



Second Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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**DEBATES  
and  
PROCEEDINGS  
(HANSARD)**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

LIB - Liberal; ND - New Democrat; PC - Progressive Conservative

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIB
ASHTON, Steve	Thompson	ND
BARRETT, Becky	Wellington	ND
CARR, James	Crescentwood	LIB
CARSTAIRS, Sharon	River Heights	LIB
CERILLI, Marianne	Radisson	ND
CHEEMA, Gulzar	The Maples	LIB
CHOMIAK, Dave	Kildonan	ND
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	ND
DOER, Gary	Concordia	ND
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIB
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	ND
EVANS, Leonard S.	Brandon East	ND
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	ND
GAUDRY, Neil	St. Boniface	LIB
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	ND
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	ND
LAMOUREUX, Kevin	Inkster	LIB
LATHLIN, Oscar	The Pas	ND
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	ND
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	ND
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	ND
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	ND
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	ND
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	ND
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	ND
WOWCHUK, Rosann	Swan River	ND

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 10, 1991

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### TABLING OF REPORTS

**Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act):** Mr. Speaker, I would like to table the Quarterly Financial Report for MPIC for the period ending April 30, 1991.

### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, may I direct the attention of honourable members to the gallery, where we have with us this afternoon from the Lord Selkirk Elementary School twenty-five Grade 4 students, and they are under the direction of Mr. Albert Yanofsky. This school is located in the constituency of the honourable member for Elmwood (Mr. Maloway).

On behalf of all honourable members, I welcome you here this afternoon.

### ORAL QUESTION PERIOD

#### Goods and Services Tax Revenue Projections

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, as the Finance ministers meet today under the clouds of billions of dollars of cuts to provinces, we see that the Conservative GST has now raised an additional \$400 million in Canada, and we see that in spite of the federal prediction—(interjection)—Well, I know the members opposite want to defend their federal government cousins. They will get a chance to do it in a minute when I ask the question. We see a 22 percent increase in the revenue of the GST over the predictions of the federal Conservative government.

I would ask the Premier, what has this \$400 million extra revenue for the Ottawa Conservatives meant? Has it meant that between \$20 million to \$25 million has again been removed from the Manitoba economy by the federal Progressive Conservative government in Ottawa?

\* (1335)

**Hon. Gary Filmon (Premier):** Mr. Speaker, as the Leader of the Opposition knows full well, this administration fought against the imposition of the GST and fought very strongly. Indeed, this administration refused to tax upon the tax and, as a result, took a loss of income of some \$35 million annually—savings to the taxpayer of Manitoba because we did not want to gouge them further with respect to that tax.

We are not happy with that, and we have been amongst many who have pointed out that when the GST was implemented initially, it was talked about, it was supposed to be revenue neutral. It has not been revenue neutral and, in fact, it is drawing in much more revenue than it was projected to. It is having far-reaching effects, part of which is forcing people to avoid the taxes, to go out of the country to shop. We are seeing an exodus of shoppers on weekends that is unprecedented.

Mr. Speaker, all of those things are not, in our judgment, good for the economy, and we continue to disagree with Ottawa. I know that our Finance minister (Mr. Manness) will be looking for solutions to these problems when he meets with other Finance ministers in Charlottetown this week.

#### Impact Manufacturing Industry

**Mr. Gary Doer (Leader of the Opposition):** Mr. Speaker, we have the spectacle of different tourist lanes now being proposed by Otto Jelinek because he does not feel the GST has had any impact on Canadians. There are now rumours of a provincial taxation draft document being circulated by the federal Minister of Finance for provincial taxation collection in the country, which is something, of course, I would hope we would oppose. We have seen a 22 percent increase in the revenues based on a 5 percent decline on the retail sales tax revenue in this country. It is just absolute chaos under the Conservatives in Ottawa in terms of their tax regime.

The Minister of Finance (Mr. Manness), in this House on September 18, 1989, our Minister of Finance, predicted that this tax, although it would be

negative, would have a positive impact on the manufacturing sector in Manitoba.

Can the Premier please report today what the impact of the GST has been on the manufacturing sector, particularly as it relates to Manitoba?

**Hon. Gary Filmon (Premier):** Mr. Speaker, firstly, the Leader of the Opposition says that he is opposed to having a separate lane for American tourists to come into our province—

**Mr. Doer:** I did not say that. That is a misquote.

**Mr. Filmon:** Yes, he did, Mr. Speaker. -(interjection)- I think he ought to make up his mind whether or not we want to welcome tourists to this province because normally he stands up here and he says we need more tourists. Now he is criticizing measures to encourage tourists to come to this province. I think he had better make up his mind on that.

