?

Mr. Connery: Departmental discretion in appointing these people, it was done through that process. There is no impropriety in the hiring process.

Mr. Patterson: I will just ask for clarification here. A term position would mean that an individual is not then part of the Civil Service?

Mr. Connery: There are permanent positions where competitions are held. Term positions are not because it is a term position so competitions are not held in term positions. There are quite a few term positions within the Civil Service.

Mr. Patterson: What process is followed though if a term position comes up? Does the Civil Service advertise it or can the Minister or whoever is responsible for making the decision merely appoint someone that he or she thinks is qualified, and the Civil Service then just processes the hiring?

Mr. Connery: Within the process, if you have a permanent person in the Civil Service and a term position comes up, they are not likely to apply for that position because they already are on. People with full-time employment are not interested in term positions. There are a lot of term positions within the various departments that are brought on for a specific reason, a specific time, a program. I could read for the Member:

Appointment of Temporary Employee: where an employing authority requires an employee for a specific period of time or until the occurrence of a specific event, the Commission may authorize the employing authority to employ a temporary employee for the period of time or until the occurrence of the event, and the

employing authority shall furnish the Commission with particulars of the employment and the temporary employee employed.

My concern is the delivery of program and of course our department is very varied and very complex. If we do not deliver the program properly and if we are not proactive instead of reactive, proactive in the sense of doing things before incidents happen—I think an example of one of those is the family that almost perished in a wood-burning incident where they had a wood stove. I have asked our department to put out a calendar of events coming up so that we warn people about these sorts of things in advance. Say late October we would put out a news release on wood-burning stoves. Once a year, I think we should be flagging the radon situation. It should be in the fall when radon is at its most dangerous height because of the lack of air movement during the winter. So the delivery of program to the people of Manitoba is paramount and that requires enough people to do the job adequately.

* (1530)

Mr. Ashton: Mr. Chairperson, I have a couple of questions in terms of affirmative action. I would like to ask the Minister if he can provide this committee with statistics outlining the representation of various target groups over the last number of years, perhaps even a 10-year period so we can get some idea of the current trend both in terms of the overall number of employees who are part of the various target groups, and also in regard to the number of hirings in each year.

Mr. Connery: Before we get into that, I want to take the opportunity to reply to the Member for Thompson's opening remarks, where he was talking about pink slips and that people were concerned and all of this. I can assure the Member that the fact is that you can always find somebody who will say, yes I was scared, yes I was worried. The fact is that in all the departments that I went through and our being light-hearted with people and putting people at ease that we were not out to do all of these bad things that the Opposition were saying we would. Not once did the Deputy or director ever say, maybe your words are not in taste or maybe you are worrying somebody. So there really was not that sort of thing but you can always find somebody to say, yes, I was.

As far as people being afraid to work in an election, that is ludicrous, absolutely ludicrous to make the suggestion that anybody—(Interjection)—the Member says somebody was scared. Does that Member want to mention who that person is? You can bring in all kinds of statements with no substance behind it, then you have to—

Mr. Chairman: On a point of order, the Member for Thompson, would you state your point, please?

Mr. Ashton: I asked the Minister a question in regard to affirmative action and how he is attempting to justify his statements in regard to pink slips. If the Minister wants to deal with those items now, I will be more than

glad to because I have a series of questions related to that item. But usually I think the process is, when a question is asked, the answer is to that question not to some other item that is on the Minister's mind.

Now if the Minister wants to get into a free-for-all, I do not think that is necessarily in the best interests of the committee, but I would like to ask that the Minister confine his answers to the questions that were asked and perhaps save any general comments for the final comments in committee.

Mr. Chairman: The Member does not have a point of order. The Honourable Minister.

Mr. Connery: Okay, I will back off that at this point and will get into the statistics on it. If the Member has the statistics that we have for affirmative action, you can see visibly what they are, that there has been progress in achieving additional affirmative action target groups. Is there a question on the numbers?

Mr. Ashton: I asked if the Minister had the figures available for the last 10-year period.

Mr. Connery: No, we do not. When was affirmative action officially? It started out in 1985 when they started to keep records. Prior to that, records were not being kept. There were some bulletined in 1986 when the records started to be kept. So we only have records going back for that period of time.

Mr. Ashton: I find that interesting, Mr. Chairperson, because every time the Minister talks about affirmative action he talks as if he has indication of the number of appointments the last number of years, every time he criticizes the previous Government. Yet, we find out now that it is only since actually the New Democratic Party started the process that records have been kept. I think if the Minister bothered to check with people who were around during the Sterling Lyon years, he would have found there was virtually no affirmation action program, if any, and that great gains were made under the New Democratic Party.

He can be critical all he wants, and I would join him in saying that more needs to be done. But I find it interesting that one minute the Minister talks critically of the previous Government, when we find out in actual fact it was the previous Government that started affirmative action in the real sense of the word in Manitoba. The Conservative Government, part of that had virtually no record in that area.

I remember when we came into office, and a good example is the department of Northern Affairs, a department that deals virtually exclusively with Native communities. There were a handful of Native people working in that department. Today, there are many Native people working in that department, which only to my mind makes sense both in terms of employment equity and in terms of that department itself, but I find it very surprising.

I have a further question to the Minister though, and perhaps he can provide me with this information. That is in regard to board and commission appointments.

I know this question has been raised in the House. There has not been a complete response yet in terms of the Government as a whole. As the Minister responsible for affirmative action, I was wondering if he could indicate what appointments this Government has made in terms of affirmative action appointments, both in terms of women, visible minorities, the handicapped; also, not just the number of appointments generally, but also the number of chairs that have been appointed by the current Government in regard to the breakdown in terms of women and the other target groups.

Mr. Connery: I am told that those appointments do not come from out of the Civil Service.

Mr. Ashton: The Minister is responsible for affirmative action. That was basically relayed to us in the House by the Minister responsible for Culture, Heritage and Recreation (Mrs. Mitchelson). I am asking the question in terms of affirmative action generally. I realize it is not the Civil Service per se but it is affirmative action. If the figures are not available, I was wondering if the Minister could provide that to myself and perhaps the Liberal critic in writing, once again, the breakdown of appointments by the current Government in regard to affirmative action. I must admit I do have an agenda, I suppose, on that particular issue. Once again, this is one area with significant inroads made by the New Democratic Party.

The number of women who were appointed was nearly doubled from the previous Conservative Government. There was a significant increase in the number of women appointed to positions, senior positions, chairs of boards, and also a significant improvement in the number of Native people and visible minorities and handicapped appointed to boards. I want to get some indication of what this Government has done. The Minister likes to talk about its record. Can he perhaps give us those statistics when they do become available?

Mr. Connery: I am quite proud of our record. I think what it will show is that we have surpassed the previous Government. I think, unlike the previous Government, we have attempted to ensure that all target groups are represented in as many boards and commissions as possible. With the Civil Service Commission itself, we have two people, one from the Native target group, and one that is a visible minority on the Civil Service Commission. I think we have four women and three men, so we have more women on it. We have exceeded the target group on that.

But all through the other various boards and commissions, we have continuously strived to appoint as many visible minorities, handicapped, Native and women on boards and commissions. I think what it will show in the end is that we will have appointed more of these people to boards and commissions than probably any previous Government.

Further, I would hope that in the next round we can even improve on that until we achieve the full amount and when we have sufficient time to find enough people

from these various groups. At times, it is difficult to find a target group person or from one of the particular categories for—

* (1540)

Mr. Ashton: They do not have to be Tories.

Mr. Connery: Now the Member said they do not have to be Tories. I can assure you that there are not all Tories on these boards and commissions. There are Liberals and there are some NDPers who are on boards and commissions. I say to the Member that I resent the indication that you have to be a Tory. I can tell you what the criteria is to be on boards and commissions with our Government is that you have got to have the ability to do the job. That is the first criteria. I think we have done exceedingly well in making sure that the appointments are quality. In the Civil Service, we wanted to make sure that we did have a cross section of people. I think we have achieved that very well. When we look at the makeup of the Civil Service Commission, it is a very well made up board.

Mr. Ashton: Mr. Chairperson, I asked a very straightforward question. I realize the Minister did not have the information. It is obvious from his comments he does not have the information. I am wondering if he will commit himself to providing myself and the Liberal critic with information as to the current appointments that had been made by the Government, and a fair number have been made to boards and commissions. I am not referring to one specific area, I am referring to across the board. He is, once again, the Minister responsible for affirmative action. Can he provide Members of this committee, in writing, with a report on the current appointments, specifically as they relate to affirmative action for the Government as a whole?

Mr. Connery: When we have completed all of our boards and commissions, there is no question that we will be doing a final tally of all. I think particularly the Premier (Mr. Filmon), if I remember—and I have not done a tally personally. There were 40 percent women on boards and commissions, I think was the number that we achieved at that point. When we finally finish, then of course we will have it.

There is some difficulty in some boards and commissions. I can tell you the Manitoba Environment Council, who basically submit their own representation as far as affirmative action goes, is not satisfactory to me. I spoke to them on Saturday. I complained about this particular aspect, that I expected in the future to see more from the affirmative action group, that there was not near the female representation on the commission. I think they have very valued judgments when it comes to the environment. I am not satisfied with some of the boards but, some of them, we do not make the appointments. They are selected by certain groups and they make those appointments. I have spoken to Dr. Rollo before. I said, look, we need more people from the various sectors that make up the mosaic of this community

Mr. Ashton: The appointment of people to boards of commissioners is on an ongoing basis, so I do not

understand the comments of the Minister in regard to waiting until the process is finished. One of the reasons I am interested, for example, is the First Minister (Mr. Filmon) indicated how many women had been appointed, so presumably somebody somewhere is keeping track of that. He indicated there were 40 percent that had been appointed. The Minister has just indicated that, and that was some great increase over the period in which the NDP was in. Well, I checked the figures. The last figures I saw were basically that the number of appointments under the NDP was about 42 percent. So the First Minister (Mr. Filmon) is obviously finding the figures but does not know what happened previously. I am asking this Minister, and I will ask once again, if he will find out the current statistics in terms of appointments to boards and commissions, and provide it to this committee specifically as it relates to affirmative action.

Now, I also have some further questions relating to a subject that the Minister jumped into when he referred to the pink slip comments that he made. I want to indicate to him that the person who indicated that to me was in his own constituency of Portage, in terms of fear, in terms of working for the election, and the Minister has to remember that it was not that long ago in this province that many people did receive pink slips from the previous Conservative Government. There was a great deal of fear in the Civil Service during the 1977 to 1981 period. So people are looking at what has happened in the past, and they are looking at the statements that have been made by the Minister.

What I want to ask the Minister first of all in regard to this—and I indicated at the start that he had issued an apology, and so he should—I would like him to indicate who did he give his apology to, and has it been communicated to all civil servants.

Mr. Connery: The apology was sent, not because something wrong was done but in case somebody misinterpreted my statements, and that was the reason the apology was sent. There was no intent and of course the Member for Thompson (Mr. Ashton) knows that. He talks about pink slips. I can go back to an article in the Free Press prior to '86 when the now-Leader of the New Democratic Party (Mr. Doer) was absolutely violently mad over the firings of the NDP Government of civil servants, and there were humongous numbers. It went on to say that the Sterling Lyon Government who was supposed to have done all of this really had done very little because they were vacant positions. So we have to look at it in the context of realities and facts. The Member is not arguing realities and facts, but trying to put misinformation on the record.

Mr. Ashton: What misinformation? The Minister had better withdraw that comment. If he is talking about putting misinformation on the record, we stated in the House, we said that comments had been made about the pink slips. The Minister initially denied that. He came outside of the House, acknowledged that those statements had been made and issued what we thought was an apology. Now we find in committee on December 5 that it was not really an apology according to the Minister. It was just a clarification.

According to the reports I had seen, it was taken as an apology. It was certainly expected and taken as that by the people involved. Now the Minister is trying to "fudge" his way out of it. If he wants to talk about misinformation, he should check. He confirmed the allegations himself. So what is he talking about—misinformation? The only misinformation on the record was his initial statement in the House when he tried to deny that such statements had been made. I wanted to ask again if it was communicated to all civil servants.

I also want to refer to an issue that he has alluded to, and that is related to the subsequent harassment that took place of departmental employees. I raised this in the House. I talked to the Premier (Mr. Filmon) very shortly afterwards, and I appreciate, Mr. Chairperson, if you could ask the Minister of Health (Mr. Orchard) to go and deal with some of the pressing concerns in his department, rather than harass us in committee here.

I think the Minister would be better advised putting his time to use, for example, developing a decent AIDS policy in this province, rather than coming into this committee to harass us.

I want to talk about what happened. I discussed this with the First Minister (Mr. Filmon), who incidentally was aware of the individuals involved and some of the circumstances when I discussed it with him about one hour after it having been raised in the House. The First Minister subsequently indicated that he had talked to the senior officials, but I would like to ask if the First Minister or the Minister talked to the employees involved in those particular circumstances, either at that time, or have they talked to the employees involved subsequent to that.

Mr. Connery: It would be inappropriate for the Minister to speak to those employees. There is a process for making change. There was no harassment of the employees. Since there was only one deputy, there was a need to redeploy those two—I guess the Member for Thompson (Mr. Ashton) does not want to hear the answer because he is not listening.

Mr. Ashton: I was getting somebody who is asking me

Mr. Connery: "Boxcar Harold" is not quite the one to get your advice from. There is no harassment of those employees at any one particular given time.

Mr. Ashton: Have you talked to employees?

Mr. Connery: I would not talk to employees because, if they want to—there are many procedures that an employee has the right to go through to file a complaint. They can go to the Civil Service; they can go to their union; they can go to their personnel department, if they are concerned that they are being harassed. There has been absolutely no harassment of those employees and in fact we said to the MGEA, if you think those people have been harassed and you have got a concern, then take it to the Labour Board. We would be quite pleased to have the Labour Board resolve the problem. We feel that is the area that it should be dealt with.

When it first is raised in the Legislature, rather than going through the process that you have for employees who have a concern and feel that something wrong has been done, there is an appropriate process to go through. None of these processes were pursued and it arose in the House in a political fashion, so it is quite obvious that the whole situation is of a political nature for the NDP to try to score points, and there is no question that they scored some points because the press will report something like that. The facts of the matter are that it has never been taken to the Labour Board and they have that process of doing that. My Deputy and I have both said, if you are concerned that there has been something wrong, then there is due process and go through the due process.

* (1550)

Mr. Ashton: The Minister confirmed that he has not talked to the employees involved. I think that is obvious. The First Minister (Mr. Filmon) did not talk to the employees involved, yet the First Minister went into the House, subsequent to allegations being made, and saying he had no qualms or whatsoever in saying that the allegations were unfounded. Quite obviously, the Minister and the First Minister were not interested in getting all the facts and the information.

This Minister also knows that the MGEA and the employees involved have been in discussion with the Government in terms of some of the specific concerns of the employees particularly related to the fact that senior employees have been in dead-end positions or seeking real positions under the current circumstances.

If the Minister wants to make accusations involving myself, you know, I have less problem with that because I can deal with the Minister's allegations. The allegations that were made by the employees are part of a—they are signed affidavits, Mr. Chairperson. They are sworn affidavits outlining the circumstances that took place. They are very serious concerns that were expressed by those long-time employees in the department. He can attempt to argue in terms of credibility on this particular issue with myself, although as I said his own comments on issue about pink slips where he denied the comments in the House when they were raised by the Leader of the Opposition (Mrs. Carstairs). He can do that if he wants, but what concerns me is the situation facing those employees.

They have been going through due process trying to negotiate back and forth between the various lawyers involved and various officials, but this Minister and the First Minister have not been interested in getting to the bottom. I even made it clear in the House that I do not like the comments about the pink slips, that this did not relate specifically to the Minister. I made it clear that he was not at the meeting.

So I do not understand why he has not gotten to the bottom of it and I think, if he checked with the employees involved, they had been very fearful for the situation there. That is why they have raised it in the way they have. He would have found that there are definite circumstances there which he should deal with and, if anything, there should just not be an apology

from the Minister about his pink slip comments, but there should also be an apology, at least a letter of explanation as to why various comments were made to the civil servants involved, to the people involved. The long-time civil servants, I think, have the right to expect that, particularly given the totally inaccurate comments made by the First Minister several days later, comments he made without any thorough investigation of the entire matter.

In fact this Minister, even himself, in first reaction to these comments said he would favour some kind of investigation into it, but he has not even done one himself. Quite frankly, given the background, he has no right to talk about misinformation, Mr. Chairperson.

Mr. Connery: Well, you know, you would have to be a wizard to see any truth or any facts in what the Member says. Can you imagine what would be said in the House if the First Minister (Mr. Filmon) or I had spoken to those employees—intimidation. Again, I can just see the Member from Thompson (Mr. Ashton), screaming as he usually does, making all kinds of allegations. The process was done properly, it was done in consultation, it was done in consultation with the Civil Service. There was personnel with the Deputy Minister at all times. It was done in all due proper process. They were just moved to another job because those jobs became redundant. They were given jobs of equal pay, they were not—there was no cut in pay. They were not moved out of the department. They were treated in a way—they were which?

Mr. Ashton: Dead-end jobs.

Mr. Connery: Dead-end jobs. In one case, the one person wants to retire, I am told, in March, and so they were given jobs that they—what did they want? They were given, because of an opportunity to select a job, I am told, by the people involved, what would they like to do? Was there some pet project that they had had and were never able to do and now, because that woman would be retiring in March, we could maybe give her a project the department would like to do and that she would like to be involved in. That process was given to that individual so that there would be some meaningful work for the short time left. So I completely disagree with the allegations made by the Member that there was anything wrong. It was all due process. At all times, there was more than one person involved when there were interviews in the attempt to redeploy. I think the staff did an absolute proper job in how they handled the situation.

Mr. Chairman: Shall the item pass?

Mr. Ashton: I think if the Minister talks to the employees he would totally restate his position on that. I have always been willing to back up statements I have made in the House and I will continue to do so, including on this issue, because of very serious concerns made, very legitimate concerns, included in signed affidavits by the employees involved.

I have one other question and I know we are running out of time, so perhaps we can deal with our final

comments. It is in regard to contracting out. There has been concern about the policy of the Government in regard to contracting out of services. What I would like to ask the Minister is, what is the current policy in regard to contracting out? Second of all, what specific areas are going to be involved, areas where previously the work has been done by Government employees that will say in the upcoming Budget year, if we can confine it to that, can now be done by outside contract employees?

Mr. Connery: There is a clause in the Civil Service contract and the Government is abiding by that clause on contracting out.

Mr. Ashton: I did not ask what the clause was, or whether it was a clause where the Government was following. I was asking this Minister what areas will be let out, will be contracted out in the upcoming year which had previously been done by the Government employees.

Mr. Connery: Yes, at this point, I am not aware of plans to contract out. Of course, as you know, a lot of those decisions are made by Cabinet, and of course Cabinet has not developed a policy or done anything, so I am not able to make any comment on it.

Mr. Chairman: 1.(f) Labour Relations Services: (1) Salaries—pass; (f)(2) Other Expenditures—pass.

Resolution 27: Resolved that there be granted to Her Majesty a sum not exceeding \$4,613,700 for Civil Service, Civil Service Commission, for the fiscal year ending the 31st day of March, 1989—pass.

2. Civil Service Benefit Plans, provides employees of the Manitoba Government and its various boards, commissions and agencies, certain benefits as required by legislation or agreement; (a) Civil Service Superannuation Act—pass; (b) Canada Pension Plan—pass; 2.(c) Civil Service Group Life Insurance—pass; 2.(d) Workers Compensation Board (1) Assessments re: Accidents to Government Employees—pass; 2.(d)(2) Less: Recoverable from Other Appropriations—pass; 2.(e) Unemployment Insurance Plan: Government's Share of Premiums for Government Employees—pass; 2.(f) Dental Plan—pass; 2.(g) Long Term Disability Plan—pass; 2.(h) Supplementary Health Plan—pass.

Resolution 28: Resolved that there be granted to Her Majesty a sum not exceeding \$48,657,800 for Civil Service, Civil Service Benefit Plans, for the fiscal year ending the 31st day of March, 1989—pass.

The final section, (e) Levy for Health and Post-Secondary Education, \$13,133,200—shall the item pass? The Member for Thompson.

Mr. Ashton: Since this is the final item and there is no Minister's Salary, we could do our closing comments on this particular item.

Mr. Chairman: We can address this item, yes.

Mr. Patterson: Just briefly, I would like to reiterate that I would like to see the Minister and the department

make some significant progression in the area of affirmative action, which they have put down into a specific line of responsibility from the Deputy Minister in the Civil Service Commission on down. That is the only comment I have at the moment, Mr. Chairperson. Thank you.

Mr. Ashton: In closing, I would like to indicate once again my concern about what has been happening with the Civil Service, concern that stemmed from the comments made by the Minister. I will be continuing to raise the concerns about the departmental employees involved, and I want to give notice to the Minister that they certainly have no intention of backing away from the concerns that they expressed, and I will be raising it on their behalf as Civil Service critic for the NDP.

I want to indicate that the statement I made in terms of the not working the election came from his own constituency and whether he intended or not—and I said he probably did not intend it—that is what has happened as a result of his comments, and I think it is up to the Minister, having opened the Pandora's box, so to speak, in this particular issue, to deal with it. It is going to be quite some time, I feel, before he is going to be able to regain the trust of the Civil Service.

I want to indicate too in regard to affirmative action that the statements of the Minister ring very hollow. He indicated earlier that he did not have stats to back up his statements that affirmative action was not working under the NDP. As it turns out, affirmative action was essentially, in the comprehensive form we know today, introduced by the previous NDP Government and we are going to be watching very closely to make sure that this Minister builds on that base, because that is what is needed, is further improvements. I am not saying that all was done that needed to be done. There is certainly a lot more to be done.

I am going to be looking to this Minister for a commitment on the recommendations made by the McDonald Report, whether it be in terms of within the Civil Service, Crown corporations or contract compliance, because that report outlines how we can introduce affirmative action in this province in a far better way.

* (1600)

I will be looking for direction from the Minister from figures that apparently are available from some source as to what is happening in terms of boards and commissions, because we are hoping once again that the progress that was made in that area can be improved. As I said, when we took office as the New Democratic Party in 1981, about 20 percent of all boards and commission appointments were women. It was increased to a level of over 40 percent by the time we left office. There were virtually no chairs of boards and commissions who were women, for example, and when we left office there were a significant number of chairs of boards and commissions who were women. The same is the story for other target groups, whether it be in terms of Native people, whether it be in terms of visible minorities or whether it be in terms of the disabled. There was distinct and definite progress made. I would

like the Minister to provide us with that information. I realize Estimates is finishing but, if he could provide information on the number of appointments to boards and commissions from affirmative action target groups, it would be greatly appreciated.

Finally, in regard to contracting out, I was very disappointed that the Minister did not have a response on that. He is a Member of the Cabinet making decisions. I am already receiving reports of incidents of contracting out that are being made. As the Minister responsible for the Civil Service, it would seem to me that he should be directly involved. First of all, any contracting out has to be cleared as to whether it is legal in terms of the collective agreement. But whether it fits within the parameters of the collective agreement or not, there is a definite question of public policy involved, whether this Government wants to proceed the same way that other right-wing Governments have done in Saskatchewan and B.C., a course that I would say would be a major mistake for this province, or whether they want to ensure that we have the proper level of services delivered by the Civil Service in this province that we deserve.