Mr. Speaker, what was the question that the Leader of the Opposition—

**Mr. Doer:** The impact on the manufacturing sector.

**Mr. Filmon:** Yes, Mr. Speaker, I am glad that the member has reminded me—the impact of the GST on manufacturing. The fact is that the stats that were released while he was away last week at the NDP conference in Halifax indicate that, between May of 1990 and May of 1991, Manitoba's manufacturing employment increased from 51,000 to 55,000, a 7.8 percent increase.

Despite the fact that we still would not want to have the GST, that we still oppose it, Mr. Speaker, it is having some of the desired effect that the federal government was looking for, that at the manufacturing level with the removal of the tax, despite the recession, there has been some positive effect in Manitoba's manufacturing sector.

**Mr. Doer:** Mr. Speaker, if the Premier will look at the statistics for the first three months of 1991, he will find a 20.1 percent decline in manufacturing shipments out of the province of Manitoba by Statistics Canada. Manitoba is not ranked fourth or fifth in terms of decline. It is 10 out of 10 in terms of decline in the country of all provinces in this country.

How can the Premier stand up in his place and say it is having the desired effect for the people of Manitoba when we have a decline from \$630 million to \$473 million in the province of Manitoba in terms of manufacturing shipment? Can the Premier

please tell us where is this tax having the desired impact and effect on Manitoba's manufacturing?

\*(1340)

**Mr. Filmon:** Mr. Speaker, clearly the member's statistics are not up to date as the ones that I just quoted to him. His were for the first three months; this was for the end of May. We are talking about five months, and at the end of five months, on the fifth month, the manufacturing employment is up to 55,000 from 51,000 which -(interjection)- Would the Leader of the Opposition—I know he was not allowed to say very much in Ottawa when he was with his federal counterparts, so he comes here, and he is blathering away. He asks questions and then he does not listen to the answers. The manufacturing employment is up to 55,000 from 51,000 May over May.

### Seven Oaks Youth Centre Abuse Reporting Guidelines

**Ms. Judy Wasylycia-Lels (St. Johns):** I would like to ask the Minister of Family Services some questions about the serious allegations that were reported today involving Seven Oaks Youth Centre.

Mr. Speaker, we had said at the outset that Knowles Centre should not be singled out in terms of the possibility of child sexual abuse. We said at the outset that there should be an independent, far-reaching investigation.

Given the allegations today, will the minister now broaden the scope of the investigation of the Knowles Centre to include a review of the protocol of other agencies, such as the Seven Oaks Youth Centre, to ensure that children know where to turn when they have been abused?

**Hon. Harold Gillieshammer (Minister of Family Services):** The member references some very, very serious issues that have been in the news recently. The investigation by the inquiry at Knowles began last Monday, and there is also an active police investigation.

I have read the reports in today's paper and had an opportunity to briefly discuss with staff incidents that were investigated by the RCMP, by the Seven Oaks Centre and by the directorate a couple of years ago, and then all of this was reviewed by the Ombudsman who commented that it appears a thorough review was conducted by Seven Oaks Centre at that time.

Having said that, the issue that the member raises is a serious one. I am awaiting at this time a preliminary report from the inquiry, and we are allowing the police, of course, to conduct their investigation, so I am not going to rule out anything at this time, other than to say we take this very, very seriously.

### **Child Abuse Complaints Independent Inquiry**

**Ms. Judy Wasylycia-Lels (St. Johns):** I appreciate the fact that the minister is giving serious consideration to an independent inquiry that looks into all aspects of sexual abuse at the agency level.

In that process, will he take very seriously the concerns made just this past Friday by the aboriginal women in the province of Manitoba for an independent review process open to anyone who has a story to tell, so that people can feel free to come forward to a nonthreatening environment and to have access to a healing process?

**Hon. Harold Gillehammer (Minister of Family Services):** In the announcement and the process of setting up the inquiry of Knowles Centre, I did receive correspondence from Ma Ma Wi where they indicated they supported the direction we were going and also suggested names of some of the people in the aboriginal community that perhaps would be involved. I am pleased, when we announce that, to include Ms. Josie Hill as part of that review of the Knowles Centre.

\* (1345)

**Ms. Wasylycia-Lels:** The aboriginal women had also suggested that there be additional aboriginal representation on this review process.

I would ask the minister: Given the serious concerns expressed today about how Seven Oaks allegations were handled by officials in his own department, will the minister reconsider the appointment of one of these individuals to the review panel? Will he put in place a completely independent process which is outside of his department and which will assure the public that reports of child abuse are taken seriously by his department?