These are ongoing issues. They are going to be raised, I know, by our caucus in the House in Question Period and they are going to be raised in the upcoming Estimates. The bottom line, as I said, is that we are going to have to see real action on affirmative action from this Minister, not platitudes and empty criticisms. We are going to have to see some definite direction in terms of the contracting out, a clear policy from this Government, hopefully one which will not have major privatization. Finally, the Minister is going to have to repair the damage that he has done to the Civil Service because of his comments and the inability of him and his Government to repair that damage. It will take a long time until he does it, the first step being he recognizing the serious damage that has been done to the atmosphere in the Civil Service. Thank you, Mr. Chairperson.

Mr. Connery: Mr. Chairman, I could take an hour to reply to some of the comments made, but realizing that there is a time limit that they have imposed, and rightfully so, they should have an opportunity to ask questions of the other departments or it would be embarrassing to an Opposition that did not have the opportunity. Once again, I thank the Members for their participation, for their confidence in me as the Minister that they have exhibited, and the praise that they have for our Government in the way we are handling the affairs of this province. Thank you very much.

Mr. Chairman: Resolution 29: Resolved that there be granted to Her Majesty a sum not exceeding \$13,133,200 for Civil Service, Levy for Health and Post-Secondary Education, for the fiscal year ending the 31st day of March, 1989—pass.

That brings to a conclusion the discussion of the Estimates of the Civil Service. I thank all Honourable Members for their cooperation.

Mr. Connery: I will continue our deliberations on Thursday night at six o'clock.

Mr. Chairman: A brief recess then before we start the next department.

(RECESS)

SUPPLY—NATURAL RESOURCES

Mr. Chairman, Harold Gilleshammer: I will like to call this committee to order. This section of the Committee of Supply will be dealing with the Estimates of the Department of Natural Resources. We will begin with a statement from the Honourable Minister responsible.

Mr. Jack Penner (Minister of Natural Resources): I have no written prepared text.

Mr. Chairman, it is certainly a pleasure for me to be here, to appear before you. At this time, it is, as you know, somewhat of a rather new experience for me, being a newly elected MLA and also a new Minister at this time, certainly has given me the opportunity to learn a few things that I had not known previously, and certainly has provided a new experience.

I suppose my arrival as a new Minister can be likened to baptism under fire in some cases, I suppose. The day that I took office was a rather unique one in that we had flooding in the Swan River and a fairly large flood, and I guess one of the largest fires that this province had ever experienced in the southeastern or the southern part of the province, and dust storms the likes of which I had never experienced before in this province. The devastation caused by the weather systems that went through this spring were, I guess, an indication as to how we should focus on the needs and how we should address a number of the issues such as land and water resources especially in the Department of Natural Resources.

The resources at my department are charged with managing, and the services the staff render impact on a very wide spectrum of Manitobans. They range from farmers to fishermen, to trappers and loggers, naturalists, recreationalists, and I have gained an additional understanding of the need to maintain our resources and the infrastructures involved.

No. 1, we need to maintain the business and the industries that are so dependent on our natural resources, and to ensure that we can sustain future developments in such industries as forestry, fishery, and agriculture. Our forestry industries are especially dependent on the sustainability and our ability to not only harvest in a regulated manner, but also to make sure that we regenerate the resources in such a manner that our future generations will be able to enjoy the same benefits that we derive out of the forest industry. Fishing and our fishing industry, whether it is the commercial fisheries or the sports fisheries, generate large numbers, large dollars, and many employment opportunities in this province, and again need to be dealt with and managed properly so that we do not have the same sort of a situation that arose in the Winnipegosis; in the lake there.

(The Acting Chairman, Darren Praznik, in the Chair.)

Agriculture again seldom ever is addressed when we talk about "natural resources," but agriculture I guess is one of our most important renewable resources we have, and so is impacted fairly severely by policies in

water management and land management, and how we develop those resources will have quite a large impact on the future of our farming sector. I believe it is important that we pay a lot of attention to those areas in the province that are dependent on industry and industrial development and how we sustain those development opportunities and manage the ability of those industries to be able to survive.

When I talk about that, I think it is important that we note the seriousness which the province faced this spring and will face again probably next spring if we do not get a much larger snowfall than we have this far. The runoff that will be generated by the snow that is present now on the fields simply will not be adequate to restore our storage areas and our storage basins with the volumes of water that will be needed to sustain some of the capacities in some of these storages.

* (1620)

My Government has begun to deal with the obvious needs of the province by including some changes in the current Estimates over the previous years. Some of the examples, I guess, and the initiatives include the acquisition of another water bomber to help us fight the large number of forest fires that we had in the province and the increased funding to the fire suppression by about \$13.3 million to enable the outstanding effort this year of suppressing the 980 forest fires of this past season.

I think it is only due to the effort of the people in the office and in managing and coordinating properly the efforts of the people that we had in the field. Also, the people in the field need to be congratulated with the job that they did and the efforts that they put out. I was fortunate enough to view some of the firefighting activities when they went on this spring and during the summer months. I have nothing but praise for the manner in which the efforts to put out the many fires that we had in the province were conducted.

Additional grant funding to some of our organizations is something that we paid some attention to, especially the International Peace Gardens. We granted an extra \$100,000 to the Peace Gardens this year to enable them to deal with their waste disposal problems that they were having. It also threatened the water quality in one of the lakes. We thought it would only be good business to make sure that they had the kind of funding to upgrade the facilities that had been put in place there. I think it is also important to note at this time that in times past not enough attention, I believe, has been paid to managing and restoring, in other words, rebuilding what we had built before.

I think the upkeep on some of the facilities that we have had has been neglected to the point where we are going to have to spend some large dollars in making sure the infrastructure that is in place in our parks and other areas is going to be of such a quality that we are going to be able to provide the services through those facilities that are there and that our tourism industry especially is dependent on. That is something that again we have indicated through grants, such as to the Peace Gardens and other organizations, that we

can in fact upgrade the facilities that have been built there.

We are, at present, discussing a provincial soil and water strategy. We announced the basis of the strategy a few weeks ago. The development of a water policy was also announced. Some funding for that development of the water policy and provincial soil and water strategy is contained in the Estimates. We believe and I believe it is extremely important that we put a lot of emphasis in the next while into developing not only a soil and water strategy but virtually a guarantee to those who have become so dependent on an assured supply of water in the province. We need to build more water storage structures in the province. We need to pay a lot of attention as to the kind of quality of water that we have in the province.

The soil strategy will be directed largely to ensuring that the agricultural base, the forestry base that we are dependent on, will be maintained and that some of the siltation problems that we have had in some areas such as Dauphin Lake and the tri-lakes area can be stemmed. Hopefully, with proper future funding and participation of other jurisdictions, we will be able to move towards a proper management of our soil and water in this province.

The Cook's Creek Drainage Project was proceeded with, as were many other projects such as the Polder III, Washow Bay and the Carman Diversion projects, were some of the major ones that we proceeded with. I believe that we must again pay attention to ensuring that our agriculture base by way of maintenance of our water drainage systems is maintained and enough funding put in place to assure that the infrastructure that has been built over the years is maintained. Maybe we will have to redirect some of our attention to maintenance and rebuilding instead of expansion of some of these kinds of systems.

I want to indicate that the cooperation that I have had from my staff is second to none. The quality of the staffpeople that we have in our department, the knowledge that is there is not to be questioned. I have a great deal of admiration for the way they have helped me deal with some of the issues and the kind of education that they have provided me with to allow me to do my job.

I would also like to at this time indicate that if there are questions on either the total report, whether we go through it on a line-by-line basis or by branch basis, I leave up to you. I would however suggest that maybe we would want to go through the report in a branch-by-branch basis, if that concurs with your thinking. That is all I have to say at this time, Mr. Acting Chairman. If there are questions, I will try to answer them.

The Acting Chairman (Mr. Praznik): Thank you, Mr. Minister. We will now have the customary reply by the critic of the Official Opposition, the Member for Wolseley.

Mr. Harold Taylor (Wolseley): Mr. Acting Chairperson, I will not be making a lengthy response. I would prefer to spend the majority of our time, quite frankly, in

questions and answers because I feel that is more beneficial. I would like to, before we get into the give and take of that section, make comment of the fact that I like some of the things the Minister has said. I wish I felt more comfortable with them given some of the performance we have seen over the last seven months, particularly as it relates to the latest buzzword that the Government has grabbed hold of, "Sustainable Development Fund." We do not seem to see much sustainable development in actuality when one looks at Government programs.

Also, I have serious concerns about what this Government and these Ministers see as their role, their attitude toward land husbandry and the custodial role that they play in regard to the natural resources of this province and then including playing the role of landlord. The point the Minister made about the problems that beset Manitoba at the beginning of the term of the Government cannot be denied and was not an easy way to start, and I think that has to be accepted.

I will be asking numbers of questions in the area of forest protection, forest renewal, and that would be one area I will be delving—

The Acting Chairman (Mr. Praznik): Excuse me, could the Honourable Member please pull his mike forward a little bit. We are having a hard time picking him up.

Mr. Taylor: It is interesting to note the difference in these mikes than the ones in the House where everything is picked up, some of which should not be. Is that better? Can the Hansard staff hear now?

Also, there will be a couple of items that I will want to be getting into as they relate to the City of Winnipeg and areas that are under the purview of this Minister and are things that I have worked on while at the city, specifically The Rivers and Streams Act and Dutch Elm Disease.

I will want to get into some other areas as well as forestry practices, wild rice production, for example, practices in the fur industry. Naturally, I will also want to be getting into a Crown land policy and specifically expenditures of the ministerial office, and the media and P.R. budgets are some things that I would like to get into in some detail. I will be looking for answers as to where this Government is coming from in its attitude toward conservation, preservation, and whether it really does adhere to those principles or not. Without further ado, Mr. Acting Chairperson, I will summarize my opening response and I am looking forward to the question and answer.

* (1630)

The Acting Chairman (Mr. Praznik): Thank you, Mr. Taylor. We will now hear from the critic of the Second Opposition Party, the Member for The Pas (Mr. Harapiak).

Mr. Harry Harapiak (The Pas): Mr. Acting Chairman, I too will have a very brief statement because I prefer to leave most of the discussion to question and answer period, but I guess I just like to sympathize with the

Minister when he took his position as Minister of Natural Resources (Mr. Penner). I had the opportunity to visit some of the areas that were affected as Minister responsible for the Manitoba Disaster Assistance, and I noted he was faced with some big difficulty which the province had no choice but to respond to the disasters that the citizens of our province were faced with.

In the area of regional services, there are numerous issues that I will be asking questions on ranging from park use to illegal hunting and trafficking of big game and fish; in the engineering and construction division, we want to be sure that the North is not being neglected altogether. I know that the Polar III Development is going ahead. I guess there are people in The Pas who are saying it is about time, and I give the Minister credit for finally moving the department to move on that project.

The whole area of sustainable development has become a very popular word with the Government, and I am sure that the Minister is aware of a study that we carried out and that was at the Water Management Strategy and I do not think that is much different than what is going on in place now. I want to see what different approaches there are that would make it much more acceptable.

In the whole area of water resources, I think it has been raised already, the Rafferty-Alameda. I would have hoped that the Minister would have seen the wisdom to having public hearings because the citizens of Manitoba need to be assured, and I do not think that they will be until there are public hearings, so I hope that the Minister would some day come to the conclusion that it is necessary to have those public hearings to assure the citizens that the quality and quantity of their water will be protected. Then I think, when you look at that whole project, I think there are some benefits to it for Saskatchewan and there are some minuses as well. I think it would be much more acceptable if the people had an opportunity to voice their concerns.

In the area of parks, I want to look at the availability of cottage lots and lack of such in northern Manitoba. I would be asking questions in that area, as well as what is happening in Hecla. I want to know what different approach this Minister has brought to that Venture Tours, from that approach that had been started under the New Democratic Government. I think there had been a different approach taken already but, to listen to the newscasts, I am not sure if that was misinterpretation in the news media or if the Minister was not giving us any credit whatsoever for having addressed the problems there.

The forestry, it is a very important industry to Manitoba. We must continue to aggressively carry on with the reforestation program that was started by the New Democratic Party. I know that there is still some need for further development in that area, and I hope that the Minister gives us some idea of the plans that he has in the forestry industry.

The fisheries, I just wish we had more time than we are going to have in this area, because I know that is a traditional occupation that is being affected by some

of the dam-building in the province and some of the losses of the spawning areas because of the Hydro development. There is also some conflict between the sports fishing and commercial fishing. I just want to know how the Minister is going to be addressing that, as well as the whole area of Lake Winnipegosis. What have been the results of the stoppage of fishing and what are their plans to re-establish fishing in that area? The five-year report is very interesting and there are some questions that will be raised in that area.

In the whole area of wildlife, I guess the trapping is something that needs to be addressed, the whole area of humane trapping. Will there be assistance for the trappers who are converting to that new system? While we are talking about the area of wildlife, I guess the people's safety during hunting season needs to be addressed because we have been informed in the Erickson area where some of your staff have been informed some of the farmers in that area were hiding their children in the basement because of all the stray bullets that are around during the hunting period.

I am not sure how we address that but we need to have a discussion on that, as well as extending the hunting season in the parks. I think there were a lot of fears raised when the staff went ahead and started carrying out the surveys on extending the hunting to other species in the Falcon Lake and Whiteshell area. So I think there were a lot of fears raised and I think that people need to be reassured that there is not going to be an extension of hunting in that area. That is something that we will be raising as well.

So I know that we are not going to have time to address all these questions because of the limited number of hours, so I think maybe we should just stop at that point and get into the line-by-line, or department-by-department or area-by-area discussion.

The Acting Chairman (Mr. Praznik): I would thank the Member for The Pas for his opening statement. I would remind Members of the committee that debate of the Minister's Salary is deferred until all other items in the Estimates of this department are passed.

At this time, we would invite the Minister's staff to take their places at the table by the Minister. I would recognize the Honourable Minister at this time to introduce his staff to the committee.

Mr. Penner: Mr. Acting Chairman, I would introduce to you Dale Stewart, my Deputy Minister; Rich Goulden, ADM; Derek Doyle, Assistant Deputy Minister; and Bill Podolsky.

The Acting Chairman (Mr. Praznik): 1. Administration and Finance: Provides policy and program development and administration for the department, including research and planning, financial, personnel, computer and audit support services, also provides for a grant payment to Venture Manitoba Tours Ltd. (b) Executive Support: (1) Salaries, \$223,300.00. Shall the item pass? The Member for Wolseley.

Mr. Taylor: A question please, I would like the numbers of staff years involved here and whether there has been

any change and whether there are any staff members being funded in other fashions, as we discovered in the Environment Department.

Mr. Penner: No, the number of people staffed—and I would need to, for clarification, ask which positions you are referring to.

Mr. Taylor: I am referring to (b) Executive Support in line 1, Salaries. I want to know the number of staff years in there, in the sense of normal ministerial staff, and if there are any others who are funded in any other special fashions.

Mr. Penner: In the Executive Support staff, we have seven staffpersons: two managerial, two professional and three administrative.

Mr. Taylor: Are these the same numbers as before you took office, Mr. Minister?

Mr. Penner: These are the same numbers that were there prior to my taking office.

Mr. Taylor: Can we have a breakout as to the titles of the positions, please?

Mr. Penner: We have one executive assistant's position identified here which is vacant. I have not appointed a special assistant. We have one administrative secretary and we have a Deputy Minister and an administrative secretary, an executive assistant, an administrative secretary to the Deputy.

Mr. Taylor: Could we have a copy of that org. chart, please?

Mr. Penner: Yes.

Mr. Taylor: And are there any other positions that are in the same area, performing work in that area, which are seconded out of the main department and would not normally show up on that organization chart?

* (1640)

Mr. Penner: We have one person seconded out of the department who is now working in that department.

Mr. Taylor: What is the title and function of that person, please?

Mr. Penner: An assistant to the Deputy Minister.

Mr. Taylor: And where is that person seconded from?

Mr. Penner: Out of the administrative department.

Mr. Taylor: Thank you.

The Acting Chairman (Mr. Praznik): Further questions?

Mr. Jay Cowan (Churchill): I would ask the Minister if this is the area that would develop the policy with

respect to the restriction on burning of fires in the province.

Mr. Penner: I am sorry, the restriction on burning of fires, what sort of fires?

Mr. Cowan: The burning of fires in areas where Crown land might be affected.

Mr. Penner: Regional Services.

Mr. Cowan: But who develops a policy that would guide Regional Services with respect to that?

Mr. Penner: The director of the department would be responsible for developing that policy.

Mr. Cowan: How would this particular section be involved in that process?

Mr. Penner: Normally what would happen is, when a policy change would be required, the Minister would ask that staff develop a proposal for policy changes and that those changes then be submitted to the Minister for ministerial approval.

Mr. Cowan: As the Minister is aware, there is a fire now burning at the Ruttan Mine site outside of Leaf Rapids. It is my understanding, and I would ask confirmation of that, that Natural Resources was approached with respect to permits required for that burn to take place by the company. I would ask the Minister if that is the case, if that happened in this instance.

Mr. Penner: The normal procedure would be that during high fire seasons or during very dry periods of time when the fire situation would be extreme, permits would be required. However, at this time of year, there would be no permit required to light a fire of the nature that you are referring to. Neither has there been a request for a permit at this time to light the fire you are referring to.

Mr. Cowan: I was told just today by Government employees, not employees of this particular department but Government employees nonetheless who are involved with that particular situation that the company requested approval from Natural Resources before they started that fire. Is the Minister saying that is not the case?

Mr. Penner: The only permit that has been requested from our department and issued has been a permit to provide sand to extinguish the fire, to assist in extinguishing the fire. It is the only request for a permit that has been made and issued.

Mr. Cowan: So the Minister is saying that the company never approached the department or departmental staff to request permission to start this fire that would have taken place approximately a week ago?

Mr. Penner: To the best of my knowledge, that has not happened, nor is it required.

Mr. Cowan: I would ask the Minister then, and I do not expect an answer from him now, if he can check with his departmental staff at all levels to see if that request had been made because I will tell him that a Government employee, one who is responsible for monitoring that situation, told me not more than four hours ago today that not only had Natural Resources been asked and given approval for that fire, but also that he had been asked by the company if there was anything that would restrict the company from starting that fire under the legislation for which he was responsible. He indicated that, no, there was nothing in the legislation that would prevent them from starting that fire, but he very clearly indicated to me that Natural Resources had been involved.

Mr. Penner: Certainly not to the best of my knowledge, that has not been the case but I will certainly look into it.

Mr. Cowan: Maybe if the Minister can come back with that information later in the evening, that would be helpful because I think it is important to resolve this issue as quickly as possible.

The Minister indicated that there had been a request for sand to be used to smother the fire. Can he indicate when that request came forward and who made it?

Mr. Penner: Maybe just to get back to the other issue, if you could provide me with the person's name as to who you were talking to, it might be simple then to trace this whole thing down.

Mr. Cowan: I will do that privately.

Mr. Penner: Okay. Again to the best of my knowledge, the request for a permit was made yesterday or early today and was also provided.

Mr. Cowan: Has the company indicated how long they believe it will require them to have that request in effect, in other words, how long it will require for that permit to be available before the fire would be out?

Mr. Penner: The permit that I was referring to was a permit for sand that could be used to extinguish the fire and that could be had immediately. There is no requirement or a time limit on this.

Mr. Cowan: And it can continue as long as required?

Mr. Penner: It can continue, Sir, till the fire is extinguished or until they have no further need for it.

Mr. Cowan: I thank the Minister for the information and we will provide him with the name privately because it is an employee of the Government, and we will do that immediately following my questioning. The reason I bring it up, in this particular area of the Estimates though is, in fact Natural Resources was asked, then it is more pertinent. But even if they were not asked, I think there should be a requirement to ask Natural Resources when a burn of this sort is taking place, any burn of a landfill site, and I would ask the Minister if

he would be prepared to ask his departmental staff in Research and Planning to review this particular circumstance.

It is, to my knowledge, the first time that this situation has existed in a mine of this nature—there may have been other occurrences, but I am certainly not aware of any in the last number of years—to ask the Minister to ask his staff to review the whole policy area and to come up with some guidelines for the burning of landfill sites, where Natural Resources is approached, in close proximity to either industrial operations or close proximity to communities.

There is also a second danger in this area, and that is there are two roads in the immediate area. One is the road to Ruttan Mine, which runs from Leaf Rapids, Highway 391; and the other is a cutoff of the road to Ruttan Mine, which runs to South Bay which is used for travel to the community of South Indian Lake. People may in fact be travelling along those roads and the smoke, if it changed direction into a north or a northwesterly direction, the wind would have changed direction, the smoke could cover the roads and they would be travelling through smoke of a nature of which we are not certain and one which could very well be very much hazardous to them. So there should be some warning provided to those individuals to ensure that they are aware that this is just not normal smoke, that this smoke comes from a waste facility and could contain hazardous substances within it.

So I would ask the Minister if he can develop a policy around it generally so that the department can have a bit more control over circumstances of this sort, and we can learn from this lesson; and secondly, if he can provide some direction to his staff in the area to ensure that residents of South Indian Lake and residents who might use Ruttan Road are aware that there could be hazardous circumstances involving travel in that area.

* (1650)

Mr. Penner: Well, certainly, Mr. Acting Chairman, we can take a look at this whole area of where, when and how we allow the setting of fires.

However, I think we need to also express some concern though over the ability for companies and individuals to be able to make decisions that would affect their own businesses to some extent. It would appear to me that under the current regulations as they are written, there is enough of an assurance in place that would ensure that fires in other areas would not be set at this time of the year, that the requirement for restrictions during high fire seasons are adequate at this time, at least from what I have seen, and in some cases may be even somewhat restricted.

I would refer to you an instance that happened this spring, whereby a farmer had not been able to get on—and it happened in the Swan River area—was not able to get on to the land the fall before to clear the straw off his land, and this spring was flooded out and was not able to access his land in time until the surrounding areas became clearly dry and the weather became fairly hot. That person was not able to work

his land because of fire restrictions and restrictions that we put on setting of fires. And I refer you to this person, he wanted to burn some flax straw and, had not a special permit been issued to that person, that person would simply not have been able to seed his land.

I think we need to be very careful that we do not put in place restrictive measures that would impose hardships on others. We must, however, also be very careful that we do not allow for the setting of fires that will endanger people's lives, either through causing smoke screens on highways and those kinds of things. So it is a very delicate area of addressing that policy that we are dealing with here. We will certainly again review the policy that is in place and see whether changes should be made either to restrict the setting of fires, which you are talking about, or others for that matter.

I think it is also somewhat companies, when they set fires such as this one, need to also exercise some responsibility and it would appear to me that they would. However, I think if I read the situation correctly as I have heard the issue being addressed, they did want to ensure that the area that they were dealing with was, in fact, safe, and for that reason set the fire to ensure the safety of others entering the area.

So I say to you that, if and when we address this policy, we need to be very careful that we do not impinge on people's rights to the extent that they are not able to make judgments and decisions that will allow them to operate.

Mr. Cowan: I have just one piece of unsolicited advice—and I probably have more than that—to provide to the Minister. I would provide this piece and that is in these areas, if one is going to err, and one does, one should always err on the side of caution and on the side of protecting the safety and health of individuals. One can always make exceptions as the Minister did or his staff did with respect to the situation with the farmer who needed to burn off some flax. That can be done. And when one does that, one reviews the situation and takes into very careful consideration whether or not there is going to be a safety or a health-related problem that would flow from that exemption. One makes a decision that there is not and the exemption is provided. Sure it is a bit more time consuming, it is a bit more costly, but in fact the mechanism is there to allow for those exceptions to be made or those exemptions to be made.

What I would like to see in place is some policy that ensures, before that exemption is made, people are given every consideration with respect to unanticipated consequences of the setting of a fire in Crown land areas, and that is what I am asking the Minister. I take from his answer that is what he will be reviewing, and I appreciate that.

In this instance, I just have to correct the record as well. I do not believe that the company started the fire so much as the procedure to protect the safety of individuals in the area, but to protect the safety of workers working on that particular fill process in the

area. And I say that because it is an important point. It is not like individuals who were not directly affected with the situation being under some sort of threat. They were not.

There was a worker who felt that the situation was such, probably a company as well, that they were in danger if they proceeded along the procedure they were using. That is something that they took into consideration. I do not know that they had to start a fire in order to solve that problem. It was an overhang they were dealing with and there are other ways of getting rid of overhangs although that may have been the most expedient and the least expensive way of getting rid of the overhang. I am not so certain that this was the only procedure available to them. In fact, when it was implemented, it has resulted in some harm to others. For that reason, one would want to have the decision making in the front end of it as stringent as possible so that every alternative is reviewed before proceeding with any one alternative.

Mr. Penner: Again, I think we can stress this area and put as much emphasis on this area as we want to. However, I think it is also important that individuals and individual companies exercise some management ability. We give them the right to exercise management ability. It would appear to me that the company when they set the fire or the individual who works for the company had set the fire would have looked around and said, are there any exhaust or intake fans around here that will draw the smoke into the mine shafts and cause the problems that it has. It appears that is probably the cause of this whole thing, that not enough caution was exercised by the people who in fact set the fire.

It would appear to me that we would be somewhat remiss in putting in place laws that would restrict the management of a company such as the company that we are discussing here. It does not matter whether it is a mining company or a forestry company or others, I think that there must be some leeway and allowances given that those kinds of decisions can be made by those people. I think Government at all times wants to be very careful that we do not restrict the operations of industries to such an extent that they find it impossible to operate.

Mr. Cowan: There is a bit of a philosophical difference. Rather than prolong the Estimates, I just want to make note of the fact that certainly one would agree that you do not restrict the operations of a company to the extent where they cannot operate, unless they are operating in a manifestly unsafe and unhealthy manner. I also believe that it is the role of Government to provide regulations which ensure that where a company does make a mistake such as they did obviously in this instance that there is some mechanism to protect others against oversights on the part of companies or individuals.

We have that spread all throughout the Minister's department. Again, I think the extent to which you do that is a philosophical difference of opinion and there is room for honest people to differ on this particular subject. I do want to make the point that I do not

entirely agree with the focus which the Minister put forward, but I understand his approach and I hope he understands mine.

Mr. Penner: I do up to a point. I do, however, also take exception to the fact that you are inferring that some of our staffpeople have probably been remiss in their ability to do their job or in the way that they have done their job. I simply do not accept that.

Mr. Cowan: Not to let the record stand confused on this issue, the way I approached the question—I choose my words carefully and I choose approaches carefully—was to ask the Minister to develop policy so that staffpeople are in fact empowered to take the decisions which are required of them. I am not in any way reflecting upon the staff who were or were not involved because we were told there were no staff involved at this point in time. What I am suggesting is that there needs to be a policy in place that ensures that staff can do their job well. In this instance, I do not know it to be the case that anyone has done their job badly and I do not think the Minister should suggest that I have suggested that, or that in fact happened.

Mr. Penner: I just want to make very clear that we both understand that my staff were not involved in the setting or giving permission to set the fire because it is not required. Under the law, it is not required at this time of year. So if you accept that, then I will accept your explanation.

* (1700)

Mr. Cowan: So that we are clear, and I apologize for taking quite so much time on this, but there are people who are relying on this discussion in a most urgent fashion. The point I asked, and it is what I would like the answer to, is, did the company approach Natural Resources staff, and did Natural Resources staff respond to that approach? That is all I am asking.

Mr. Penner: We will get you the answer as soon as we have the name of the staffperson who you were talking to.

The Acting Chairman (Mr. Praznik): Shall the item pass? The Member for Wolseley.

Mr. Taylor: Will that photocopied org. chart, along with the added-on person's, title, name and salary be received during these deliberations?

Mr. Penner: Yes.

The Acting Chairman (Mr. Praznik): 1.(b)(1)—pass; 1.(b)(2) Other Expenditures \$87,700—pass;

1.(c) Resource Allocation and Economics: (1) Salaries \$895,800.00. Shall the item pass? The Member for Wolseley.

Mr. Taylor: I wonder if we could also get an up-to-date organization chart, title and salaries again on that one. No other questions.

The Acting Chairman (Mr. Praznik): Shall the item pass?

Mr. Penner: Yes, we can provide that.

Mr. Harapiak: I have a question on the development of ecological reserves. It appears that there is a misunderstanding out there in the community amongst the trappers that if they are allowed to trap on the ecological reserves or they are not, and I am wondering if the Minister can clarify that for us. Is trapping allowed on ecological reserves?

Mr. Penner: The answer is no.

The Acting Chairman (Mr. Praznik): The hour being five o'clock—the Member for Churchill.

Mr. Cowan: On a point of order, it is my assumption that leave will be granted for the continuation so staff should not leave. We will probably be coming right back in here.

The Acting Chairman (Mr. Praznik): The Member's point is not a point of order but well made, nonetheless. The committee shall rise, the hour being five o'clock.

I believe that Private Members' Hour has been waived. We will have to adjourn to return to the House for leave to be given and so that committee rises, but I would caution staff to please remain in the room and, should leave be granted by the House, we could return in, say, seven or eight minutes or so.

This committee shall recess, not rise.

(RECESS)

SUPPLY—NATURAL RESOURCES

Mr. Chairman, Harold Gillehammer: I would like to call this meeting on the Natural Resources Committee to order.

1.(c) Resource Allocation and Economics: (1) Salaries \$895,800—the Member for The Pas.

* (1710)

Mr. Harry Harapiak (The Pas): The Minister said that the trappers are restricted from hunting in ecological zones and I am wondering if there is any possibility of re-evaluating that policy because I think there is nobody more environmentally conscious than the trappers when they carry out their duties and work as trappers. Most of the damage that could be done to these ecological areas is to the plant life and in the winter months the plant life is dormant, in any case, so I think that if they could re-evaluate this policy that it would certainly be very welcomed in the trapping community.

Hon. Jack Penner (Minister of Natural Resources): I certainly appreciate where you are coming from and I also appreciate the concerns if there are those concerns. To the best of my understanding, the ecological reserves are in most part very small areas

that have been established so far, and this is certainly new to me because I have not heard up to now any concern raised either by the trapping fraternity or others to allow trappers into these ecologically set aside areas.

I think the intent when the legislation was put in place was to make sure that there were small areas in the province that would be maintained in a natural state, whether it be wildlife or plant life or whatever, and that is why the ecological reserves were established, as I am sure you were aware of. That is why they are maintained as they are and, if you are indicating now that you think that we should change the policy to allow trapping in the area, I guess we would have to take a look at it but with some concern.

Mr. Harapiak: There are three areas that this issue has been raised with me and that is the area of the Camperville, the Pelican Rapids and the Moose Lake areas where there are ecological reserves and the trappers in those areas are saying they are being restricted. I realize they are small areas but, if they could look at them and see if they can accommodate both and preserve the ecological effects of that area and allow trapping, I think it would be something that would be welcomed by that group of Manitobans.

Mr. Penner: Well, I am not quite sure how large the area would be that you are referring to or whether it would be significant enough of a concern to make changes to the Act at this time. I think it is important to note that there would be many in this province who would voice their concerns loudly and clearly if we attempted to allow others to take animals from those restricted areas at this time.

Mr. Harapiak: In the same area, there is a reduction of three staff years for communications. Is that communications staff operating from a different area or has there been a reduction in communications and, if so, what programs are going to be affected by a communications reduction?

Mr. Penner: There has been a redeployment of a media technician and also an illustrator and also a media specialist, so I really do not think that the redeployment of these three people who you are referring to will have a great impact on our ability to communicate out of Natural Resources the issues that need to be dealt with on an ongoing basis.

Mr. Chairman: 1.(c)(1)—pass; 1.(c)(2) Other Expenditures \$193,400—pass.

1.(d) Financial Services: (1) Salaries \$859,600—the Member for Wolseley.

Mr. Harold Taylor (Wolseley): What is the reason for that jump on the Salaries on this one?

Mr. Penner: The reason for the adjustment to the number that you see here in Salaries is pay equity. We have a large number of clerical people in that sector, and that is the result of pay equity that you see there.

Mr. Taylor: Just jumping ahead, is it fair to say that is the same in the next line, or is there something else

happening there? I know we are jumping ahead, but I will deal with it, if that is all it is.

Mr. Chairman: 1.(d)(1) Salaries—pass; 1.(d)(2) Other Expenditures \$222,800—pass; 1.(e) Human Resource Management: 1.(e)(1) Salaries \$754,500—pass; 1.(e)(2) Other Expenditures \$172,300—pass; 1.(f) Computer Services: (1) Salaries \$256,200—pass; 1.(f)(2) Other Expenditures \$42,300—pass.

1.(g) Administrative Services: (1) Salaries \$672,900—the Member for Wolseley.

Mr. Taylor: Again, an increase in Salaries, are there any position changes here? In particular, there is one person, I think that this is the source of seconded staff. Is that right?

Mr. Penner: Yes, that is correct.

Mr. Taylor: I see though, as well if you are seconding a staff, I assume you are paying your staffperson still out of that budget line, and that those increases otherwise are just pay equity, or are there other staff increases in here?

Mr. Penner: There are a few other minor adjustments, one of them being the agreement adjustment and, No. 2, some merit increases that are included in that number.

Mr. Taylor: When the Minister says, "agreement adjustment," is he referring to the contract with the MGEA or what does he mean?

Mr. Penner: The MGEA Agreement adjustment, that is right.

Mr. Taylor: Right, and the seconded staffperson out of this area to his office is who now? What level is that at?

Mr. Penner: The person whom you are referring to is an administrative analyst. I am not sure whether you wanted the name of the person? The name of the person is Bob Brooks.

Mr. Chairman: 1.(g)(1)—pass; 1.(g)(2) Other Expenditures 122,600—pass.

1.(h) Internal Audit (1) Salaries \$151,600—the Member for Wolseley.

* (1720)

Mr. Taylor: Yes, I am trying to get a feel for what the role of the unit is. Are these the carrying out of operational audits on a periodic basis throughout the department, or is there some other role and it is more financially oriented? What is the role that we are seeing here?

Mr. Penner: Basically, to do compliance audits, financial audits and the ongoing audits of the department. That is really the function of this group.

Mr. Taylor: Are the compliance audits those of external organizations, or is it compliance audit within the department in the sense of complying to the Acts and regulations?

Mr. Penner: Really, they are probably a little of both. They audit the department and also all the grants of that sort that come through here.

Mr. Taylor: Is there a master plan of any sort of how all the units of the department will eventually, over whatever, a five- or ten-year period of time, receive an operational audit?

Mr. Penner: Yes, there is an audit plan.

Mr. Taylor: And what is the time frame?

Mr. Penner: It is basically a three-year plan, and all branches are included in it within a five-year period.

Mr. Chairman: 1.(h)(1)—pass; 1.(h)(2) Other Expenditures \$7,100—pass.

1.(j) Venture Manitoba Tours Limited \$130,000—shall the item pass? The Member for Wolseley.

Mr. Taylor: Can the Minister elaborate on what this organization is doing? I understand it was set up by the previous administration. We have no dollar amount entered under this line for the previous budget. We have \$130,000 increase in one shot. Could we get an explanation?

Mr. Penner: The number that you see here, the \$130,000, is basically a change in accounting procedures which I guess had been directed, the start of which was back in 1987, the allowances used to provide for the accumulated deficits of the Crown corporation's agencies and boards and commissions in which Government has invested money by way of purchases of shares and others. The evaluation is based on the audited financial statements applicable to the fiscal year that is closest to March 31. If Government has more than one type of investment in an organization such as common shares, preferred shares and debentures, the accumulated deficit is assigned against the investment in order of priority on liquidation.

Losses covered by the allowances are reviewed to ascertain the prospect for recovery of the loss from the future operations of the entity involved. Losses incurred in a fiscal year that are considered non-recoverable are incorporated in the Government Estimates of Expenditures in the immediate following fiscal year. The loan advanced or estimated is written down in the accounts of the Government pursuant to the authority provided under The Financial Administration Act and the amount written down is recorded in an appropriation provided for that purpose.

Notwithstanding the foregoing procedures, the province does not extinguish its right to enforce collection or reinstatement of the amounts written down should the prospect for recovery improve, and will report these amounts as a contingent to recoverable. It is very

basically a procedural difference that requires the transfer payments that are designated for loss recoveries to be entered into this column at this time.

Mr. Taylor: I thought for certain the Minister was going to have that answer he gave previously memorized, but in any case what we are seeing here is, you are saying, a recovery of a loss is how it is handled from an accounting viewpoint. What is the expectation that we are going to see in succeeding years from this operation and is it worthwhile for it to continue?

Mr. Penner: As I had indicated previously, this whole area of the operation of Gull Harbour and the golf course over on Hecla Island, and the whole ventures at Manitoba was a concern and still is a concern. I think this Government—I think it is fair to say that this Government, when we were elected, indicated that if we could not operate on a profitable basis such ventures as the hotel on Hecla and the golf course and others that we would look very seriously towards divesting ourselves of some of these losses that had been incurred.

I think it is also fair to say that the previous administration had similar concerns especially for ventures because they, it appears to me, put in place a plan that led towards the recovery or the substantial reduction of some of the losses that were being incurred by the Gull Harbour operation. It is also fair to say that the administration—staff, in other words—have those same kinds of concerns in other areas. Where losses are incurred by the operations of ventures that were entered into by the previous Government or others, we keep close tabs on them and make adjustments as required.

One of the adjustments that we did make this spring was to put in place a board of directors who, I believe, have the expertise to turn this venture around in such a manner that it will in future come close to at least breaking even or showing a profit. I have high expectations that this operation, if it is allowed to function in a fairly free manner and run as a business, will and can turn a profit. I think I am, right now, and I think we are far enough into the year, right now of the opinion that we will reach that point this year, that we will come very close to a break-even point this year in our financial statement, which of course will, in the books of the operation, close on March 31. I think it will be very interesting to see what kind of impetus the new board has had in instructing management and in changing some of the ways they operate in the hotel at this time.

Mr. Taylor: I am pleased to hear the Minister's comments on this operation in the fashion that he is putting forward, because my understanding is that the cost of land involved has been previously taken care of either through a write-off or through not being involved as a cost item for this operation, that the development of the facility is also in a write-off context. If my information is correct, I had failed to see why this operation was not able to be a revenue-generating source for the provincial Government, as opposed to being in a loss situation. The Minister refers to his new

appointed board and his high expectations. I want to go on the record as saying, yes, we in the Liberals also have high expectations of what can happen at this resort and that there is absolutely no reason why there should be losses. In fact, there should be additions to the provincial Treasury from this operation.

* (1730)

Mr. Penner: I appreciate what the Honourable Member says. I would like to also indicate to the Honourable Member and put on the record that if it was not for the debt load that Gull Harbour is carrying at this time, it would probably be a very profitable venture even today. The debt load that is being carried, and I stand corrected here, but I believe it is from previous operations or activities that had gone on there which have forced Gull Harbour to borrow money to the tune of some \$2.7 million, almost \$2.8 million. The interest payable on that comes out of Operating. Would that need not be there, that would of course enhance the profitability of the organization of the hotel and the Venture Tours substantially. If we could make enough money in one year to pay off the debt, of course the hotel would be a very profitable organization.

Mr. Taylor: The Minister seems to be confirming what I had alluded to is that the losses there are previously accumulated operating losses, as opposed to amortization payments on land and construction, and that also this operation is not paying a normal tax load.

The last point I was asking to confirm, and he might not have heard because he was in conference with his officials, was the aspect that there is not a normal tax load being sustained by this operation. In other words, it is not paying all the taxes that it would in a normal municipality.

Mr. Penner: That is something that I certainly would not want to put much emphasis on because the operation does pay extra for services. We pay those fees to parks such as for the collection of garbage and grass cutting and all of those kind of things—water services. There is a whole raft of charges that are added to the operation in this manner. Therefore, it is not quite fair to try and assess what the actual tax load might be if it was done in a perceived, ordinary manner.

Mr. Taylor: I am wondering if the Minister would care to elaborate here in Estimates on comments that he has made quite recently about potential increases and economic activity within the park, really elaborating so that we might know a little more clearly what is being said. Sometimes news clips do not give the full credit to what is being said.

Mr. Penner: There are, I guess, a number of comments that were attributed to what I had indicated to a reporter as recently as last week, I believe it was, when I somewhat mused as to what could take place and the ability to attract people to the island, and what one might have to do in order to create the attractions over there to in fact attract more people and more traffic onto the island.

Some of the things that I guess I indicated were the lack of people on the island, and the lack of people simply is reflected in the activities in the Heritage Village. I think it is reasonable to assume that, if the village was an active village in an Icelandic setting, it would attract people to the island simply to see how Icelanders once lived or might live today, and that would in itself be an attraction.

There are many other things that I think one could imagine that could be done on the island to make it a far more attractive place to go to. You could let your imagination run wild and look at some other areas in Canada that have done marvellous things to attract people and they have not included great gobs of Government money to do that. They have been done in very many cases in instances by the private sector, and those are some of the things that I reflected upon when I was discussing this with a given reporter, and I think she reported what I said rather correctly.

Mr. Taylor: I am glad the Minister clarified it, because I think maybe it was just a case of there are limited numbers of lines of type available for some of these reports, but I hear the Minister saying he is looking upon making the village a living village as opposed to looking at—and that being the attraction to draw more people in, as opposed to just numbers of people living on the island in themselves being a stimulus to economic activity. I am pleased to get that clarification.

The other one that the Minister did mention was the aspect of a commercial fishing operation and I am wondering, in that we look at most of the activity, although not all, but the heavy activity in the park in the summertime, if that is a practical thing, given the hot water temperatures in the lake and the quality of fishing in the summertime.

Mr. Penner: I have only just once taken a dip in the lake and I found the water extremely cold. That is why I did not go back the second time, Mr. Chairman. So the hot water that you are referring to might be referred to what I am in or you perceive me to be in at this time, but it is certainly not reflective of the temperatures of the water surrounding the Gull Harbour area or the Hecla Village, for that matter.

What I was referring to was very simply an opportunity that I think exists there on the island with the current facilities that are there to attract, again, an interest group in the province and from interested people from outside the province to see what a commercial fisherman might have done or might do today. We might take a look at allowing commercial fishermen to operate maybe in a somewhat historic manner out of the facilities that are there.

There is a dock there. There is also a fish house facility there, which could very easily support a commercial fishing operation of a very limited manner which would allow maybe some smoked fish to be sold to tourists, frozen fillets to be sold to tourists or even maybe fresh fish that somebody might want to take down to his cottage or the beach or wherever to fry and have a fresh fish-fry. You might even want to set up a fish fry right on the beach, similar to what happens

in the Maritimes and their lobster cook-outs. I think we were fortunate enough to be able to attend one of those functions last year. I found them extremely delightful to go to. You meet many people and the attractiveness of those kinds of functions to tourists is great.

Mr. Taylor: I am sure we could get talking about food this late in the afternoon.

Mr. Penner: I was going to say, Mr. Chairman, if we allowed our imaginations to run freely and allowed people to engage in those kinds of activities on the island, it would appear to me that we could create a tourist attraction and make it a very, very interesting place to go to because it certainly does have potential.

* (1740)

Mr. Taylor: I agree with the Minister's comment about potential. How does the Minister see these sort of potentially new uses of the park and the village coming about? Does he see a system of public participation or is it something that is going to come entirely out of the department? Is it going to come entirely on proposal calls from the business sector? What are the views of the Minister in looking at this rather significant change in that park?

Mr. Penner: It is interesting you should ask, especially now, because we just finished signing an agreement with a cooperative organization made up of local people of Icelandic background who are very interested in, No. 1, opening a museum on the island and might well be interested in some other ventures of a similar nature that will in fact create the interests in the village. I think the local people of Icelandic descent and others are very interested in seeing again that whole area come alive and are also very interested in making sure that the heritage aspect of the village and the Icelandic past be displayed rather prominently. I think those are the kinds of things that I was reflecting upon.

There might well be individuals who have that same kind of an interest to make sure that our historic past in that area is reflective of the kind of activities that go on there. I am sure that if we set about inquiring or making it known that we are open to those kind of developmental interests that we would create interests in some parties that would want to assist in that development.

Mr. Taylor: A specific question then, in advance of there being further contracts, whether they be in the sense of co-ops or contracts on a commercial basis through tenders or proposal calls, does the Minister see a formal public participation exercise on a wide-scale basis, in other words, across the province. This is one of the major parks in our province. It is a very high profile one for people from outside the province. Does he see that sort of a step taking place before you go to the proposal tender calls?

Mr. Penner: I am not sure, Mr. Chairman, whether I have left the wrong impression that would have

indicated that I wanted to go to any type of proposal calls or tenders at this time. I just indicated that I think, if we make it known in the province, others will come forward, as they, by the way, have in the last week or so, with ideas and also with indications to us that they would as individuals want to become involved in restoring the place again to its original active type of village that it once was. There are many suggestions that have been made in the last week or so to me and to others in our department that would lead me to believe that if we were serious about allowing some other people involvement in the island that we would very quickly move that way.

I want to indicate to the last part of your question that I am and this Government is very receptive to individual type of approaches to helping us develop areas that need development. We are also very open to discussing how we go about making sure that those kinds of developmental opportunities are indicated to people who might have interest in developing our resources, and whether that is in parks—I think we are going to be into parks a little later on. You might want to ask a question there, but whether it is in parks or other areas of the province where we have the potential for development.

I had the opportunity to speak to the Lodge and Outfitters Association Annual Convention on Saturday. It is those people who are enthused about the opportunities that are still possible in this province and the wide open areas that we still have that would allow for further development of their industry. I think it is interesting to note that, if people are allowed to, they will in fact make the investment in Manitoba that will create the economic activity that we so badly need in this province to create jobs.

Mr. Taylor: I choose to ask the questions in this area because basically of the high profile of this particular operation. I am sure much of what comes out, the Minister and the Government's views here are also applicable in many ways to other park applications. The Minister will find that the Liberals are very open to large amounts of input, personal initiatives, new types of ideas, revenue generation, and we are very much on the record as supportive of that sort of thing. Our concern, however, is how that might be done, and the concern being as to whether it is done on a planned basis, which has publicity given to it, in which people across the province have opportunity to speak, have opportunity to participate, and that it not be done on an ad hoc basis strictly out of the Minister's office. That is the reason for the questioning. If I can get his philosophical statement on that, it would be very much appreciated.