**Mr. Gillehammer:** Mr. Speaker, I have indicated that we are in the middle of a process, and at this point, I am going to let the process continue. I would repeat that in reference to the Seven Oaks allegations, that these were investigated at the time

by the Seven Oaks staff, by the directorate and by the RCMP. Then this was reviewed by the Ombudsman who was satisfied that a complete and proper review was taken at that time.

### **Child Abuse Complaints Independent Inquiry**

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** Mr. Speaker, when the allegations were first made of the Knowles Centre, it seemed appropriate that an investigation would take place, at first internally. Now it appears, however, that those allegations are much more widespread. There has now been the allegations against the Seven Oaks Centre which has much of the same modalities in place as the Knowles Centre.

Does the minister not feel that when another centre has indicated that they have found themselves in the exact same difficulties as the Knowles Centre has found itself in, that it is now the appropriate time for an independent evaluation and review of not only these centres, but the whole range of service delivery to children as it affects child abuse?

**Hon. Harold Gillehammer (Minister of Family Services):** Mr. Speaker, as I have indicated to the previous questioner, we are taking these allegations very seriously. I would point out a substantial difference in the Knowles case, that the allegations are brought forward at this time by disaffected staff who once worked there.

I say to you, as I said to the previous questioners, that there was an investigation at the time with the RCMP, with the directorate and with the staff at Seven Oaks. Some action was taken at that time in terms of making some changes at Seven Oaks Centre, but as far as the investigation was concerned, this was reviewed by the Ombudsman who was satisfied that a proper and thorough investigation took place.

Again, having said that, these are very disturbing allegations that are brought forward. I know that the member is aware that these are allegations that come forward across the country at this time, and we as government take them very seriously. I am not going to rule out further action, but at this time we are in the middle of a process, and for the time being we will let that process continue on its way.

### Reporting Guidelines

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** Mr. Speaker, the Minister of Family Services was, I believe, truly shocked when he discovered that the guidelines that he thought were in place as far as legislation regulations were concerned with regard to the reporting of sexual abuse had not been followed at the Knowles Centre. It now appears those same guidelines have also not been followed at Seven Oaks.

Can the minister tell the House today what knowledge he has that those guidelines are being followed in foster homes, in group homes and in other centres throughout the province, so that children of the province of Manitoba are protected?

**Hon. Harold Gillehammer (Minister of Family Services):** Yes, at the bottom of all of this is our concern for children who are currently in care, and I have had staff reiterate to group homes, to treatment centres and to agencies the protocols that are in place. There should be no doubt in anyone's mind what those protocols are, that people must immediately report these, and the issue must be dealt with at that time.

### Investigations

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** Mr. Speaker, Jim Bakken, the Assistant Deputy Minister of Family Services, wrote a memo to the government in February of 1989 to the then minister Charlotte Oleson with respect to allegations at Seven Oaks with respect to abuse.

Can the minister tell the House today what investigations took place as a direct result of this memo to the minister?

\* (1350)

**Hon. Harold Gillehammer (Minister of Family Services):** Yes, I am given to understand the previous minister went through the detail of the investigations that had taken place and was assured that there was a complete RCMP investigation, and there was not evidence to bring forward charges at that time, that the directorate completed an extensive review in January of 1989 and that the staff at Seven Oaks also investigated the allegations.

As I have indicated before, all of this was reviewed by the Ombudsman who indicated that a thorough review was conducted and was satisfied that the

directorate staff dealt with the concerns that were raised.

### Manufacturing Industry Provincial Comparisons

**Mr. Leonard Evans (Brandon East):** I have a question for the Premier.

We continue to hear about manufacturing bankruptcies and closures, and now Fleece Line Ventures Ltd. of Brandon has gone bankrupt. This is a small manufacturer of Native footwear and clothing.

Although the Premier refers to a slight increase in the number of people working in the manufacturing sector, if you look at this in an historical sense, you will see that we still have fewer people working in manufacturing today than we had a couple of years ago. Mr. Speaker, you cannot ignore the fact that the output of manufacturing in Manitoba in the first quarter of this year ranks 10 out of 10 in this country. We declined by a horrendous 20.1 percent.

I would like to ask the Premier: Looking at this pattern, a full quarter of data, why has the manufacturing industry in Manitoba done so poorly compared to the rest of Canada? Why are we last?

**Hon. Gary Filmon (Premier):** Mr. Speaker, I know that the member for Brandon East, as is his wont and his habit, always wants to be on the negative side. He will take a dozen or 15 jobs, make that the headline and ignore the fact that on Wednesday, Royal Trust announced the establishment of 200 high-tech, computer-related jobs for Manitoba. He totally ignored that, will give no credit whatsoever, but wants to always have his head down in the gutter trying to look for anything negative that he can find.