Mr. Penner: I think, Mr. Chairman, that we have, for the Honourable Member's benefit, demonstrated in more cases than one our willingness to be a very open Government and to be consultative in many, many areas. I think we have demonstrated that as a total Government. I have demonstrated that in my portfolio.

I think the issue, and we can again refer to this later if you will, the small mesh fisheries issue was an important one and the consultation, the consultative

process that we went through to establish the need for that kind of an initiative was—I think very reflective of the open and consultative type of administration that I want to run. I think I have indicated on many different occasions that our office, my office, is open, and that means simply that our department is open to the public and we are willing to listen to the public's concern and invite their input into the decision-making process.

Mr. Taylor: I am not going to get into enormous detail just here on the small mesh fishery, but I wish the Minister had not used that as an example because there is one where I neither agree with the decision nor do I agree with the openness in the process. The point is, will this Minister say that there will be, if there should be major changes in this park or any other park, a formal and extensive public participation program or not? I know he is saying he is open to approach, the door to his office is open is another thing he says. I want to know whether there is a commitment to this or not. If there is not, fine, then I understand the beast I am dealing with.

Mr. Penner: First of all, whether you agree with my approach or not is of course up to you and I am not going to argue with that. I believe an open-door policy is what I have, and our Government has initiated, and we stand by that. We believe that a proper long-term plan must be initiated for all major initiatives. I am not sure, when we go to the development of Hecla, whether it is a major plan involving all the province that is required. In other words, I am not sure what you are saying, whether you are indicating to me that we need to embark upon a series of public meetings across the province to hear what the province has to say about the development of the island and, if we need to do that on every developmental issue, whether it is in the Whiteshell or whether it is in the western part of the province, in the Lake of the Prairies or on Hecla Island or whether it is in northern Manitoba in the Churchill area, whether we need to hold those kinds of total provincial public hearings on matters that will affect the operations of one specific area. I am not sure what I heard you say.

* (1750)

If you are asking whether there is a plan in place for the development of the island, yes, there is; whether we intend to build on that plan, yes, we do; whether we intend to expand the plan that is there and the operations within through public consultation, yes.

Mr. Taylor: Yes, I am aware that this park has a master plan. I have been informed that it has a management plan for wildlife and other aspects that are dynamic. If the changes that we are, if you will, brainstorming about, about other things that could happen on the island, if anything were to go along those lines whatsoever, that normally there would be, therefore, an opening up particularly of the master plan if we are talking about physical changes.

The answer that I am trying to get from my question to the Minister is, how does he see that procedure going on to amend the existing master plan of this,

one of the major parks in the province? The suggestion I make is, yes, there should be some participation outside of the immediate area of Hecla itself. I am trying to elicit his comments back. I am not trying to unduly pin the Minister down or embarrass him or anything like that, but I would like to know in regard to the major parks of this province—and I think this is just an excellent example—where does he and his administration stand?

Mr. Penner: The Hecla plan of course was something that was exposed to the public for a number of years. It took a number of years to develop. It was done so in a very public manner. Anything that I have indicated so far could well be accomplished within the plan, the way the plan is written out and drafted. I would suspect that, if and when there is a need to making changes to the plan, there would be that same kind of open and public consultative process that we had gone through to establish the plan in the first place. I think that goes without saying that is part of a very open way of doing business in this province by our administration.

Mr. Taylor: Going on from here then, does the Minister see the need for there being a return of permanent residents greater than the numbers in any significant deviation from what is happening right now?

Mr. Penner: It depends, of course, on how you want to define permanent and in what areas you want to refer to permanent residency. I think the discussion that we have held so far is in the areas of the Venture's operation and also of the Heritage Village, Hecla Village, at this time. We have not given, nor have I given, any consideration yet to the establishment of permanent residences on the island. However, I think we should not close our eyes to possibilities that do exist on the island because there is tremendous potential there, and I think we should be very open to suggestions and discussions as to how to create an atmosphere of activity on the island.

Mr. Taylor: Should we look at permanent residences again, as opposed to just seasonal staff houses in support of the village, the museum, etc., or any other attraction that should be added, would the Minister consider the first right of refusal to those former residents?

Mr. Penner: As I indicated to the Honourable Member before, I think at this time all options are open under the current plan as it exists and, if there are amendments to be made to the plan, then we must do so in a very open and in a consultative manner. I would certainly not be willing at this time to make any commitments to anybody as to how you establish any type of residency, whether it is permanent or on a seasonal basis, on the island. That is something that we will review and look at in the future.

Mr. Taylor: I understand that the Minister has not said there will only be this option or only that option. He is saying let us look at a whole range of ideas and I think that is very healthy. The only thing I was asking

was, if one of the options chosen happens to be the return of permanent residences on scale onto the island to like it was before it was developed as a park, would he give consideration to there being first right of refusal to going back onto the island to the former residents? That was the point of the question.

Mr. Penner: If we ever come to a decision as to whether we should or should not, I would suggest that we involve yourself and others currently sitting in the Legislature in some of those discussions at that time.

Mr. Taylor: I have a question relating to the hunting practices on this island. My understanding is that shortly after you came to office that there was a deviation made on the permission for moose hunting on the island, and I wondered if the Minister would care to make a statement as to why he went ahead with that significant change.

Mr. Penner: The issue of moose hunting, I guess, on the island has been one that has concerned numerous people and I guess was a topic of considerable discussion when the plan for the island was drafted. It is, however, also a concern to myself and staff as to the healthy maintenance of the moose herd on the island. I think that there is reference made in the plan to a healthy herd and the proper management of the moose population.

Under the guise of the proper management of the herd, there is an allowance made for periodic hunts on the island to reduce the herd, if and when necessary. Under that provision, I made a decision that allowed this year for the taking of some moose via hunting, the bow hunting season and a senior citizens' hunting season on the island. That has caused some people some concern.

I think it is also fair to say that previous administrations had used the same type of approach to try and maintain herds at a certain manageable and sustainable level on the island. It would appear to me that has been in the past successful and is something that I certainly would not rule out in the future again, if the advice that I would get from our staff would indicate that for the viable maintenance of the herd in the best possible sense that a hunting season be opened on the island.

Mr. Taylor: Just what evidence was there available that indicated that herd was too large, that herd was unhealthy, that herd was of the wrong gender mix or anything else that might indicate a justification for a hunt?

Mr. Penner: It is, I think, fair to say that we have very competent staff in our Wildlife Branch who are able to assess numbers fairly closely. They come within a fairly close parameter of what an area can sustain or cannot sustain. By advice from staff, I made the decision to try and decrease the herd. It was either that or try and decrease the herd by some other means such as transferring some animals off the island. I thought it was less costly, in the long term, to allow some taking of animals via hunting to reduce the numbers on the

island. I just wish that hunters had been a bit more successful, although you must realize that Hecla Island is a fairly difficult area to hunt. The bush in most areas is fairly dense and it is not easily accessible.

Mr. Taylor: Some naturalist groups would suggest that there was no problem with the herd size or its health in other ways on this island and that the initiative was that of yourself and not of the administration. No. 1, I would ask you comment on that; and No. 2, if the initiative was out of the administration, that you table the documents that were put forward to you that led you to that decision.

* (1800)

Mr. Penner: I guess the buck stops in my office and I accept that responsibility. I want to also indicate to you that there are some people in the province who have very little sympathy for the maintenance of herds and how they are maintained over the long term and how we sustain numbers over the long term. I had an indication from one person the other day, if we have overpopulation, then let them starve. They were very opposed to hunting but not at all opposed to the natural means of allowing a herd to decrease and, if that is by starvation, then so be it. I am not of that opinion.

By advice from my department, I was told that there was a possibility of an overpopulation and that it would be wise to decrease the numbers of animals on the island. The best and most economical way that I saw fit was to decrease those numbers by allowing a hunt. For that reason, a hunt was allowed this year.

Mr. Chairman: The hour being six o'clock, I am interrupting the proceedings at this time for a recess. We will reconvene again at eight o'clock this evening.

Mr. Taylor: I am going to repeat the question when we are back in that I am going to request you to table that.

SUPPLY—FINANCE

Mr. Chairman, Mark Minenko: We are considering the Estimates of the Department of Finance. I understand that the Minister has made his opening comments.

Mr. Richard Kozak (Transcona): The three Parties represented in this House do not have identical economic philosophies. Some of the most heated debate in the last four months has centred on our differing views on what constitutes fair or properly targeted economic policy. Today, Mr. Chairman, I would like to put questions of philosophy aside and address the objective matter of the capacity of the Government of Manitoba to produce credible economic analyses and forecasts.

It has become clear that much of what divides Members of this House is not philosophical, but rather analytical. As Liberal Finance critic, I feel well placed to say that the Government and the Opposition have widely divergent views of Manitoba's current economic performance and short-term outlook. The evidence of

this is littered throughout Hansard. I doubt that any Member will dispute my observation. Disagreement over the facts is not unusual in economic debates. No two observers will give precisely the same weight to each piece of data. I suppose, too, that politicians are sometimes tempted to put a particular spin on the facts. I am tempted to inform the Minister of Health (Mr. Orchard) that the Honourable Douglas Campbell was not Premier of Manitoba immediately prior to the last provincial election, and indeed has not been Premier for 30 years.

I am tempted to inform the Members for Elmwood (Mr. Maloway) and Flin Flon (Mr. Storie) that I am not the Minister of Finance. I am a modest man and I would not want Members of the Second Opposition Party to swell my head. However, I am convinced that we are labouring under a more fundamental handicap. The Government of Manitoba this year projects operating expenditures of \$4.6 billion. We, as legislators, bear responsibility for effective scrutiny and direction of complex taxation, borrowing and spending programs. Yet, in our moments of candor, we recognize that the Department of Finance has limited analytical and forecasting capacity in place.

* (1430)

In attempting to discuss the facts, we, the custodians of the public trust, sometimes feel we are on a hike through quicksand, grasping at branches to keep ourselves afloat. A Conference Board publication here, a Statistics Canada report there, a Royal Bank forecast within reach, and all the while, we know that more in-house analysis would give us firmer ground to stand on and would serve our common goal of good Government.

I believe that my remarks to this point are entirely non-partisan. I remind Honourable Members of a Question Period exchange involving the Finance Minister and me on August 16. I suggested to the Minister that well-crafted tax cuts can generate economic activity that offsets some of the cost to Government of those tax cuts. Being a naive new Member, I went on to ask if the Department of Finance had evaluated the proposed payroll tax cut and cuts in the 2 percent flat tax on net income in terms of the economic activity they would generate and the Government revenue recapture they would generate.

The Minister's answer bears out the point I am now making. He said, and I quote, "Mr. Speaker, the answer to that question is, no. One of the great revelations to me as I became the Minister of Finance is that that ability does not exist within the department. It is one of the commitments that we have made, requested when we were in Opposition, and is one of the areas that will be addressed in due course as we work toward the promise of multi-year budgeting. These types of analysis and cost benefit studies have to be put in place."

At that moment, Mr. Chairman, I realized that we as legislators were in trouble. We were destined to spend a great deal of time squabbling over the facts, rather than finding solutions to agreed upon matters of

concern. We were destined to deal with Government economic policy formulated without the benefit of key supporting information and analysis. We could only hope that the Minister of Finance would take fast action to put in place a credible analytical and forecasting capacity within his department.

In the last four months we have sat through a timid Budget, an odd aftermath to an election that produced a dramatic change in the composition of this House. We have listened to the Minister of Finance during this Session as he predicted both a higher Canadian dollar and a lower Canadian dollar. We have watched as increasing unemployment, declining retail sales, declining housing starts, and declining capital investment intentions have descended like bolts out of the blue on this Government.

Mr. Chairman, the Liberal Opposition takes little comfort in having consistently and correctly urged this government to stimulate Manitoba's weakening economy, particularly by boosting consumer confidence and encouraging Manitobans to invest in their home province. We are resigned to the fact that the Government continues to reject our call for a gradual reduction in the 2 percent flat tax on net income, and for a Manitoba stock savings plan. We believe the Government is genuinely unaware that Manitoba's economy is weakening, and that they are genuinely unaware of the urgency of counter cyclical, economic measures. Because of this, we are increasingly impatient to see the Minister of Finance deliver on his commitment to upgrade his department's capacity to produce credible economic analyses and forecasts.

I recall that the Throne Speech assured us on July 21 that multi-year Budgets will become a feature of the annual Budget process. On August 8, during the Budget Speech, the Minister said, and I quote, "During the election we promised to introduce multi-year budgeting. In our Budget for the next fiscal year, we will include an additional year's fiscal projection to help provide a more complete view of the context in which decisions must be made."

Mr. Chairman, either the promise of multi-year budgeting is a total sham, or there must be some provision in this year's Finance Estimates to upgrade the department's forecasting capacity. The Minister has, after all, recognized that ability does not presently exist within the department to perform even basic cost benefit studies. I have reviewed the Finance Estimates carefully, and I can find no provision for upgrading the department's analytical and forecasting capacity. None at all. I am tempted, Mr. Chairman, to conclude that the promise of multi-year budgeting is a sham. However, I recognize that there are two kinds of multi-year budgeting.

One involves a credible effort to assess Manitoba's current economic performance and short-term outlook and to match them with appropriate policy choices. This is an approach that the Opposition is anxious to see.

The other kind of multi-year budgeting involves picking attractive numbers out of the air and saying how wonderful everything will be next year in Manitoba, thanks to Manitoba's wonderful Tory Government.

I am sure the Finance Minister (Mr. Manness) will take the opportunity offered by this Estimates debate to demonstrate that his Government has indeed taken the more desirable option. I am sure he will demonstrate that there is, in fact, some provision that I have missed that will upgrade the department's analytical and forecasting capacity to the point that multi-year budgeting need not be a sham.

On a related point, Mr. Chairman, I would like to offer the Finance Minister a brief piece of well-intentioned advice. I note that his job description, as presented in the Finance Estimates, assigns him overall responsibility for analyzing and appraising the economic situation and prospects in Manitoba.

However, in examining his department's structure, I note that responsibility for advising him on these matters may be too dispersed throughout the department. If high quality advice is in short supply, greater centralization of sources of advice to avoid duplications and contradictions might be in the public interest.

* (1440)

In the informal framework of Estimates debate, I would also like to recognize the Members for Elmwood (Mr. Maloway) and Flin Flon (Mr. Storie), who last Wednesday gave this House a glimpse of their Party's long-awaited post-election economic policy. I believe all Members will agree that we have very few opportunities in this House for 80 minutes of uninterrupted hysterical laughter. When calm was restored, I realized that the Second Opposition Party had made two assertions that invited my comment.

As I recall, the first was that the Official Opposition should be less aggressive in identifying problems because we are already too popular in the public opinion polls. I realize it is inconvenient for many Members that none of the problems we have identified are attributable to a Liberal administration, but Members of the other Parties will have to learn to live with their legacy. If they doubt the ability of the Liberal Party to present our priorities to the people in a clear election platform, we will show them how it is done when the occasion arises.

Secondly, the Member for Flin Flon, in particular, asserted that the Official Opposition is wrong in expressing concern about the competitiveness of Manitoba's tax system. Well, Mr. Chairman, I will concede a point to the Honourable Member. Manitoba's tax system is indeed competitive if we are willing to accept certain trade-offs.

One of these trade-offs is that in 1987, the average weekly industrial wage in Manitoba was \$440.59, 7.7 percent below the Canadian average. I would like both the Member for Flin Flon (Mr. Storie) and the Minister of Finance (Mr. Manness) to know that I do not find this trade-off acceptable.

Why should Manitoba workers be paid far less than the Canadian average? Why should our business community suffer from a relatively weak domestic market? What damage does this cause to the financial position of our provincial Government?

As the Governments of Canada and the United States pursue policies reminiscent of Herbert Hoover and R.B. Bennett, using tight fiscal and monetary policies to cool down a debt burdened economy, I fear that the soft landing they pray for will be a hard landing for Manitoba. If the second Opposition Party has decided to champion high taxes and thereby attack the interests of both business and labour, I suggest they go back to the drawing board. If the Minister of Finance attaches low priority to economic forecasting and cost-benefit studies on the impact of selected tax cuts, he is taking a risk that I would avoid. Thank you, Mr. Chairman.

Ms. Maureen Hemphill (Logan): Mr. Chairperson, I just want to indicate that in light of the fact that we have a very short period of time in this Session, I waive my opening comments and get right down to the questions.

Mr. Chairman: In accordance with the practices of the House, item 1. Administration and Finance: (a) Minister's Salary shall be deferred. I would direct Honourable Members' attention to item 1. Administration and Finance (b) Executive Support: (1) Salaries. I invite the Honourable Minister to bring in his staff.

1.(b) Executive Support: (1) Salaries—pass.

1.(b)(2) Other Expenditures—the Honourable Member for Transcona.

Mr. Kozak: On this item, I mentioned in my opening remarks that multi-year budgeting is a promised feature of future budgets introduced by this Minister. I indicated that I, in careful scrutiny of the Finance Estimates, had been unable to find provision for the analytical and forecasting capacity required to make multi-year budgeting a meaningful exercise on which this House could repose confidence.

If the Minister would like to respond to that point at this point, I would invite him to do so. If he would like to advise me that it should be considered at a later point in these Estimates, I am more than pleased to accommodate him and to pass this item.

Hon. Clayton Manness (Minister of Finance): Mr. Chairman, I would propose that we deal with this and other matters related to it under federal-provincial matters, that division, or the Treasury Board Division. Let me say that I will respond in full to the Member's remarks.

Let me also at this time introduce, and welcome to the Chamber, staff of the Department of Finance. First of all, the venerable Deputy Minister of Finance, Mr. Curtis; Chuck McKenzie, Jim Crooks and Don Rice.

Mr. Chairman: 1.(b)(2)—pass.

1.(c) Financial and Administrative Services: (1) Salaries—the Honourable Member for Logan.

*(1450)

Ms. Hemphill: Mr. Chairperson, I am not exactly sure where some of my questions should appropriately fall.

I was just going to suggest that since I have perhaps only six or seven areas that I want to raise questions in and the Minister, I feel, is quite able to jump from one to the other, perhaps as we take turns, I will just go into my questions and we will not worry too much about what line we are on.

I wonder if the Minister can give us an idea without feeling he needs to make a 40-minute speech on the issue, if he could tell us what the economic plan is for the Province of Manitoba. The only thing that we have been able to determine as to the economic plan both in the Throne Speech and in the Budget that has been brought down and in the initiatives that have not been taken by the Government is that they seem to be relying on just a number of things. One, is deficit reduction; the other is the reduction and removal of the Health and Education Levy; and the third part of their economic plan that we see is the reliance on the private sector for stimulation of business and creation of jobs. Those seem to be very limited, and I am wondering if the Minister could tell us if that is the sum total of the province's economic plan or whether they have additional initiatives that they are taking to stimulate the economy and jobs and perhaps just touch particularly on rural economic plan and northern.

Mr. Manness: Mr. Chairman, let me say that certainly the Member is correct in some respects. The initial thrust of our economic plan is to put into some type of shape, the ship in Government. We believe that we inherited a situation which required the Government become very cognizant first of all of its own spending, cognizant of the fact that deficits that were accumulating in the order of \$500 million to \$600 million over five or six years were driving a significant amount of the scarce revenue that was coming to Government, driving that towards the interest on loan. We sensed that we have the highest tax regime within the nation and, as such, did not provide the type of an environment to businesses that would create jobs, which of course would maintain a growing economy.

So we felt certainly that within the terms of the first several months that our agenda, that our first item of business was to try and, after we more fully understood where Government was, then tried within the terms of the first Budget, also leading to the second Budget, was to bring the province back onto a road of some type of economic sanity.

Now saying that, Mr. Chairman, we recognize fully well that we have to do more than that, that there is a commitment on behalf of the Government at times to be proactive in an economic sense. Within the area of Industry, Trade and Tourism, the new department, many of the mechanisms that were in place that we inherited will continue as an act of good will to those individuals in society, either Manitobans or those from outside, who have seen fit to want to invest their hard energies and their hard capital into the Province of Manitoba for the sake of profiting and creating jobs, that we will do what we can in terms of an harmonious economic development policy across western Canada particularly, and, secondly, across Canada. We will do what we can to indicate and show to them that Manitoba is a place in which to invest.

The Member for Logan (Ms. Hemphill) will certainly come to understand this better within the next number of months because, at that time, I believe that we will be able to demonstrate to Manitobans, indeed to all people in this House that we have in our view put Manitoba back on the track and now will be in a better position to not only materially assist but more importantly give the signal, give the signal that we are not unfriendly towards those groups in our society who want to direct again their labours and their capital towards the creation of wealth within this province.

If the Member is looking for a detailed economic plan, one that is ad hoc in nature, which I would tend to think that the former Government had to a large extent, now that I have come to understand it better, looking at it from the inside, one which counted on an awful lot of borrowed capital. I guess our philosophy is different and we will not follow that course. That course has not proven successful to any degree, anywhere it has been tried within this country or in any country in North America. We just have to look, of course, no further than the United States if we want to point out what happens, if you feel you can borrow your way to prosperity, it just cannot happen.

So we think that it is better, therefore, that we put our own House in order; that we demonstrate by our own actions to people who would want to come to Manitoba; that, firstly, we are not all of a sudden going to make an unwarranted demand by way of taxes for a share of their wealth; that we understand that Government spending has to increase in a very modest fashion; that there can be no major economic surprises because when that starts to come in you scare off investors.

There is no doubt in my mind that today there are large pools of money in the world that are looking to North America, and particularly to Canada, and I dare say to Western Canada, as a place to invest. I think as soon as we can demonstrate that, again we have our House in order, it will not take major economic enticements to bring them to this province.

So, Mr. Chairman, I know the Member would like to have had more, but that more will be coming down, I dare say, in the next Budget.

Mr. Chairman: 1.(c)(1)—pass; 1.(c)(2)—pass; 1.(d)(1)—pass; 1.(d)(2)—pass.

2. Treasury Division (a) Salaries—the Honourable Member for Transcona.

Mr. Kozak: Am I safe in assuming, Mr. Chairman, that the increase in Salaries reflects not only inflation adjustment upward in compensation but also staff additions to this function?

Mr. Manness: Mr. Chairman, that is correct. Certainly within the Department of Finance, there is no doubt that within this division to the extent that there is leeway, we will continue to try and allow for greater direction or resources because unquestionably when one looks at the portfolio of debt instruments that we have now within the Province of Manitoba, that we just really

cannot have enough support in this area; that decisions with respect to refinancing, looking at the great vulnerability, I guess one would say, of the province in terms of the Canadian dollar vis-a-vis other currencies, that we just have to, to the extent possible, begin to give ourselves greater resources within this area.

Mr. Kozak: As a former stockbroker and financial analyst, I have to commiserate briefly with the Minister at this point. I know that he must die a thousand deaths every time the Canadian dollar fluctuates upward or downward.

I note that recently the Canadian dollar has fluctuated significantly upward against the U.S. dollar, but continues to perform in a fashion that I would describe as weak against the Japanese yen, the German marc and Swiss franc.

I wonder if the Minister and his staff could enlighten me as to the percentage and total amount of our debt obligations, direct and indirect, in these currencies, and if the Minister could inform me as to any strategy that might be ongoing to wind down this foreign currency exposure that can be a source of emotional grief to any decision-maker, if not financial loss to the province.

* (1500)

Mr. Manness: Mr. Chairman, let me introduce the senior officials of the Treasury Division at this time: Neil Benditt, Barry Thomson and Gloria Kilosky.

There is no doubt, and I will provide the detail to the Member in a moment, as to what proportion of our total indebtedness is allocated or at this time is sitting within the Japanese yen and Swiss franc, particularly, or American dollars, too? (Interjection)-Okay. It would be helpful if we looked at the four currencies, the U.S. dollar, the Japanese yen, the Swiss franc and the Deutsche mark, although I understand we may not have indebtedness in Deutsche marks. We will provide that, Mr. Chairman, in due course.

Let me say that the strategy is, as I have indicated in the House several times, to the extent that it makes good sense at the moment in time when we are faced with a decision, an opportunity, for instance, when a call comes when we can look at an issue and there is an opportunity to look at it as to whether at that point in time repatriate or to exercise the option as is provided, we make those decisions at that moment in time, yet bearing in mind that on many of these cases there has been a major loss which has already been amortized.

If we were, for instance, in the first or second year of an issue where maybe there had been some loss, our dollar versus another currency, and given that we thought that that was going to continue in a significant fashion, then we would probably look seriously to the extent that we could, in this imperfect world of financial hedging, or whatever, try to safeguard our expected loss. To the extent that in many of the issues that are coming due now, most of them having been entered into by a former Minister or Finance, Mr. Schroeder, 10-year issues taken out in the early Eighties where

many of them, of course, have a six-year call, we at that time have to make a decision whether or not to continue in them until their 10-year life is up, realizing that a great portion of that loss has already been reflected in former Budgets, have been amortized.

So to jump out of them right at that point in time puts the province at risk possibly in another sense, because if you have the Canadian dollar doing something in opposition to that, then you have taken a loss on the way down too. So you have to take all these factors into account. Certainly, we are. To the extent that we see an opportune time whereby just renewing the issue for the last four years but at a much lower coupon rate, we have done that. To the extent that we can effect a swap and remove our liability from that, we have done that also. So we look at every issue, I guess, on its merit and make the decision accordingly.

With respect to borrowing more funds in the Canadian market, we are always looking for those opportunities. We have certainly increased our Treasury Bill borrowings, which is of course Canadian currency. We have doubled them from \$300 million to \$600 million—more or less—\$650 million. So certainly we have done what we can.

I must say we are also looking—and this is the first time that I have made this public—at the feasibility of doing a Manitoba issue in 1989, but that is basis again our general belief that it is better to have a larger percentage of our borrowings in the Canadian market but still bearing in mind that one does not put a set of blinkers on them and just bring everything home because, of course, there is an itinerant cost to doing that too.

Mr. Kozak: I think it is only fair to note, since the Minister and I have had several discussions on this point, that the difference between us is not one of direction. It is one of intensity with my position, and I state this in all fairness and belief, being one of more urgency about the winding down of our foreign currency exposure. However, having said that, I wonder if the division, within its resources, maintains a forecasting unit for predicting the movement of the Canadian dollar vis-a-vis the U.S. dollar, the Japanese yen and Deutsche mark.

Mr. Manness: My answer to the question is, I guess, directly, a group of people who are purely involved in our own development of forecasts based on modeling, but you better believe we have forecasters—competent forecasters—people who are in daily contact with the large financial houses of the world, who are using their best brains and are in contact on a daily basis bringing all of that information to bear, talking to individuals across the whole spectrum of the financial industry and then bringing that word to a point where a decision is made. So, yes, there is forecasting ability within the department to build our own model. Of course, to say that it is going to be more successful than Wood Gundy's—or now what are they called—Wood Gundy or First Boston in the United States, who, of course, have literally tens of millions of dollars which they would pay overnight if they could guarantee that degree of certainty in the form of forecasting, no, we just do not

have the resources to do that; but yes, competent forecasters we do have.

Mr. Kozak: One reason that I belabour this point at perhaps a bit more length than I would like to take out of the time allotted to these Estimates is that I am conscious of the fact that there are two extremely credible forecasting models available. I certainly do not advise the Finance Department to develop a third. But I do note that using the credible purchasing-power parity forecasting model, one probably comes up with a forecast of 75 cents to 80 cents against the U.S. dollar for the Canadian dollar. On the other hand, using the also credible method of balance of trade equilibrium forecasting, we perhaps come up with a credible forecast of 90 cents for the Canadian dollar vis-a-vis the U.S. dollar.

There is quite a range, Mr. Chairman, and quite an exposure to the finances of the Province of Manitoba between 75 cents as the proper value, if you will, for the Canadian dollar and 90 cents as the proper value, if you will, for the Canadian dollar.

Would it be a betrayal of internal confidences within the department to ask the department which forecast it itself adheres to, looking only, in this case, at the Canadian dollar vis-a-vis the U.S.?

Mr. Manness: Let me say firstly, as a trained economist, one whose discipline, I guess, all the way through school was in that area, I understand modelling, I understand input/output analysis and I understand the beauty of being able to predict based on something that has happened in the past. I am also keenly aware of the shortcomings of models.

There is by necessity a major lag built into them. By the time you build the perfect model, you are 10 years down the road quite often and you have used information that is 10 years—(Interjection)—No, no. I have not changed at all. I have always fully understood the shortcomings of modelling and of forecasting, but I have never ever indicated that it was not, in my view, an exercise that should be contemplated and should be proceeded with if at all possible.

Once you move into the world of financial futures, I do not know how it is you build in the fact that there may be a war between Iran and Iraq and the impact it is going to have on the whole financial world. I do not know how it is, from a Manitoba context, that we build in at the U.S. trade figure. Next month may be a few billion dollars more or less than we had hoped, causing a great change in the U.S. dollar, to which, of course, we are somewhat pegged, and the impact it has on the province. I just do not know how you build those things into models. But let me say, we are very cognizant of the wide variation, the forecast as to the future strength or weakness of the Canadian dollar. If you ask who it is we may lean on most, I guess we, in a Canadian context, look very carefully at what the Royal Bank has to say with regard to its forecast dealing with the Canadian dollar.

* (1510)

Mr. Kozak: I am quite familiar with the most recent forecast at the Royal Bank and I think I can clarify for

Members of the House, who may not be absolutely familiar with the details of this discussion, that the Royal Bank does have a commitment to the purchasing-power parity forecasting model which does imply a 75 cent to 80 cent Canadian dollar at some point next year.

I also accept the Minister's comments related to the fact that economics has been known to many of us as the dismal science, those of us who have practised in the field. I concur readily with him that our ability to forecast is, at the best of times, somewhat limited and subject to error.

I will not extend this portion of the Estimates, Mr. Chairman, but I would alert the Minister of Finance (Mr. Manness) to the point that what he has said on the hazards of forecasting and what I have agreed to on the hazards of forecasting do have implications for our later discussion on the credibility of multi-year budgeting.

Mr. Chairman: Will the committee pass this item? The Minister of Finance.

Mr. Manness: I just want to serve notice to the Members that all of the foreign debt or the public debt discussions, if they are going to occur at all, should probably occur now. They have no vote attached to them and this might be the proper time to enter into any discussion that may be wished, if indeed there is any wished, on public debt figure.

Ms. Hemphill: Mr. Chairperson, I just wanted to make a comment about agreeing and being pleased to see that the Government is continuing with a policy that we established of borrowing in Canada and if borrowing had taken place in off-shore markets to refinance some of that old debt into Canadian dollars.

I recollect that a short time ago when the Canadian dollar was fluctuating a little that the Minister of Finance (Mr. Manness) put out a press release, quite gleefully—maybe not gleefully, that is unfair—(Interjection)

Mr. Manness: I was not at all happy.

Ms. Hemphill: —put out a press release talking about the amount of money we had lost on a given day. I am wondering with the improvement in the dollar if the Minister would like to tell us and perhaps put out another press release telling us how much money we have made on a given day.

Mr. Manness: I guess I could be facetious and say which day?

Ms. Hemphill: Well, that is the point, is it not? That is exactly the point.

Mr. Manness: I should tell you, when I said we lost, what I said was that our indebtedness in our unrealized loss with respect to foreign exchange had changed in the day that I made the comment, 100 million, and so it had.

Coming into October 28, for instance, our fluctuation was \$700 million roughly and let us say a week and a

half or two weeks before the federal election, that had moved up as high as \$930 million and today it has dropped down, as of today to 713. It is almost in the place it was a month and two weeks ago.

Specific to the question asked earlier on by the Member for Transcona (Mr. Kozak) I should report that whereas I can remember a time when roughly 53 percent of our borrowings were non-Canadian, at this point in time it is 52.2 percent is Canadian dollars; United States dollars is 25.8; Swiss francs is 11.2 percent; and here is a number that I am actually quite happy to see, the yen has dropped to 6 percent and that has been a significant change; Deutsche marks 4.6 percent. So, although we still have a large percentage of our debt in terms of foreign currencies still the greater shift has been into the U.S. and out of the ones that I feel were more vulnerable. In the sense that it is the U.S. dollar, in the sense that I believe the Canadian dollar over the years, irrespective of what the Royal Bank says, I still think over the long haul is going to strengthen against the U.S. dollar. I think we are positioning ourselves well.

Mr. Kozak: I will take advantage of the Minister's advice to address all debt-related questions at this point. I would, perhaps, like to start by saying that I concur with him that the Canadian dollar will, in all likelihood, perform better in the foreseeable future against the U.S. dollar than it will perform against the Japanese yen, Swiss franc and Deutsche mark. In fact, I doubt that any serious economist would dispute me on that.

On another point, though, related to our debt is the interest payment on the debt. I note that the federal Government made some months earlier this year a forecast in its budgetary process that understated Canadian interest rates by about 3 percentage points. I wonder if the Minister reposes confidence in the forecast, within his department, prepared for the budget, of interest rate developments within Canada within the current fiscal year. In other words, briefly, Mr. Chairman, I wonder if we face a loss due to the recent rise in the interest rate structure both within Canada and internationally.

Mr. Manness: One of the delights that I had in learning, I guess, the approach and the philosophy that some staff members, particularly in the Treasury Division, brought to this Department of Finance on unbecoming the Minister was that I found a group of people who were almost as conservative as I am.—(Interjection)—Now, well, you should not say that. That is good, because, of course, what that means is that you tend to have fewer surprises on the down side and that has been built into our budgetary forecasts. We have built in the foreign exchange rates. The U.S. dollar is \$1.25, Deutsche mark 72 cents, Swiss franc 85 cents and the Japanese yen a little over 1 cent; as a matter of fact, .0102 in terms of dollars or 1.02 in terms of cents. That was built into the forecast.

As Members that understand what this public debt figure is all about, and I know Members do, a fluctuation of 3 percent or 4 percent in terms of other currencies of course can have a many million dollar impact on the final bottom line figure of the Budget of the province for that particular fiscal year. Mr. Chairman, I am

delighted to indicate to the Member for Transcona there will not be any major surprises forthcoming within that area and that we have built in a significant amount of conservatism with respect to those numbers.

Mr. Kozak: Mr. Chairman, once again I find myself at this point agreeing to a certain extent with the Minister and would like to commend the department for forecasts for the U.S. dollar, Japanese yen, Swiss franc and Deutsche Mark, that in fact accord rather well with recent experience. I am also pleased to note that the department has made a conservative approach to the forecasting of interest rates. I believe the Minister of Finance might like to take this opportunity to put on the record that he does not expect an interest rate shock that will cause a significant departure from the projected provincial deficit.

* (1520)

Mr. Manness: Mr. Chairman, in terms of fiscal '88-'89, no, we have been to the market, we know where we are and we have no surprises coming. We have our borrowings in place for this fiscal year. Some of them we took on a little earlier than we needed to because we sensed what was coming. We sensed that, again by our forecasting with the department, the interest rate was going to continue to creep upwards. So the department had us in a pretty fair position. Within fiscal '88-'89 there will be nothing untoward in the sense of an interest.

Moving into the next fiscal year, well, that is a new year. Of course we have refinancing issues. Basically we do not know yet how much money we will need in '89-'90, but I am sure we will need in excess of \$1 billion or close to \$1 billion dollars again. That is a new year. We sense that interest rates are going to continue to escalate upwards another point, point and-a-half. I am not talking on basis points now. I am talking about the street talk. Then of course we are hoping and expecting that there will be moderation by mid-calendar '89.

Mr. Kozak: Mr. Chairman, the Minister's answers are in fact very satisfactory. I would like to do him the courtesy of pointing out another point on which I agree with his projections. I, too, reject the purchasing power parity forecasting formula that predicts the Canadian dollar at 75 cents to 80 cents and in fact adopt the balance of trade equilibrium forecasting formula which suggests a Canadian dollar of up to 90 cents. I imagine the disagreement remaining between us is on how long the province will remain exposed to the fact that we may be wrong and that we should eliminate this exposure. I understand the Government has taken steps to reduce the exposure. I think the Minister and I can agree to disagree on the speed with which that should be done so that the public of our province do not find themselves in the position where their hard-earned tax money is used to fund speculation, whether that speculation turns out correctly or not.

Mr. Chairman: 2.(a) Salaries, shall the item pass? The Honourable Member for Lakeside.

Mr. Harry Enns (Lakeside): Not to prolong the Estimates, but I take this occasion to ask for the

Minister's observations on a subject matter that seems to have become of public interest from time to time, particularly on the part of several well-known members of our news media. That is, does this Minister acknowledge a debt that we have to the Canada Pension Plan? If so, can he indicate what the status of that debt is at this time this year, in approximate terms and, finally, does this Minister feel any obligation to repay that debt at any time?

Mr. Manness: I thank my good friend, my colleague, the MLA for Lakeside (Mr. Enns), for the question. Let me answer the last question first and say, yes, as long as I am the Minister of Finance I feel an obligation to pay back all our debts in an orderly fashion.

Let me say that the borrowing from the CPP Fund is, in our view, a pretty straightforward approach to borrowing funds that are available. It is as if we were going to any lender. It is a good rate. It is basically the rate that all Manitobans—pardon me—it is a fund contributed to by all Manitobans.

The federal Government, of course, would want to put that money to work in some fashion anyway. It is of no value unless it is being put to work, so the federal Government has to decide then where is its best return and its safest return, and I guess has deemed that that probably would be lent out in a proportional sense to the people of those provinces who have built it up, so we take our allotment, our share on, I believe, a monthly basis or whenever it comes due.

Today we have an indebtedness of \$1.9 billion to the Canada Pension Fund. We pay all the maturing debt entirely from sinking funds. I believe that—are those 20-year notes? They are 20-year notes and the former Government believed to honour the province's commitment, I believe, about a year or two ago. March of '86 were the first 20-year maturities that were coming due and we will continue to do that, so the total indebtedness at this point is \$1.9 billion.

I think to this point in time the province has paid roughly, as I remember, \$60 million or \$70 million back, but of course that will begin to accelerate as we move fully onto the course of payback, but again it is a source of funding that the province uses, as indeed all the provinces of Canada—I do not believe anybody passes up their—Quebec passes up its share but then of course it is not part of the CPP. It has its own pension structure in place.

Mr. Enns: I ask the Minister whether or not he thinks that answer will satisfy one Mr. Peter Warren or Mr. Eric Wells, who five months from now or five months ago suggested a financial crisis in the making with respect to the Canada Pension Plan, and indeed went on to suggest that some provinces—I was not asking that question entirely facetiously—looked upon that debt somewhat differently than just described by the Minister as to whether or not it is a debt that indeed would be honoured by the respective recipients.

Mr. Manness: Certainly I am mindful of the argument put forward by Mr. Warren and others, and I guess to that end, once we have the first meeting of Ministers

of Finance, which we have not had yet, by the way. As a new Minister I have not met with my colleagues from across the country—it is a question that I will put to certainly the Minister of Finance for Ontario, Mr. Nixon who has been alleged to have made the statement he does not wish to pay it back. I cannot speak to any greater fashion to that whole issue other than to say that we will continue to honour our commitments under the agreement.

Mr. Kozak: Consideration of the Estimates related specifically to Treasury Division have been brief but quite exhaustive and we, in the Official Opposition, are prepared to pass items 2.(a), (b) and (c).

Mr. Chairman: 2.(a)—pass; 2.(b)—pass; 2.(c)—pass.

Resolution No. 64: Resolved that there be granted to Her Majesty a sum not exceeding \$1,211,800 for Finance, Treasury Division, for the fiscal year ending the 31st day of March, 1989—pass.

May I direct the Members' attention to item 3. Comptroller's Division (a) Comptroller's Office: (1) Salaries—pass.

3.(a)(2) Other Expenditures—the Honourable Member for Transcona.

* (1530)

Mr. Kozak: I note an increase in Other Expenditures from \$69,800 in the previous fiscal year to \$569,800 in the current fiscal year. The two numbers are certainly in a radically different order of magnitude and I wonder if the Minister and staff could explain the substantial difference that we see before us.

Mr. Manness: Mr. Chairman, the number is quite easily explained, the increase, that being because, of course, the commitment we made to the people in the Province of Manitoba during the last election campaign, that we would attempt to report as to the true finances of this province, and to that end, of course, we have conducted a series of outside audits totalling, as it was our commitment, \$500,000.00. As Members are aware, we are into Phase 2 of that commitment. We will be reporting to the House as to the results of some of the Phase 2 audits, hopefully all of the Phase 2 audits before Christmas. Mr. Chairman, that is where the \$500,000 has come from in support of that commitment to the people of Manitoba.

Mr. Kozak: I expected the Minister's answer, Mr. Chairman. It was strictly an effort to confirm that in fact was where the provision for the three phase audit in fact was reflected in this department's Estimates. The three phase audit has been debated repeatedly, both in this House and in its corridors. I do not propose to extend that debate at great length, but I might ask the Minister and his staff when they expect Phases 2 and 3 of the audit to be delivered to Members of this House?

Mr. Manness: First of all, let me introduce Eric Rosenhek, ADM, Comptroller's Division; and Rodger Guinn, also of that division.

In response to the Members question, I am going to have to indicate to the House at this time that whereas I was hoping that we could have all of the phases done by the end of this calendar year, we will not be in a position to do that. We will be providing results for Phase 2 by the end of this calendar year and certainly our intention, depending on the House, I would hope to be able to table that information in the House when we are sitting, and yet I do not want this House really to sit until two days before Christmas either.

So depending where we are, certainly it is my belief at this moment in time that Phase 2 will be completed and made public in the month of December. Phase 3, which I had also at one time indicated and expected that we would be able to do before the calendar year, I cannot deliver on that promise. That will be done. We will call for tenders some time in January. Although it is a smaller component, nevertheless, it is a very important one. It will be dealing with the new accounting systems that we would like to see in place and we may even change the focus, I will say this in all honesty, from the Crowns and maybe to the outside agencies.

However defined in its wider spectrum, not gearing in specifically on agencies within Community Services or anywhere, but how it is that we can improve the financial reporting, particularly the financial reporting area. So those of us who sit on Treasury Board have a better understanding at times when we have to make decisions as to really what is the financial status at any point in time. So I think I would like to take a little bit more time developing that. Consequently, I do not believe that will be done maybe until the end of February. I am just brainstorming at this point in time.

Mr. Kozak: I would like the Minister to know that I have no intention of taking issue with him as to the proposed delivery dates of Phase 2 and Phase 3 of the Audit.

Both the Government and the Official Opposition have repeatedly used a word that we have occasionally joked about asking each other what we meant by that word and that word is "streamlining." However, both the Government and the Official Opposition understand that this audit is important to improvements in the delivery of services to the people of Manitoba, improvements particularly in the efficiency of service delivery. We await these reports with avid anticipation. I will certainly not take the opportunity to criticize delivery of Phases 2 and 3 according to the timetable that the Minister has now suggested.

The Honourable Member for Osborne (Mr. Alcock), I believe, has certain questions on this matter. As a courtesy I would like to instead suggest that the Chairman recognize the Honourable Member for Logan (Ms. Hemphill).

Ms. Hemphill: I would like to ask the Minister about the level of taxation.

I recall very well when we were on the other side how terribly critical the Opposition was about the level of personal taxation that there was in the Province of Manitoba, and that he has just actually referred again

to the fact that we have one of the highest tax regimes in the country. We were very concerned about that too, concerned to the point that when we were in the election and knew that federal revenues were going to be increased to the province, one of the commitments that we made that those increased revenues would go to reduce the level of personal taxation for low and moderate income families.

My question to the Minister is why did you not choose to use some of your additional revenue, I think in the terms of approximately \$200 million, why did you not use some of it to reduce that horrendous personal level of taxation that you described? When you took office you did not do anything about it. You had more money, a significant amount of money. You could have done it. You chose not to give any relief to low and moderate income families.

I would also like to know why the choice, for instance, instead of putting more money in circulation by leaving more money in the pockets of the people of Manitoba, why did you not do that as an economic tool instead of just relying on the reduction of the health and education levy for instance to put more money in the hands of businesses to apparently, you hope, create jobs somewhere down the road?

Mr. Manness: I will answer the question. Before we move into a long running dialogue on taxation, I would hope that we would maybe pass the Controllers Division which we are in right now. I certainly will answer that question fully if the Member would just wait for my—

Mr. Chairman: Before we continue, I would just like to remind all Honourable Members that no official list of speakers with any order of preference is kept and that any Member who wishes to speak may rise and endeavour to catch the Speaker's eye, or in this case, the chairman's eye. The Honourable Member for Osborne.

Mr. Reg Alcock (Osborne): Perhaps we could start in looking at the Comptroller's Division. Could the Minister just give us a brief outline of what it does? How would you describe its function? I mean, I understand the written outline here, but I am thinking specifically with reference to the preparation of the quarterly reports that the Minister has offered to table in the House. Is this the division that prepares them?

Mr. Manness: The Member for Osborne asks a good question because the Comptroller's Division was always one that I never really understood. I hope that is not offensive to staff members here, but not being a practising accountant—but certainly the Comptroller's Division in my view are the ones who make sure that all the financial systems within Government are working, to make sure that all the spending, the authority that we grant by way of decisions that we make in this Legislature, are followed.

So, in general terms, I think that this division is most crucial to all of the activities in Government, to making sure that there is control, that there is accountability throughout all of Government. Specific to the question

which I guess I have forgotten, they are in charge, of course—this paper is going to have to come to an end. Of course, they are involved in a system of pay cheques, payment vouchers, and the Member would understand that.

I think I will not go into all this detail because the Member can read it just as well as I have. But certainly, in my point of view, in my layman's understanding, this division is representative of all the departments in Government and assures that there is accountability, and that there are the systems in place for the orderly payment of accounts where the orderly dispersal of funds are followed.

* (1540)

Mr. Alcock: Perhaps both the Minister and myself can learn something about this division in the next few minutes.

Mr. Manness: Well, I have got a much better feeling for it now.

Mr. Alcock: But is this the division that specifically prepares the quarterly reports that are presented in the House?

Mr. Manness: Yes, it is, in combination with the Treasury Board staff and there is quite a liaison in preparing the quarterlies.

Mr. Alcock: Okay, then, would it be possible to get a sense of—the Minister has said that the report for the second quarter will be available this week, I believe, at some point this week. Would it be possible to get a sense of, not so much what that report will contain because it will come forward, but what elements of Government spending it will reflect? Specifically, it might start with Capital. Given the Government's Capital budget for this year, how much of that will be reflected as an expenditure in that second quarter report?

Mr. Manness: We do not separate capital out as a separate item. I can indicate to the Member that our expenditures will be down slightly from that forecast in the Budget, that our revenues will be up slightly from that forecast. As far as specifically, the capital figure, as I can recall—and certainly there will be Treasury Board staff that will be here in due course that can give me a specific comment on that—capital is not split out. It is its own item.

Mr. Alcock: You indicate that the expenditures were down somewhat. Is that because there has been a change in expenditure, or is that simply the point we are at in the fiscal year? Is it simply that some of the new grants and authorizations for the 1988-89 year are not in pay yet and some of the capital projects have not been approved and therefore that money has not been expended? Or is it a change in, or different decisions, on the part of the Government?

Mr. Manness: Well, the question is good. Certainly, one has to be very clear what it is that person is looking

at when they look at a quarterly. It is a cash basis, so it is what has been expended to that point in time. The number as to where we think we will be, of course, that is the forecasted deficit number, but also the forecasted expenditures and revenues. So that is the projection taking into account all the Government's forward decisions with regard to capital and all other expenditures. That is more of a global number, it is there, but the detail numbers that you see are strictly cash. It will be cash numbers based as of September 30, 1988.

Mr. Alcock: Given that we are late in the fiscal year with the introduction of the Budget in August and the delays given the election, this Second Quarter Report then, I would presume that a lot of the expenditures that had been made to support existing programs are at last year's level, that any changes or increases in Budget would not be reflected as expenditures at this point in this so that if it comes in as slightly underexpended at this point, it is not necessarily reflected with the position at the end of the year but just the point as of the end of September.

Mr. Manness: No, that is not quite correct, Mr. Chairman, and again if the Member wants to engage in greater detail in this whole area, I would ask him to wait until we have Treasury Board staff here. I will say this that, no, those reflect actual expenditures for the first six months which is reflective of the increase that was provided; certainly the general 3 percent increase that was provided to all outside agencies of Government. So if that is where he is leading very directly those numbers that will be presented this week will reflect the increase provided within the verbal qualifications of the Budget and within the details as had been passed through various departments during this Estimates process.

(The Acting Chairman, Mr. Bob Rose, in the Chair.)

Mr. Alcock: Perhaps I am misunderstanding the role of this division. Does this division prepare those quarterly statements?

Mr. Manness: This division prepares the numbers but the analysis as to where we are going with respect to the year-end deficit forecast is done in Treasury Board. So the Comptroller's Division, because September 30 has a history, the comptroller looks at what has happened and reports accordingly by way of this quarterly report. There are two components to the quarterly report, that dealing with what has happened up till September 30 that is historical in nature. Then of course there is the other side of it forecasting to the year end and that is where the Treasury Board takes over, taking into account the decisions that had been made by Treasury Board through all periods of time.

Mr. Alcock: Let me just move to another area for a second. One of the things that this division is indicating it is doing is providing policy advice to Treasury Board and Government departments concerning financial and management systems. That policy advice, of a system's nature only or is it relative to levels of expenditure kinds of expenditure?

Mr. Manness: No, Mr. Acting Chairman, with respect to the proper recording and the reporting of what has happened and the best way to present that to the people of the Province of Manitoba, not as to what numbers should be reported, not as to what numbers should be forecast and brought into the Budget, nothing like that; but just once the Government has made a public policy decision as to how and where and what levels they want to spend, how it is that those numbers are reflected after the fact.

Mr. Alcock: If I understand this correctly then, decisions are made, or they are made as to policy, they are vetted to Treasury Board, there is some sort of authorization to put things in to pay, departments expend that in some process that has been designed unauthorized and supported by your department, and those expenditures come together and are reflected back to the House in some sort of quarterly report through this division?

Mr. Manness: In part, yes.

Mr. Alcock: So the recording of actual expenditures to September 30 are done by this division? I am not certain whether that was musical accompaniment to this particular section of the report. This is in Culture; you can go back to sleep for awhile here.

The question then is -(Interjection)- I appreciate the comments on the part of the Honourable Member for Lakeside (Mr. Enns). Having put programs in to pay or having put projects into pay or the fact the second quarter report ends on September 30, then would it not be true that a lot of the major initiatives of the Government, new programs and particularly new capital initiatives would not be in pay as of September 30?

* (1550)

Mr. Manness: It is not necessarily so. For instance, a major expenditure on highways this year, upwards of \$95 million dollars. Most of that capital has been expended. Indeed, the work has been done and the bills, for a large part, have been paid, so that would be included within the actual expenditures reflected up to September 30 or whatever portion of them have been paid out as of that date.

Mr. Alcock: Does that include the capital projects in the Health Estimates?

Mr. Manness: To the extent that some portion of Health capital, before the detailed announcement, and there were some various components of the Health capital budget that were announced previous and to the extent that they had begun and there had been a requirement that there had been a billing in place in support of those capital expenditures and they had been paid out before September 30. Yes, they would be reflected also.

Mr. Alcock: So the existing projects that were under way would, of course, been continued and they would be reflected, but any projects that flow from new decisions of Government, any new projects that might

be initiated as a result of the Government's planning cycle through the spring and summer would be reflected in the capital plan would not be reflected as of September 30, I would expect. Okay, I am prepared to pass this and move on.

The Acting Chairman (Mr. Rose): 3.(b) Financial and Management Systems: (b)(1) Salaries \$640,400—pass; (b)(2) Other Expenditures \$569,800—pass; 3.(c) Disbursements and Accounting: (c)(1) Salaries \$1,808,700—pass; (c)(2) Other Expenditures \$1,063,600—pass; 3.(c)(3) Less: Recoverable from Other Appropriations \$505,000—pass.

3.(d) Information Systems Support: (1) Salaries \$698,500—the Honourable Member from Transcona (Mr. Kozak).

Mr. Kozak: Am I correct, Mr. Acting Chairman, in assuming that there has been some addition to staff in this area as well? I note that salary expenditures are projected to rise from \$619,100 to \$698,500.00.

Mr. Manness: Mr. Acting Chairman, there is additional money that has been placed in this allocation for seconded staff. Workers Compensation Board, one of our staff members, went in support of that new addition.

Mr. Kozak: The answer is certainly satisfactory. Mr. Acting Chairman, unless the Honourable Member for Logan (Ms. Hemphill) has a comment, I am prepared to see the item pass.

Ms. Hemphill: Mr. Acting Chairperson, as I said before, I am not following too carefully on which line it is, although this may be appropriate. I would like the Minister, and he may not have it with him now, but I would like him to prepare for us a list of the studies that the Government has undertaken. How many studies have they undertaken? How much are they costing and who is receiving the contracts? That would be studies like the literacy task force, the day care task force. I am wondering if he can report to us at another day the number of studies the Government has undertaken and the cost.

Mr. Manness: Mr. Acting Chairman, the ones that the Member has just listed off are not the Department of Finance studies. If she requests that information of the Minister responsible, I think that would probably be the best way, and if it is not forthcoming there, then I would ask her, as it is her right, to ask the question by way of a written question of the House.

Specific to the Department of Finance, I can indicate to the Member that every study that we have done are all included in the phase 1, Phase 2 audits and all that information has or will be made public. With respect to the Phase 2 studies, the global figure of the 7 projects done was \$214,000, and if the Member requests a specific breakout as to the seven different firms involved providing service for that amount of money, I certainly would be more than prepared to provide her with that detail, but Phase 1, Phase 2, studies is the total spectrum of studies conducted by the Department of Finance since the new Government has come into being.

Ms. Hemphill: Yes, I recognize some of the studies. No, I am not interested in the blow by blow for \$213,000 for seven firms. I am actually more interested in knowing what it is that the Government is doing overall, in terms of studies, and it is a little difficult to get that. We may not even know all of the studies that are going on, and it did not seem inappropriate to me that the Minister of Finance (Mr. Manness), having the overall responsibility for contracts and monies that are expended could gather that list for us and tell us what in total the Government is studying and who is doing it for them and at what cost. But we can perhaps talk about how that information comes to us later.

The Acting Chairman (Mr. Rose): 3.(d)(1)—pass; 3.(d)(2) Other Expenditures \$194,400—pass; 3.(d)(3) Less: Recoverable from Other Appropriations \$87,300—pass; 4. Taxation Division (a) Administration: (1) Salaries \$325,700—pass; 4.(a)(2) Other Expenditures \$12,500—pass; 4.(b) Retail Sales Tax Branch: (1) Salaries \$3,108,500—pass; 4.(b)(2) Other Expenditures \$644,100—pass.

4.(c) Mining and Use Taxes Branch: (1) Salaries \$2,008,100—shall the item pass? The Honourable Member from Transcona.

Mr. Kozak: Thank you, Mr. Acting Chairman. I note that within the Taxation Division, the area of Salaries for the Mining and Use Taxes Branch is the only area that experiences a growth in dollar amount significantly above the rate of inflation, from \$177,600 to \$2,008,100.00. I assume that once again it is safe to assume that staff has been added to this particular function. I imagine it is related to the increased activity of the Government in collecting mining tax revenues. I wonder if the Minister could confirm for me that my perception of this is correct.

Mr. Manness: Mr. Acting Chairman, I am sorry, I did not catch the final part of the question. Certainly, the increase is mainly in the area of auditors: It has been a criticism of the Provincial Auditor for a number of years that we really do not have the necessary resources that we should within this area to ensure that all, many of those businesses who are handling commodities which are taxable, some portion of them are escaping taxation. The only way, of course, that we can ensure that they pay their fair share is through greater compliance and, indeed, Special Audit or auditors. So, Mr. Acting Chairman, we have had to, we have beefed up some of the personnel within that area and that is why the number has increased accordingly.

Mr. Kozak: Then I am correct in assuming that because projected mining tax revenues during the current fiscal year run approximately 100 million above mining tax revenues for the past fiscal year, that the Government judges that this is certainly an appropriate time to increase the staffing of that branch?

* (1600)

Mr. Manness: Mr. Acting Chairman, the Member is, for the most part, correct. The Provincial Auditor felt

that we were not up to date in our audits of mining firms. We were behind and what we did is we beefed up the resources available there so that we could update them. Certainly, a large proportion of the increase is due to that, although let me say we still do not have an overly large number of compliance people or, for that matter, auditors.

Mr. Acting Chairman, let me at this time introduce Mr. Art Roberts who is the Assistant Deputy Minister within the taxation division; also Stan Puchniak who is the head of Mining and Use Taxes Branches. Ralph Moshenko is here momentarily.

The Acting Chairman (Mr. Rose): 4.(c)(1)—pass; 4.(c)(2) Other Expenditures \$520,900—pass; 4.(d) Corporation Capital Tax/Health and Post-Secondary Education Levy Branch: (1) Salaries \$1,601,400—pass.

Mr. Manness: Mr. Acting Chairman, before we pass the final item within the Taxation Division, I would like to respond to the Member for Logan with respect to our view of taxation. The Member specifically focused on the 2 percent tax on net income. I think she asked the question why it was we as a Government did not rebate or return some of the people's money, not the Government's money, but the people's money to them, given that there was more going to be returned to the province than originally had been expected.

As I indicated then and I will indicate now, although more revenue was expected, all of it Manitobans' revenue basis the 2 percent tax put into place by the former administration, 2 percent tax on the income, let me say that there is also a huge debt out there. There was still a very large deficit that was in place and it belonged to the people of the province too. It is not the Government's debt; it is the people's debt.

So the Government of the Day had to decide whether or not we brought in a deficit in the tune of \$300 million, \$350 million, or whether we held firm and did not reduce the 2 percent tax on net income as much as we would have loved to, because I can tell you that tax is one that is impeding progress to a large degree within this province. We had to make a conscious decision whether or not to reduce it, bearing in mind that what then would have been the case presented by way of the budget would have been a higher deficit and the requirement for yet additional larger amounts of borrowings with the itinerant interest costs that went with them.

In our view, the people of Manitoba would have wanted us to direct that unexpected, not unexpected, let us say, greater than expected revenue towards the orderly reduction in the deficit, even to a larger degree than was contained within the defeated Budget of the former administration. That was the basis on which the decision was made. We are fully cognizant and to the extent possible within the Budget of '89 that we have the leeway to do so, we will make every effort to begin to reduce that tax. It is onerous, it is burdensome and, let us be mindful, it would not be in place at all if it were not for the fact that the lending community and the rating community were saying to the Province of Manitoba, you are not going to borrow any more money

unless you are going to be prepared to tax your people more.

The Member for Logan (Ms. Hemphill), her colleague, my predecessor, did not want to bring in that tax. The Pawley Government did not want to bring that tax in. No Government would have wanted to bring that tax in. It was forced upon them because, first of all, they were not willing to decrease the expenditure side of Government and so the only way that they could go out and borrow money, additional money in support of that, was if they were prepared to also tax the citizens of this province at a higher rate. There were no alternatives.

I know that Mr. Kostyra did not want to bring in that tax. I wish we did not have it but, in essence, it is there because it has to be there. Our decision was no different than anybody else's. We could have, yes, reduced the tax. Politically it would have been an expedient thing to do, but in all reality were we helping the situation in the province any better if then we had to go to the marketplace in support of an additional \$100 million, \$150 million of borrowings?

That is what we would have had to have done in spite of the fact that I think we did a pretty fair job in reducing the expenditures of Government through the very narrow frame of budgeting that we had in the summer of '88. I hear the Member to the extent that in planning for the 1989 budget we have leeway. There will be an honest attempt to try and reduce that tax by whatever size.

Mr. Kozak: I had not planned to rise again on this point, Mr. Acting Chairman. My opening remarks dealt somewhat with the 2 percent flat tax on net income. I would just like to reiterate that taxes imposed on our people, our businesses, do have the effect of depressing the flow of funds in the private sector, the rate of spending.

As we depress the turnover of private business, we depress workers' salaries. These workers pay taxes. As we depress business activity, we depress businesspeople's profits. These profits are taxable. In short, I would like to suggest once again to the Minister of Finance (Mr. Manness) that there is certainly not a one-to-one relationship between tax receipts from a particular tax and the tax receipts that would be foregone if that tax were not in place.

I return to my earlier suggestion that the Government do give very strong priority to cost-benefit analyses which will give us a clearer picture in this House, as legislators holding the public trust, as to the costs and benefits of selected tax decreases.

I would suspect that the full receipts of the 2 percent flat tax on net income would not be lost to this Government but rather that much of those receipts would be recaptured through economic stimulus provided to the consumer sector and the business sector.

That, I suppose, is not a question, but I do have one final question before we leave item 4.(d)(2). One other area in which salaries within the Taxation Division have

increased at a rate above the rate of inflation, although less so than those of the Mining and Use Taxes Branch, is in the area of salaries for the Corporation Capital Tax/Health and Post-Secondary Education Levy Branch.

I assume once again that the increase in Salaries from \$1,413,000 in the last fiscal year to \$1,601,400 in the current fiscal year represents again some addition to staff to more fully service the fact that corporation tax receipts are projected to increase dramatically in the current budget.

* (1610)

Mr. Manness: Almost all that increase is explained by general salary increase net, within that branch, of \$113,000, and also a very significant portion of pay equity increase allowances are involved within that branch by its very nature. That is the main reason for the significant increase within that appropriation.

Let me say to both Honourable Members, I would like to put in perspective just for one moment, before we leave this taxation area, it is never forgotten what our interest bill is in terms of the income tax that each and every one of us contribute to this province. We receive in personal income tax, I believe, a little over a \$1 billion, and 530 million of that, if you want to look at it in those terms, is directed toward interest payments. I know you should not, because it all goes into the same pot, allocate one revenue source from another, but just be mindful of these two numbers. Of every \$2 that each of us contribute by way of our personal income tax to the Province of Manitoba, \$1 of that goes to interest. A real shocking number when you put it in those terms. Let us realize that as hard as we are all working to try and support the services of Government, that still in the terms of the interest that is being paid in support of this incredible debt, that one of the \$2 that we pay in terms of income tax, in other words, one of the \$2 out of the 2 percent tax on net income, for the most part, is leaving the province in terms of interest.

Mr. Kozak: In spite of the approximately 15 percent increases in salaries that the Minister has explained in that under some circumstances, I would pursue further, I am willing to entertain passage of this item at this time.

The Acting Chairman (Mr. Rose): Item (d)(2) Other Expenditures \$666,700—pass.

Resolution No. 65: Resolved that there be granted to Her Majesty a sum not exceeding \$4,475,500 for Finance, Controller's Division, for the fiscal year ending the 31st day of March 1989—pass.

Resolution No. 66: Resolved that there be granted to Her Majesty a sum not exceeding \$8,887,900 for Finance, Taxation Division, for the fiscal year ending the 31st day of March, 1989—pass.

Ms. Hemphill: I have one other quick question under Taxation. I am wondering if the Minister can just tell us quickly why he is not worried about the universal sales tax proposal of the federal Government; what

meetings they have had to date; what information they have been given; what consultation by the federal Government; what negotiations and why he seems to be so sure that this is revenue neutral, that it is not going to cost the people of Manitoba increased dollars and it is not going to? I may be wrong, but I thought he had said that he agreed with the Minister of Finance at the time who said that this was a revenue neutral Budget and therefore would not be raising the billions of dollars that had been predicted by the Commons Finance Chairman, when he was talking about it. If they go from taxing a third of goods and services to all of them, what position will they be taking on the taxation of food, such items as food?

Mr. Manness: This is the proper time for this question. I do not know if we moved into Section 5 or not, but certainly staff who have joined me now, Mr. Pat Gannon and Irene Banks, within Federal-Provincial Relations, who have been very involved in this from the perspective of ensuring that Manitoba's interests, indeed the interest of all consuming Manitobans for safeguard, let me say, Mr. Acting Chairman, and I will reiterate, I am one who supports the concept of taxing consumption more so than taxing income. I say that because I believe that income that is allowed to grow and if the proceeds from that growth are put away in bank accounts or trust accounts, they are not available to the person who is using them. Watching a bank account grow does nobody any good. There may be some aesthetic—

Ms. Hemphill: Security, I guess.

Mr. Manness: Sure. But that is meaningless. That does not put food on the table. That does not put a roof over one's head. It is only when you decide to withdraw that from the growth location and put it to work does it do an individual some material good, some tangible good. I say at that point it should be taxed. So that is maybe the difference between us, maybe not. Although I am mindful of the fact that the former administration, of which the Member for Logan (Ms. Hemphill) was a member, certainly increased the sales tax which was a consumption tax on one occasion.

But let me say more directly to the question, I honestly believe that there is a long way to go before there is an agreement between provinces and the federal Government as to the ultimate form of a new national sales tax. I honestly cannot contemplate, unless something miraculously happens, that you will see a new plan before 1991. What form it will take in 1991, seeing you have two years lead up to that point, I think puts us in the realm of sheer speculation at this point in time. But reform is needed. The Member knows that reform is needed.

You cannot continue to penalize those providers of jobs and economic activity in your own company, particularly those who are exporting elsewhere, continue to penalize vis-a-vis other economies or the taxation regimes in other countries. That is what we are doing. Everybody who is manufacturing today in this nation, who is exporting outside, has imposed on them a 12 percent manufacturing sales tax, putting at jeopardy all the jobs. I think that has to be looked at. So when

one looks at taxes, obviously there are going to be some types of shifts. Minister Wilson—hopefully Minister Wilson's, within the next Government, by my viewpoint—will continue to move ahead with sales tax reform, bearing in mind that I know the people have indicated they do not want to see a final tax on food.

Yet let us be cognizant. There is tax involved in food today. All the transportation costs—pardon me, not the transportation costs but the costs associated with so many of the input costs in preparing and bringing to the marketplace our food have taxes built into them. But nevertheless, there is an agreement, right today in my mind, and there is a will of the people that food at the retail level not be taxed.

Pharmaceuticals—those commitments have been made for the most part, totally to my understanding, by Finance Minister Wilson. Now, I understand what Mr. Blenkarn has done—I do not understand what he has done, quite honestly, but I think what he was trying to say was, look, if you do not have offsets, if you do not begin to have credits in place for those less fortunate in our society who are going to, by virtue of their purchases of the necessities of life, if you do not have credits that are going to offset the tax that they will be paying, conceivably there could be a windfall of tax money. But the federal Government has made it very clear from Day One that any additional revenues that would come in under the new tax reform, which would of course be over a much broader base, will be directed back to those in society who least can afford to pay them in the form of a sales tax credit.

I know the Member for Logan (Ms. Hemphill) was part of a Government that believed in the theory of credits, that individuals in filling out their tax forms could provide those credits so there would be a net inflow of revenue coming to them, one step removed from the guaranteed net income, in essence.

So, Mr. Acting Chairman, I say to the Member opposite, there is nothing imminent. My officials, I think, this week or next week will once again be renewing discussions surrounding tax reform. There is a desire by the federal Government to know if there is a continuing commitment by the provincial Governments towards reform. I can say from the point of view of this Government, that there is.

* (1620)

The Acting Chairman (Mr. Rose): 5. Federal-Provincial Relations and Research Division (a) Economic and Federal-Provincial Research Branch: (1) Salaries \$835,000—the Honourable Member for Transcona.

Mr. Kozak: In my opening remarks, Mr. Acting Chairman, I raised the objective matter of the capacity of the Government of Manitoba to produce credible, economic analyses and forecasts. I pointed out that in this House in Question Period the Minister of Finance (Mr. Manness) had raised a similar concern. As I looked through the Finance Estimates, I saw no startling increase in the allotment for the Federal-Provincial Relations and Research Division. Most notably, I saw no significant increase in salaries for Research Branch or indeed for the Manitoba Tax Assistance office.

If we are suffering in terms of our ability to produce economic analyses and credible economic forecasts to the point that I feel it is in doubt that we can produce multi-year budgets that do not represent a sham, I think this is the point where the Minister should have free rein to explain how he proposes to introduce credible multi-year budgeting when he himself has given no appearance of making a provision for these multi-year budgets in the Finance Estimates.

Mr. Manness: Well, Mr. Acting Chairman, let me say that, within this division, I have instructed staff at one of our earlier meetings, that within their limited resources in terms of the 1988-89 Budget, that I would ask—and I have requested—a cursory review as to what other provincial jurisdictions are doing with regard to forecasting, also to a lesser degree modelling, although again I hearken to the remarks I made earlier, I do not have the resources that I can—that this Government does not have the resources that it can—begin to set into place a model that will depict the provincial economy which will show the impact, for instance, a \$100 million reduction and a 2 percent tax on that income.

Nevertheless, the commitment was sincere that I made. I expect staff will be bringing me that information in due course. I can say, with respect to the hard promise, that the next Budget coming down in 1989 will be a forecast a year beyond. That is being done. Not so much within this division, moreso as a coordinated effort between this division and the Treasury Board staff. That is being done within existing resources. As a matter of fact, it is being brought in as an adjunct to many of the decisions that are being now entered into with respect to the development of the 1989 Budget.

So there is a side issue to almost all those decisions and that is the number that will be reflected therefore for the 1990-91 Budget. That is being done within existing staff numbers. That will, of course, have basic assumptions built to them. But the assumptions themselves, I regret to say, will not be sensitivity tested. They will be brought forward and that will be the manner in which the 1990-91 estimated deficit in the range of expenditures and revenues will be brought forward to the House.

So I say to the Member, yes, we will honour the commitment to year out. As far as three- or five-year forecasting, we have some more work to do and I guess it would require, most likely, some additional resources if we were going to go out to five years, that is not the intent today.

Mr. Kozak: I certainly commend the Minister on his candour, Mr. Acting Chairman. It is quite clear that we will not have multi-year budgets in which we will be able to repose 100 percent confidence. The Official Opposition certainly looks forward to seeing the multi-year budgets that appear before us, and we hope that this can be an area in which Government and Opposition cooperate to improve the process over time.

It is a matter in which we congratulate the Government for its commitment, for its making a start,

but we are very anxious that this process over time be more than a sham. I do commend the Minister on his candor and I am willing to see this item pass.

* (1630)

The Acting Chairman (Mr. Rose): 5.(a)(1) Salaries—pass; 5.(a)(2) Other Expenditures \$354,600—pass; 5.(b) Manitoba Tax Assistance Office: (1) Salaries \$303,900—pass; 5.(b)(2) Other Expenditures \$64,400—pass.

Resolution No. 67: Resolved that there be granted to Her Majesty a sum not exceeding \$1,557,900 for Finance, Federal-Provincial Relations and Research Division, for the fiscal year ending the 31st day of March, 1989—pass.

6. Insurance and Risk Management 6.(a) Salaries \$142,000—pass; 6.(b) Other Expenditures \$12,300—pass; 6.(c) Insurance Premiums \$2,018,000—pass; (d) Less: Recoverable from Other Appropriations \$956,000—pass.

Resolution No. 68: Resolved that there be granted to Her Majesty a sum not exceeding \$1,216,300 for Finance, Insurance and Risk Management, for the fiscal year ending the 31st day of March, 1989—pass.

7. Treasury Board Secretariat 7.(a) Office of the Secretary: (1) Salaries \$102,200—pass; 7.(a)(2) Other Expenditures \$3,400—pass; 7.(b) Secretariat: (1) Salaries \$1,781,200—pass; 7.(b)(2) Other Expenditures \$315,200—pass.

Resolution No. 69: Resolved that there be granted to Her Majesty a sum not exceeding \$2,202,000 for Finance, Treasury Board Secretariat, for the fiscal year ending the 31st day of March, 1989—pass.

Item No. 8. Tax Credit Payments \$237,100,000—pass.

Resolution No. 70: Resolved that there be granted to Her Majesty a sum not exceeding \$237,100,000 for Finance, Tax Credit Payments, for the fiscal year ending the 31st day of March, 1989—pass.

The following are Statutory Appropriations not required to be voted annually:

9. Public Debt (Statutory) (a)(1) Interest on the Public Debt of the Province and expenses incidental thereto \$1,059,033,200—pass; 9.(a)(2) Interest on Trust and Special Funds \$65,550,000—pass; (b) Less - Amounts of Interest and Other Charges to be received from: (1) Manitoba Telephone System \$59,476,100—pass; (2) Manitoba Hydro, \$267,687,100—pass; (3) Manitoba Housing and Renewal Corporation \$36,733,800—pass; (4) Manitoba Agricultural Credit Corporation \$24,650,500—pass; (5) Other Government Agencies \$4,817,800—pass; (6) Other Loans and Investments \$133,898,000—pass; (7) Sinking Fund Investments \$114,047,800—pass.

10. Hydro Rates Stabilization (Statutory): Provides for stabilizing Manitoba Hydro's cost of foreign currency borrowing. \$4,636,200—pass; (1)(a) Minister's Salary \$20,600—pass.

Resolution 63: Resolved that there be granted to Her Majesty a sum not exceeding \$799,200 for Finance,

Administration and Finance, for the fiscal year ending the 31st day of March, 1989—pass.

Mr. Manness: Do you want to do the small ones now, Enabling Vote and Provision for Losses, page 154?

The Acting Chairman (Mr. Rose): We will now move to Canada-Manitoba Enabling Vote, Page 154.

1.(a) Canada-Manitoba Enabling Vote, Agri-Food Agreement \$713,800—pass; 1.(b) Tourism Agreement 1985-1990 \$1,244,500—pass; 1.(c) Northern Development Agreement - Canada-Manitoba \$3,333,400—pass; 1.(d) Winnipeg Core Area Agreement \$800,000—pass; 1.(e) Winnipeg Core Area Renewed Agreement \$2,677,300—pass; 1.(f) Special ARDA Agreement \$228,000—pass; 1.(g) Mineral Development Agreement (ERDA) \$371,300—pass; 1.(h) Economic Development Planning Agreement \$30,000—pass; 1.(j) Health Industry Development Initiative \$800,000—pass; 1.(k) Forest Renewal Agreement \$584,400—pass; 1.(m) Communications and Cultural \$320,200—pass; 1.(n) Transportation Development Agreement \$209,200—pass; 1.(p) Churchill Agreement \$1,403,000—pass; 1.(q) Urban Bus Agreement \$260,000—pass.

Resolution 141: Resolved that there be granted to Her Majesty a sum not exceeding \$12,975,100 for Canada-Manitoba Enabling Vote, Canada-Manitoba Enabling Vote, for the fiscal year ending the 31st day of March, 1989—pass.

We now move to Allowance for Losses and Expenditures Incurred by Crown Corporations and Other Provincial Entities, Current Operating Expenditures, Page 159.

1. Allowance for Losses and Expenditures, Criminal Injuries Compensation Board \$2,600,000—pass; Manitoba Oil and Gas Corporation \$300,000—pass; Manitoba Potash Corporation \$2,400,000—pass; Manitoba Properties Inc. \$10,100,000—pass.

Resolution 143: Resolved that there be granted to Her Majesty a sum not exceeding \$15,400,000 for Allowance for Losses and Expenditures Incurred by Crown Corporations and Other Provincial Entities, Allowance for Losses and Expenditures, for the fiscal year ending the 31st day of March, 1989—pass.

Mr. Manness: I would ask if the Emergency Interest Rate Relief, Page 157, whether or not—there is no vote on that.

An Honourable Member: No, there is not.

The Acting Chairman (Mr. Rose): That completes the Estimates for the Department of Finance.

Committee rise.

* (1640)

SUPPLY—LEGISLATIVE ASSEMBLY

Mr. Chairman, Mark Minenko: I call the committee to order, please. I draw Members' attention to consider the Estimates of the Department of Legislation.

As is customary, items 1, 2 and 3, being statutory items, do not need consideration before the Committee of Supply. I draw Members' attention then to appropriation No. 4 Other Assembly Expenditures (a) Leader of the Official Opposition Party—pass; 4.(b) Leader of the Second Opposition Party—pass.

4.(c) Salaries—the Honourable Member for Osborne.

Mr. Reg Alcock (Opposition House Leader): Can I just ask the Government House Leader (Mr. McCrae) how that salary money is apportioned among the three caucuses?

Hon. James McCrae (Government House Leader): Mr. Chairman, there are \$650,500 to be allocated amongst the three Parties represented in the Legislature. The proportion of staff years was decided last week by the Legislative Assembly Management Commission.

Mr. Alcock: I asked the Government House Leader what that apportioning was.

Mr. McCrae: As I understand it, there were nine for the Government Party, eight for the Official Opposition Party, and six for the Third Opposition Party. The matter went through LAMC.

Mr. Alcock: So that it is expected that the formula used for arriving at that apportionment was designed to see that the staffing was proportionate to representation of the three Parties in the House?

Mr. McCrae: The formula was the subject of months of, sometimes what I felt was endless, discussion between the three Parties represented in the House. It was a subject of much discussion and finally passed through Legislative Assembly Management Commission.

Mr. Alcock: But the intention of the arrangement was to see that the three Parties had staff support for their caucuses that was appropriate to their representation in the Legislature. In other words, each caucus would have a share of the—total resources were available that was consistent and designed to provide support to the number of Members that they had, recognizing that a larger caucus would require more support than a smaller caucus. Is that not correct?

Mr. McCrae: My only problem with a "yes" or a "no" to the Honourable Member's question is that he is asking me to get involved in many, many discussions. Most of them if not all, I suggest, were of a non-prejudicial nature to any of the Parties. So if we get into one part of it then, where do we stop? That is my problem with the Honourable Member's question.

Mr. Alcock: I certainly do not want to re-enter any of those discussions. I simply wish to understand the principle on which those decisions were made. I think it was a principle that was agreed to by the Leaders when we came into this House and I would just like it on the record that the principle was indeed that there

be proportional representation, and the staffing be allocated along that proportional basis, as have other decisions, committee representation and other things in this House been made.

Mr. McCrae: As I say, I have tried, and in fact I was involved in a number of those discussions up until a certain point in time when it was felt certainly by myself that perhaps someone else from our caucus should be involved in those discussions. I have not been involved in the most recent discussions, as the honourable member knows. But in any event, a number of things are said between House Leaders that, really, I would not want the Honourable Member for Osborne (Mr. Alcock), for instance, to start betraying any of those confidences. I would feel upset if he did. On the other hand, I think he might feel the same way if I were to do the same. It is in that kind of spirit that I have taken part in all of those discussions.

Numbers are discussed by the Legislative Assembly Management Committee. There was no dissenting voice that I heard last week in the LAMC on this matter, and so I am wondering what the Honourable Member really wants to get at and whether he wants to engage in a whole rehash of all of the things that we discussed. Many of them I know the Honourable Member would not want me to be discussing and I am trying very hard not to discuss them so that I do not betray those confidences that, in the course of a Session, in the course of a Legislature, should be building up amongst House Leaders in a place where we are trying to get the business of the people of Manitoba done.

I commend the Honourable Member for Osborne (Mr. Alcock) for the way that he has conducted himself in the course of his—well, since his appointment as Opposition House Leader. I just suggest that before we get too far into those private discussions, the latter part of them, of which I was not part or a party, I really caution the Honourable Member about getting into some of those issues because once you start, where do you stop?

* (1650)

Mr. Alcock: Well, perhaps you stop right here, at least as far as this discussion is concerned, although once again the decision that was arrived at unanimously by LAMC and supported by all three Parties was a distribution that was 9, 8, 6 that reflected the size of the various caucuses in the House. That was the agreement that was arrived at earlier and was in fact the one that was supported by LAMC and I think by all three Parties.

I simply want it on the record, and I would have expected the Attorney-General having not to reference all sorts of discussions that led up to it because that is not what I am referring to. I am just referring to the decision that was made and the principle upon which it was based. Okay?

Mr. McCrae: I know that the Honourable Member wants me to discuss one very narrow aspect of the discussions that we had but this is something that he would like

to bring forward. What about some of the other things that perhaps I would like to bring forward, or the Honourable Member for Churchill (Mr. Cowan) would like to bring forward, or (Interjection) Well, if the Honourable Member wants to get into that and wants to discuss all of our private discussions, then I suggest that maybe he should step down from the job and watch someone else do it for awhile and see how it is supposed to be done, because the discussions I have with the Honourable Member and with the Honourable Member for Churchill (Mr. Cowan) are discussions between House Leaders. I do not go and put on the public record the details of those discussions because they are all without prejudice, and many scenarios are discussed before arriving at a final conclusion.

I can say in general terms, Mr. Chairman, that the House Leaders and LAMC, I am sure, as well, discussed principles, discussed formulas, discussed various things. If the Honourable Member wants me to get into specifics, I caution him about that, because then there might be some issues that he thinks might reflect badly on Parties other than his own, but I can assure you, there are other issues involved as well which might not reflect so well on his side of it. So that is why I say that those discussions are very special in terms of the Legislative milieu. The relationship that develops among House Leaders is a very special relationship and often a personal relationship which I prefer to see continue.

Mr. Alcock: I can only conclude, Mr. Chairman, that the Minister chooses to misrepresent the question that I am asking. I am not asking about any of the conversations that took place among House Leaders. I am asking about decisions that were taken on the record at the Legislative Assembly Management Commission. These are not private discussions that take place and I agree there is a need to have non-prejudicial discussions that allow the three Parties to negotiate. I am not, I am specifically not referencing those discussions. I am asking about something that was decided by the Legislative Assembly Management Committee publicly and on the record. That is all.

Mr. McCrae: Publicly and on the record, Mr. Chairman, in the Legislative Assembly Management Commission, there was talk of formulas, there was talk of representation in the House, and numbers of Members in Parties, numbers of staff people per Party. Those discussions, I suggest most of them, were held amongst the House Leaders and brief reports were made to the Legislative Assembly Management Commission last week. The Legislative Assembly Management Commission passed the Estimates of the Department of Legislation, recommended them to the House and they are before us today.

Mr. Chairman: 4.(c) Salaries—pass; 4.(d) Other Expenditures—pass.

Item 4.(e) Hansard—The Honourable Leader of the Opposition.

Mrs. Sharon Carstairs (Leader of the Opposition): Thank you, Mr. Chairman. The whole issue of the Hansard Staff, and I referring now to the recording

staff, has any movement been made with regard to making these individuals full-time employees?

Mr. McCrae: No.

Mr. Chairman: 4.(e)(1) Salaries—pass.

Mr. McCrae: Just an addendum to that answer, the Hansard recording staff, while not year-round employees, are paid benefits in accordance with the amount of time that they do put into their jobs in this place as on the same basis as others in the Civil Service.

Mr. Chairman: 4.(e)(2) Other Expenditures—pass.

Resolution No. 1: Resolved that there be granted to Her Majesty a sum not exceeding not \$2,753,200 for Legislation, Other Assembly Expenditures, for the fiscal year ending the 31st day of March, 1989—pass.

5. Provincial Auditor's Office (a) Salaries—the Leader of the Opposition.

Mrs. Carstairs: This is our second Budget in this particular year. In the first Budget, the Auditor's Office was cut by \$49,000.00. When I asked then Minister of Finance why he had taken such a move, because I thought it was very peculiar, I was told that the Provincial Auditor had requested that his staff be cut, and yet in this particular Budget we see an increase in the staffing level of the Provincial Auditor's Office. Can the House Leader tell us exactly why the Provincial Auditor apparently changed his mind from the first Budget of 1988-89 to the second Budget of '88-89?

Mr. McCrae: Mr. Chairman, it is not for me, as a mere Member of the Legislature, to substitute my thinking for that of the Provincial Auditor and to tell the Honourable Leader of the Opposition (Mrs. Carstairs) what was in the Provincial Auditor's mind.

I can tell the Leader of the Opposition, however, that my information is that the Estimates before us show a net increase of \$55,000 in salaries due to a general salary increase of \$130,500, increments of \$21,000, subtracting a staff turnover for \$44,800, and the subtraction of one staff year, an audit clerk, \$24,700.00. Those numbers added and subtracted account for the increase of \$55,000.00. It seems to me the Provincial Auditor is an independent agent of the Legislature. The Honourable Leader of the Opposition might wish to write directly to the Provincial Auditor to get that information.

Mrs. Carstairs: I guess, Mr. Chairperson, my concern is that in the previous Budget the figure was \$2,425,000.00. So now we see an increase of \$104,000 over what was proposed to us in March and then what came forth in the Budget in August. I just wanted the rationale for why it seemed to be able to go down. I think the Provincial Auditor needs the kind of money that the Provincial Auditor is now getting. I would like to know how they thought before they were going to be able to cut this amount and now of course they say they cannot.

Mr. McCrae: Mr. Chairman, one additional item. It is not a very small one. It is an important one which relates

to the Leader of the Opposition's (Mrs. Carstairs) question. That is that the original Budget of last March contained no budgeted increase for a general staff increase. That is the reason and the Budget of August did.

Mrs. Carstairs: I am glad the accounting in this direction was in order. I have just one final question. I probably will not get an answer here. I may get it from the Premier (Mr. Filmon) later, Mr. Chairperson. Why was it decided that \$500,000 would be given for budgeting and auditing outside the Provincial Auditor's Office? Why was this money not just turned over to the Provincial Auditor to make sure that the books were accurately being kept?

Mr. McCrae: The first part of the Leader of the Opposition's question, the preamble is absolutely correct. I think that she might well raise that question later on.

* (1700)

Mr. Chairman: 5.(a) Salaries—pass; 5.(b) Other Expenditures—pass.

Resolution No. 2: Resolved that there be granted to Her Majesty a sum not exceeding \$2,529,000 for Legislation, Provincial Auditor's Office, for the fiscal year ending the 31st day of March, 1989—pass.

The hour being 5 p.m., I am interrupting proceedings for Private Members' Hour.

Call in the Speaker.

IN SESSION

Hon. James McCrae (Government House Leader): Mr. Speaker, I think there is agreement among the Members of the House that we could waive Private Members' hour today.

HOUSE BUSINESS

Hon. James McCrae (Government House Leader): Mr. Speaker, subject to comments perhaps from the Honourable Opposition House Leader (Mr. Alcock), I would like to announce a committee for tomorrow, the Economic Development Committee, at 10 a.m., to consider the Annual Report of the A.E. McKenzie Company of Brandon. This has been discussed; although if there are any late-breaking developments, I would be pleased to hear them from the Honourable Opposition House Leader. He is shaking his head in the negative, Mr. Speaker, I believe.

Mr. Reg Alcock (Opposition House Leader): Yes. Perhaps I misunderstood an earlier conversation about the third Party. We are certainly willing to meet for it.

Mr. McCrae: Mr. Speaker, this announcement does come after consultations with both Opposition Parties. So on that basis, that is the announcement.

COMMITTEE CHANGES

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, I have a committee change to make. I move, seconded by the Honourable Member for Springfield (Mr. Roch), that the composition of the Standing Committee on Economic Development be amended as follows: the Honourable Member for St. Norbert (Mr. Angus) for the Honourable Member for Wolseley (Mr. Taylor).

Mr. Edward Helwer (Gimli): I move, seconded by the Honourable Member from Minnedosa (Mr. Gilleshammer), that the composition of the Standing Committee on Economic Development be amended as follows: Gilleshammer for Ernst.

Hon. James McCrae (Government House Leader): I move, seconded by the Honourable Minister of Urban Affairs (Mr. Ducharme), that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MOTION presented and carried and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty, with the Honourable Member for Minnedosa (Mr. Gilleshammer) in the Chair for the Department of Natural Resources; and the Honourable Member for Seven Oaks (Mr. Minenko) in the Chair for the Department of Legislative Assembly and the Department of Executive Council.

SUPPLY—LEGISLATIVE ASSEMBLY

Mr. Chairman, Mark Minenko: I call the Committee of Supply to order, please.

6. Ombudsman (a) Salaries—the Honourable Leader of the Opposition.

Mrs. Sharon Carstairs (Leader of the Opposition): Thank you, Mr. Chairman. There seems to be an increase to the Ombudsman only in terms of salary increments at the basis of about three percentage points. Can the House Leader tell us what is the status of the backlog of cases confronting the Ombudsman at present?

Hon. James McCrae (Government House Leader): The information I have is that the Ombudsman's Office is presently working about four weeks behind what would be considered the optimal or what it should be. I can tell the Honourable Leader of the Opposition that the Estimates for—sorry, Mr. Chairman. Next year's Estimates will be before LAMC again. Any representations that need to be made can be heard at that time.

Mrs. Carstairs: In Estimates going back several years, the Ombudsman has indicated that he had a great deal of concern with the legislation covering the members of the Manitoba Government Employees' Association who happen to work in the Ombudsman's Office. A concern that he raised at that time was that all members of the Manitoba Government Employees' Association had to be freed to run in elections. He had some concern

with regard to that issue, because he felt that because of the semi-judicial role of those individuals who work for the Ombudsman's Office, that those individuals should have an arm's length relationship, if you will, from all three political Parties and that they should be given the option to leave to run but they should not come back in as employees of the Ombudsman's Office. He asked for legislative changes. I am wondering if this Government is considering those types of legislative changes with regard to the role of the Ombudsman's Office.

Mr. McCrae: I am not aware that the Ombudsman has asked that question recently or made that request recently of the new Government. We can review the matter further and find out what the wishes of the Ombudsman are today, whether they have changed or they are the same as they were. I am unaware of any recent approaches by the Ombudsman on that matter.

* (1710)

Mr. Chairman: 6.(a)—pass; 6.(b)—pass.

Resolution No. 3: Resolved that there be granted to Her Majesty a sum not exceeding \$554,800 for Legislation, Ombudsman, for the fiscal year ending the 31st day of March, 1989—pass.

7. Elections Manitoba (a) Salaries—the Honourable Leader of the Opposition.

Mrs. Carstairs: I think we are all aware of why this particular item is much larger than the previous year's item. I do have a couple of things that I do want to put on the record and share with the Government because of concerns that had been raised by individuals throughout the province with regard to the conduct of the election in 1988. Those election issues that have been raised are varied. One, the enumeration problems, although I suppose our Elections Manitoba should be congratulated in at least having put on the record legislation which allows people to in fact be sworn in at the polls. That was not available to many Manitobans in the federal election. I think our legislation therefore is superior to the federal legislation in that particular respect.

There were many complaints by individuals who were not enumerated and had to therefore go through the process of having themselves enumerated or indeed being sworn in. There were also serious allegations made by members of our ethnocultural communities that their vocation that they were asked to produce, at and during the election, was often high-handed and was often not appropriate and that they seemed to have to pass a litmus test that members of other ethnic communities, particularly members of the visible minorities that they had to face that other members did not have to face. I do not really expect an answer from the House Leader (Mr. McCrae) on this. I just want some assurance that those kinds of cases will be investigated and that we will not have a repeat of that kind incident in the next election campaign.

Mr. McCrae: I think the remarks of the Leader of the Opposition (Mrs. Carstairs) should perhaps be made

available to the Elections Office. If the Elections Office would like, I might request that they respond directly to the Leader of the Opposition's comments in the House today.

I might, in passing, introduce to the House, Mr. Richard Balasko, who is the Deputy Chief Electoral Officer who is with us today.

I think that is probably one way. I do not know if it is the best way, but it is one way we could deal with the concerns the Honourable Leader of the Opposition (Mrs. Carstairs) has put on the record today. Mr. Balasko is here and I take it he will take note and perhaps in the appropriate fashion inform the House of the Elections Office's response to the Honourable Leader of the Opposition's comments.

Mr. Chairman: 7.(a)—pass; 7.(b)—pass.

Resolution 4: Resolved that there be granted to Her Majesty a sum not exceeding \$6,298,700 for Legislation, Elections Manitoba, for the fiscal year ending the 31st day of March, 1989—pass.

Call a five-minute recess.

(RECESS)

* (1720)

SUPPLY—EXECUTIVE COUNCIL

Mr. Chairman, Mark Minenko: The Committee of Supply will come to order, please. I direct Members' attention to the Estimates of the Executive Council on page 7. The Honourable First Minister, with his opening statement.

Hon. Gary Filmon (Premier): Thank you, Mr. Chairman. I apologize, although perhaps the Opposition will not mind too much if I do not have a formal opening statement. We are pleased that the Estimates are moving quickly through the House process and I might say that my Deputy Minister, the Clerk of the Executive Council, is at a medical appointment at the present time, so I will do my best to answer questions and engage in discussion with Members of the Opposition on behalf of the Estimates that we are presenting.

I might say in summary that the Department of Executive Council is leading through example in our endeavours to ensure that our Estimates reflect our desire to have a leaner Government, a Government that operates with less bureaucracy and more efficiently. We are in fact operating with a smaller Cabinet, 16 versus a Cabinet of 20 that we replaced. The staff of Executive Council has been reduced from 59 positions to 48, of which a number are unfilled at the present time and we are endeavouring, as I say, to operate in an efficient and effective manner, with a smaller staff, a very committed staff, I might say. I compliment the staff of Executive Council for the very excellent work they have been doing in preparing our work for Government over the past number of months.

In addition, I take responsibility for the chairmanship of the Treasury Board. I believe that it is important at

the present time, given our commitments to running a leaner, more effective Government that I have been represented on Treasury Board and again, Treasury Board staff were very effective in getting the Estimates redone on a very timely basis, put in literally hundreds of hours in that process to ensure that we could be ready for an early start of the Session this year.

The Government continues on its path of sound fiscal management while acknowledging that the very critical needs of the community are met, that our resources are placed where they are needed most, in health care, and community services, in education, in all of those key and important areas of services to the people of Manitoba. At the same time, Executive Council is leading by example in running a very lean, effective, and efficient operation and I commend the Estimates of Executive Council to the House.

Mrs. Sharon Carstairs (Leader of the Opposition): Well, in keeping with the brevity of the Premier's statements, Mr. Chairperson, I will just put a few things on the record as well, before we begin this session.

It has been an interesting five months. There are a number of vocabulary words which come across this floor frequently. Perhaps the most common one has been "fearmongering," and "scary" manages to reach a high level of usage in this House, but the one that distress me the most, because I suppose fearmongering and scare tactics are part of Government's lingo, are the words "in due course." And "in due course" we get as a response to a great many initiatives promised by this previous Government, but yet to be acted upon, promised indeed in the Speech from the Throne, but yet to be acted upon. I think perhaps the one that we have asked most frequently, obviously, has been the White Paper on Seniors Abuse, but it is not the only one that we are still waiting "in due course" for their presentation of something which is critical to the older members of our population in the province of Manitoba.

But I am also concerned about the style of Government. We went through an election campaign in which there were a number of promises and commitments made on the general phrase of "open Government," and yet we have continued with untendered contracts. The whole process of the polling of foster parents was a despicable example of improper use of Government expenditure in that there was more intimidation involved in that polling than any genuine attempts to find out information.

The problems which come into my office on a relatively frequent basis is the number of months that people have to wait for a response from the Premier's Office to letters and requests for meetings. Just today I received one from the Manitoba Association of Urban Municipalities who have been waiting since September 15 for the Premier to respond to a letter requesting a meeting in February. That is two-and-a-half months and that does not encourage a concept of an idea of open Government.

In terms of the issue of conflict of interest which we now have legislation before us, that legislation has certainly not met the needs that many of us see in

terms of the tendering of contracts but also in the conflict of interest which exists between the Premier and his own staff and those functions they perform outside of this House. I am of course referring to one of his staff persons who remains an active member of a school board in this city. That certainly leads to all kinds of beliefs that there is conflict of interest in as high an office as the Executive Council itself.

* (1730)

Lack of commitment to campaign promises in the area of milk pricing, seniors' transportation, rural diversification, all are high on the list of promises that were made but have yet to be kept. There is still an increasing concern in the Province of Manitoba about the commitment of this Government to decentralization of services, particularly in the whole field of community services, lack of commitment into providing rural citizens with the same level of service if they happen to be unfortunate enough to have to live on welfare, as is made available to those citizens who live in the City of Winnipeg.

There is concern that Child and Family Service Agencies are in fact going to be centralized and, indeed, in some of the memos sent out by the Minister there is that indication. Perhaps if I had to say that one spending initiative above all is highlighted in my mind, one spending initiative that was pulled back on would be the funding for the municipal hospital. I think that any of the Members of this House who have visited the municipal hospital know the conditions in which those patients live, many of whom have lived there since the polio epidemic since 1953. That is 35 years living in a hospital that has been deteriorating in all of that time.

Tragically, in the last five years, the municipal hospital has not chosen to spend money on upgrading because they were promised a new institution and so now we are dealing with one which is in a total state of decay and yet they had been pulled back and told that despite previous commitments and promises by previous Governments and previous administrations, that they will wait yet again for the building of a new municipal hospital. I do not think that is what the people of Manitoba thought when they chose a new Government on April 26. I think they were looking for new and innovative directions. They were looking for a change in style and leadership, and I regret to say that I do not see any change except for the players.

Mr. Gary Doer (Leader of the Second Opposition): It is a pleasure to rise to deal with the Estimates of the First Minister today. I was disappointed that we did not deal with the First Minister's Estimates as a first matter of business. I thought it was actually quite a wise move on a previous occasion to have our former First Minister first in the barrel, Mr. Chairman. I find it very unfortunate that we are at 11:30 on the Estimates process, as the sun is setting slowly in the western sky, we are dealing with the Premier's Estimates. I had to give the former Opposition credit for having our former boss up first in the trepidation that caused for the Government in terms of those Estimates.

We talked about open Government just a minute ago. The Leader of the Opposition (Mrs. Carstairs) talked

about open Government but I think we should all take note of the sock that was put in the Member for St. Vital's (Mr. Rose) mouth in terms of the Free Trade Agreement. I wish the Member for St. Vital—I cannot mention anything but I do not think we can let that one go by. We should get that on the record. I would put a sock in his mouth, too, on that issue of free trade. We knew he certainly wanted to speak on it for a long time.

The Manitoba Executive Council staff has consisted usually of some non-partisan people, and I mention Jim Eldridge who I know has worked for administrations for years and who, as a person in federal and provincial affairs, is very, very competent. I know he and his staff do an excellent job no matter what Government is in power. It also consists of partisan appointments as would be appropriate with the Premier's Office.

Generally speaking, in Manitoba, the staff of Executive Council, as I can recall it, like many of the other resources in this Legislative Chamber, are in relative terms, lean. So we will not be looking at the levels of staffing in terms of this administration at this occasion, except to say that in Manitoba we have, in relative terms, lean operations of the Executive Council. I hoped that we would look, over time, at deployment of those resources more so than the actual levels which are below Saskatchewan, I believe, today—the First Minister (Mr. Filmon) can correct me—and have traditionally been below, on a per capita basis, a number of other Executive Council office with, quite frankly, increasing demands.

There are many more demands on a Premier's function than before, whether it is communicating to the public, whether it is communicating very difficult federal-provincial issues to whoever is in office in Ottawa, or dealing with other Governments. There is quite frankly, in the last three or four years, as many more issues, notwithstanding what positions we take, whether it is free trade or whether it is free trade within Canada, which I think is a total disaster, or whether it is the Constitution that has been on the plate and on the agenda since the Victoria Conference, perhaps since the Imperial Conference in 1929, I believe the date was, but resolved in '29 though I believe.

So you need the resources. Just a small point, I think the Premier is entitled to hire whoever they feel to do the partisan jobs is appropriate within the realms of the usual Government practice. I would say I was disappointed in one hiring of the Premier with the selection of an outside consulting firm, Mr. Segal's firm, the Big Blue Machine. I have raised that before. I thought that was an inappropriate way to hire a communication person for the Premier's Office. I do not know the individual who was hired. I know he allegedly worked for Mr. Mazankowski, again, a person whose philosophy I do not share, but certainly Mr. Mazankowski was known as a bit of a straight shooter in a Cabinet of non-straight shooters. Perhaps that will rub off on this Executive Council in terms of some of the answers we get. I would like to look at a positive example.

I would mention the Minister of Agriculture and Telephones (Mr. Findlay). He gives us straight answers that allows us to deal with the content of the issues

and the substance of the issues, rather than flailing away. I hope I do not get him in too much trouble. But I believe that is the standard the First Minister (Mr. Filmon) should look at with all his Ministers. I probably ruined his political career by saying this and I apologize for doing so, but I quite frankly think the way that individual answers questions, again we may not agree with him but they are always informed, substantive and they deal with the issues rather than all of us flailing away at, you did this and we did that and that does not help Manitobans at all. Of course, I never do that and the First Minister knows that.

I think there is a differential level of ministerial accountability. We believe that the Premier (Mr. Filmon) has a pretty close eye and his finger on a few Ministers in his Cabinet. We think we know who those Cabinet Ministers are. We certainly saw that in the negotiations with the foster parents.—(Interjection)—That is right, I can see that. We saw that with the negotiations with foster parents. We see that with some developments on Rafferty-Alameda although it was moved over to the Minister of Natural Resources (Mr. Penner). We have seen that in other kinds of issue management styles of the First Minister. Yet, on the other hand, we see some strong personalities in Cabinet who we are really worried about not being held accountable by the First Minister. I cannot mention that he is not here but I mention my good friend from Pembina who I disagree with continuously, the Minister of Health.

The Minister of Health (Mr. Orchard) did not follow through on the Premier's promise on bed closing. There is no question about that. He is a very skillful debater, very skillful in this House, very skillful at taking the issues somewhere else. The bottom line is, this First Minister made a commitment that no beds would be closed before the Health Advisory Task Force was established, and there were beds closed. There were telephones in offices where the beds were supposed to be opened. When we asked the First Minister to hold that strong individual accountable, we felt it was rather unsuccessful in terms of this Government. We note today that the Health Advisory Task Force, which was one of the cornerstones of the First Minister's commitments in his previous job as Leader of the Opposition, has not even been announced to this date, six or seven months after. That is an issue that we would like to raise today because we feel there is differential accountability with the First Minister, with his Ministers in reporting to this House and to the people of Manitoba.

Secondly, many important items promised by the First Minister are still waiting, and important items that his Government was to bring forward have taken I think an undue length of time. For example, how long does it take to write a two-page Act to repeal final offer selection? Now we are opposed to that in our political Party and the Premier made that promise in the election. It is going to be controversial and why would a Government want to bring that Bill in five months after the Session starts or the Government is sworn in. It is a two-page Act. It does not take much to say repeal X, Y and Z section. Is that a strategic decision to leave it to the end or is that just a matter of the Minister not reporting in an appropriate time with legislation

that will be controversial? It looks to us, whether I am wrong, that it was not a strategic consideration but rather just that nobody was watching the gate in terms of getting that stuff into this Chamber.

There are a number of other pieces of legislation that were promised in the Speech from the Throne, the Executive Council Conflict of Interest Bill, a number of other pieces of legislation that have come in the last week and a half. I have the feeling that nobody is keeping track of these things and keeping the gate controlled in an accountable way in terms of presenting these Bills to the House. I know we had a requirement that all Bills had to be in a minimum, in, translated and printed and second reading one month prior to the House being out. I thought that was a good rule for us that was followed. I do not get that same kind of process feeling with this Government.

Our major concern with the Government and therefore with the Premier, he has a major responsibility. It is a tough job that is usually only accompanied by negative criticism—I do not know what I have just got here, I will have to look at that.

• (1740)

An Honourable Member: That is not what we were supposed to be saying here.

Mr. Doer: That is right. It is a very tough job and there is no question about that. It is very tough also with a minority Government and we recognize that, but we are very concerned about the economic situation in this province. All partisan politics aside, we believe that the unemployment rate in terms of the number of people unemployed in the first four months has gone up on an average of 4,000 per month. We can point to all kinds of other months but we think there is a serious problem with our economic situation.

We believe that the drought will take a greater effect next spring in the economy. I am very concerned and our caucus is very concerned about the situation in the United States with the decrease in the value of the American dollar relative to the Japanese yen, and the potential downsizing of the American economy moving into the spring of '89 and what that will mean for Canada and this Government. The Minister of Finance (Mr. Manness) says I should have raised these in Finance. No, I believe this is an important issue—

An Honourable Member: You did not ask any questions.

Mr. Doer: I will be asking questions to the First Minister. I believe it requires the action of all segments of the Government. I do not believe the issues in the Department of Finance are the issues in terms of economic development. The issue is with the whole Cabinet. We have some projections in terms of capital construction. We have projections in terms of the retail sales. We have projections in terms of manufacturing. I know there will be a tendency to try to lash out at the previous Government but it is now six or seven months later. Now the ball is in the Premier's (Mr. Filmon) court.

We believe that there must be developed very quickly a strategy by the First Minister with his Ministers to deal with the important economic challenges facing our province. We believe that this First Minister should have a contingency plan if there is a recession, a contingency plan to deal with employment and fair employment in this province if there is a recession. Certainly, we will be asking questions on economic development and our economy because I think that is the issue that Manitobans are most concerned about in terms of the future of themselves and their children. Certainly, we will be raising those questions in terms of the Estimates of this Premier.

On a personal note, we would wish him well and continue to wish him well in the very tough job being the First Minister of this province with the responsibilities that go with it. Thank you very much.

Mr. Filmon: At the risk of having my honourable friend lose his job at the next Party annual convention, I will thank the Member for Concordia (Mr. Doer) for at least having the courage to take the high road in his dissertation on the Estimates of Executive Council.

I hesitate to get into the heavy debate on these matters because I know how sensitive the Leader of the Opposition (Mrs. Carstairs) is when I do give her a political response to her very political assertions and allegations, most of which, as usual, are either ill-founded or ill-considered.

The fact of the matter is that we are seeing today in both her comments, and to a certain extent in the comments of the Leader of the New Democratic Party (Mr. Doer), the kind of hypocrisy that we see daily throughout this House. The two of them have suggested that we ought to have accomplished all of the things that we said, either in our promises during the election campaign or in the Throne Speech, in a matter of four or five months.

I remind her that Governments put forth Throne Speeches as their plan for the next year, and one of the things that is involved, particularly in developing a great deal of research and information on a number of these initiatives, involves the time not only of staff but of Ministers in coordinating that process.

We spend an awful lot of time here in the Legislature day after day after day being in Session. One of the commitments we made was to get us back into Session early so that, as the Leader of the Opposition (Mrs. Carstairs) said, we would be there to be answerable to the public for her, and she was going to make sure that we would be there answering to the public.

We have been here as an open Government since the 21st of July. We got back in record time after an election campaign to give her and her colleagues the opportunity to make us accountable, and we have not avoided, being accountable day after day after day in this House.

Nobody is keeping the Liberal Party very accountable for what they do and their priority choices. What we have been talking about is your time management and your time allocation, and we have had an example of

just what kind of time management and allocation they would give to serious problems if they were in Government.

We have gone through the process of Estimates, over 200 hours, Mr. Chairman, on about two-thirds to three-quarters of the departments of Government at this point in time, and the biggest single item that we have to deal with in these whole set of Estimates is the Budget of Manitoba Health Services Commission, and just last week—or was it the week before—we saw how much time the Liberal Party could allocate to the debate on \$1.4 billion of expenditures, the vital services to people. What time was spent by the combined Opposition of the Liberals and the NDP? Thirty minutes. Thirty minutes in passing \$1.4 billion of expenditure.

That is the Liberals' idea of priority and of time management, to go through spinning their wheels for hours and hours and hours, dozens of hours on some areas, on some areas that are questionable of value and interest, trying to help their federal Party on the Free Trade Agreement, spinning their wheels for hours and hours, dozens of hours and leaving \$1.4 billion to be passed in 30 minutes. That is what the Liberals know about time management.

That is what the Liberals know about managing priorities. That is the priority that the Leader of the Opposition (Mrs. Carstairs) would give if, heaven forbid, she were in a position to govern this province. They have no idea of what they are doing in Opposition, no idea of the real priorities of this province, no idea of the real priorities of the people who are sitting out there watching, and they are watching, and we will make sure that they know of the Leader of the Opposition's priorities, of spending 30 minutes on \$1.4 billion on Health Care Estimates.

When she criticizes us about decisions that we make, on decisions that we make about municipal hospitals, I say where was she with respect to the municipal hospitals when we were passing the Estimates of MHSC? Where was she in making decisions on behalf of those people who she says are so in need of our support and all our concern? Where was she when all of the Health Estimates were being run through this House because they had spent too much time on free trade and on other issues that were not matters of concern with respect to this Government and this Government's responsibilities, but they were just simply bringing that in as an issue to try and help a faltering Liberal Party nationally?

* (1750)

No Government has worked harder to cooperate with the Parties opposite in the past. I mean I have to laugh when the Leader of the New Democratic Party (Mr. Doer) talks about us and our lack of cooperation with his Party, and the fact that things were so much better under their leadership in this Legislature.

The fact of the matter is we have tried, and tried very hard, to ensure that Members of the Opposition were informed and involved in many of the processes. But they did not cooperate with us vis-a-vis trying to lay out the Estimates so that they had more time to

spend on Health, or Manitoba Health Services Commission, or dealing with the concerns they have about Municipal Hospitals. No, all they were interested in was doing exactly what the Leader of the New Democratic Party alluded to, and that is to try to pick on weak Ministers, or so-called weak Ministers, ones that they felt would give them political hay.

So they spent all their time trying to embarrass or frustrate or upset a Minister who they felt perhaps was not as well informed as they might be about major issues, newly-appointed to those portfolios, large and very, very broad areas that they felt these Ministers might not have a handle on, and they would spend hours and hours and hours attempting to frustrate these Ministers who they felt were vulnerable. They had no regard for the needs of the people of Manitoba. They were only after their own political gains. That is the shame and the embarrassment of the real priorities of the Liberal Party and the time management of the Liberal Party, spending 30 minutes on \$1.4 billion.

Now they have been caught, caught in their own shame and embarrassment with their hands in the cookie jar, and now they are trying to suggest that somehow it is the Government's fault that there is not time to look at the real serious issues in Manitoba today. Well, the fact of the matter is that their competence is very much in question and the competence of the Leader of the Opposition (Mrs. Carstairs) is very much in question because she, every day, shows her own incompetence by the actions of the Liberal Party in Opposition, not by what they say.

Because they say all of the time that they would do so much more. They would have, for instance - (Interjection)- Right. They would have all of the money of course being spent on the Municipal Hospitals because it is in the constituency of the Member for Osborne (Mr. Alcock), one of their Members.

Mrs. Carstairs: A point of order, Mr. Chairman.

Mr. Chairman: The Leader of the Opposition, on a point of order.

Mrs. Carstairs: I think we have got a little bit of imputation of motives going on here. I think perhaps the First Minister (Mr. Filmon) would not like that left on the record and would like to withdraw. A concern for the Municipal Hospitals is a concern for humanity, not for just one constituency.

Some Honourable Members: Oh, oh!

Mr. Chairman: Order, please. Order. The Honourable First Minister, to the point of order.

Mr. Filmon: No, Mr. Chairman, I am going on. There was no point of order there.- (Interjection)-

Mr. Chairman: Order, please. The Honourable Member does not have a point of order. The Honourable First Minister.

Mr. Filmon: Thank you, Mr. Chairman. I appreciate your pointing that out to the Leader of the Opposition (Mrs. Carstairs).

The fact of the matter is we do not have the luxury of only being concerned about certain people in this

province, as the Leader of the Opposition might be. We are interested and concerned about all the people in this province, so we have to respond to the needs of the 2,300 mental patients in Brandon. We cannot just be worried or concerned about people in Osborne. We have to be concerned about the people who need personal care homes in Minnedosa, for the people who need personal care homes and hospital expansions in areas throughout this province, in Vita, in Virden, in Elkhorn, in all these areas. We cannot be like the Leader of the Opposition who suggests on the one hand that we ought to spend the money on all of those things, and yet at the same time not increase the deficit.

We cannot have that kind of two-faced standard. We have to be honest with the people of Manitoba. We do not have the luxury of saying one thing to people and then doing another with our actions. We have to provide people with the kind of responsible management that they are looking for and the kind of responsible leadership, not the kind of irresponsibility of the Leader of the Opposition (Mrs. Carstairs) who says she would be all things to all people but never bothers to answer the other side of the question. How would she keep her promise of reducing the deficit if we get all of those things that she said, like bringing in a sleep disorder clinic, like bringing in all of those kinds of—(Interjection)—

Mr. Chairman, we have to choose, make difficult decisions, and choose what our priorities are going to be with the limited funding that is available to us. I say "limited" despite the fact that we increased funding for health care by over 9 percent again this year. But even there, oh, well, you see the Member for Osborne (Mr. Alcock) waves his finger in the air saying "whoopée." That may be insignificant to him. He may not care for the fact that we have increased expenditures by over 9 percent, but the fact of the matter is, we have to be concerned for the needs of all Manitobans.

The Member for Osborne is embarrassed now because he was publicly embarrassed when the allegations he made were proven to be false about the Fire Commissioner and his report on it.

Some Honourable Members: Oh, oh!

Mr. Chairman: Order, please. Order. The Honourable First Minister did have the floor. I was having a little bit of difficulty in hearing him. I can understand why all Honourable Members wish to participate in the debate this evening. I would ask them to allow the Honourable First Minister the courtesy.—(Interjection)—

I would remind that that particular order that I asked for relates to all sides of the House. The Honourable First Minister.

Mr. Filmon: The Leader of the Opposition (Mrs. Carstairs), of course, in her hypocritical way, talks about the fact that in some way we are a closed Government, that we are not allowing people to get information they ought to. We know that she works her intimidation in very quiet ways. We have to find out from the newspaper that she has put a muzzle on the Member for St. Vital (Mr. Rose); in fact, told them in his words that he has

to shut up on free trade because he disagrees with her position. That is real openness. That is encouragement for freedom of speech, you go and tell them, behind the scenes, you have to keep your mouth shut on these issues, Mr. Chairman.

We have to question what she has told the Member for Springfield (Mr. Roch), because the Member for Springfield used to be able to think of lots of questions when he was on our side of the House. He has now asked one set of questions since he walked across the floor in—what is that?—three and a half, four months, one set of questions. That is the kind of intimidation and muzzling that we get from the leadership of the Leader of the Opposition.

That is the kind of example we get, a living example of open Government, of free speech, is the way in which her Members respond under her tutelage and her leadership. We do not have to put up with that kind of nonsense, because actions speak louder than words. We know exactly the approach that the Leader of the Opposition takes within her Party and within her caucus. We know that despite all of her fine-sounding phrases, that is the kind of Government that the people of Manitoba would get from her, a Government that says one thing and does exactly the opposite, that muzzles people when they talk about open Government, that intimidates people when they talk about a desire to be fair and free and open in their handling of people.

The fact of the matter is, in responding to my honourable friend for Concordia (Mr. Doer), who has now had a new rebirth, he is now interested suddenly in the finances and the economic issues of our province after the Estimates for the Department of Finance had been passed. Now he wants to know what we are doing to respond to the drought.

Mr. Doer: A point of order.

Mr. Chairman: Order, please. The Honourable Member for Concordia, on a point of order.

* (1800)

Mr. Doer: Mr. Chairman, on a point of order. The First Minister (Mr. Filmon) is speaking out of ignorance because the issue of job creation and economic development is an issue for all of Government, not just the narrow parochial pigeonhole, the Department of Finance. Secondly, the First Minister was not here for the Health Services Commission Estimates. I was, and I would like him to know that on the record.

Mr. Chairman: Order, please. The Honourable Member does not have a point of order.

Mr. Filmon: Economic Development, he spoke specifically about what was the plan, the financial plan, to deal with the effects of the drought and the drop in value of the U.S. dollar vis-a-vis the Japanese yen. Those are finance issues, Mr. Chairman.

Mr. Chairman: Order, please. I hesitate to interrupt the Honourable First Minister. The hour being 6 p.m., I am leaving the Chair. We shall return at 8 p.m.