The reality is that these stats that were published on Friday by Statistics Canada in the labour force summary say that, on a year-to-date basis, our increase in manufacturing employment, year to date, for the first five months, was the third best in the country. In addition, on a May-over-May basis, the figures indicate a change—he says just a minor change—from 51,000 to 55,000. Four thousand additional manufacturing jobs is not a minor change, Mr. Speaker, not in my judgment.

Those are not the McJobs that the Leader of the Opposition (Mr. Doer) likes to talk about. Those are real manufacturing jobs. He can be as negative as he wants. I do not make the statistics. They are there for all to see, published every month by

Statistics Canada, and I say that we have a long way to go.

We want to do a great deal more. We are working very hard as a government, and the Department of Industry, Trade and Tourism is working very hard to ensure that we have new jobs in high technology manufacturing areas. We will continue to do that. As we get out of the recession with our deficit not as high as New Democrats would like it to be, as our taxes not as high as New Democrats would like them to be, we will be able to take advantage of the investment opportunities and the new job creation in this province.

### Labour Force Summary Manitoba Reduction

**Mr. Leonard Evans (Brandon East):** The Premier wants to talk about the labour force survey.

I would like to ask the Premier: Why is our labour force shrinking? Why are there fewer people in Manitoba looking for jobs? We have 10,000 fewer people in the labour force now compared to a year ago. If you want to look at jobs—the Premier talks about jobs. There are 19,000 fewer full-time jobs in Manitoba now than there were a year ago.

I would like to ask the Premier: Why is it that we have such a shrinking labour force? Is it because they are leaving the province or they become—

**Mr. Speaker:** Order, please.

\* (1355)

**Hon. Gary Filmon (Premier):** Mr. Speaker, I just want to remind the member that, if he looks at the labour force summary that was published on Friday, the unemployment rate in Manitoba is 8.1 percent versus 10.2 country-wide, second best in the entire country. Now, I know that is not good news for New Democrats, because New Democrats want to have more people unemployed so they can be happier. That is the only time New Democrats are happier, when they are delivering bad news.

Mr. Speaker, the fact of the matter is that we are in the midst of a nation-wide recession. As we have said on a number of occasions, that recession was caused by forces outside of our control and beyond, indeed, the country's borders in many cases.

Nevertheless, we in Manitoba are working hard to preserve the economic base, to put it in a position where we will have a strong opportunity to attract investment and job creation at the end of the

recession, because we are keeping the deficit down, because we are keeping taxes down. I hope New Democrats will vote for those measures that we are implementing, unlike what they did in the '80s when they raised taxes to the second highest overall in the country.

When we were No. 2 in the 1980s, it was in taxes, the highest taxes. Now we are No. 2 in the unemployment rate, Mr. Speaker, and New Democrats do not like it. Those are the circumstances. We are going to work hard to make the economy stronger and to attract the investment and the job creation that we know will come.

**Mr. Leonard Evans:** In case the Premier does not know it, he looks back through history, for years, we were either the lowest, the second or third lowest. Kindly put, you are not telling us anything new. In the Schreyer years, we were the lowest, so what are you telling us?

### CareerStart Funding Increase

**Mr. Leonard Evans (Brandon East):** Mr. Speaker, I would like to ask the Premier a third question, which is: Will the Premier, will his government reverse its decision to cut back on the CareerStart program for young people? Given the fact that there are so many people who cannot find jobs out there, youth unemployment has risen to 14.5 percent this year compared to 11.3 percent last year, and particularly among the male youth, it is particularly bad. The unemployment rate is now as high as 17.1 percent. Will they now put some money back into that CareerStart program that they cut back, so we can have a few more of our youth with jobs this summer?

**Hon. Gary Filmon (Premier):** Mr. Speaker, I know that the member opposite does not get back close to his constituency too often, so he would not be aware of some good news in the Brandon area that was announced by Carnation Foods in Carberry; 250 students were hired last week. That is in Carnation Foods in Carberry, just about 20 miles from his home constituency. He may not be aware of it, and he may not be interested in it, but those are real jobs.

There are people in this economy who are running counter to the recession, who are running with measures to improve job creation and economic opportunities here, because we are keeping the taxes down, because we are keeping the deficit

down, unlike New Democrats, who want to drive up the taxes and drive up the deficit. We will not let that happen. We will have job creation, and we will work with the youth, as did the Carnation Foods.

**Mr. John Plohma (Dauphin):** You are off on a tangent.

**Mr. Speaker:** Order, please.

**Mr. Filmon:** The member for Dauphin says over 200 jobs is a tangent. He does not want to talk about that because it does not fit the NDP agenda, Mr. Speaker. It does not fit the NDP agenda, but jobs in our economy fit everybody's agenda, including people in the work force. The New Democrats may not like jobs, but everybody else does.

### Child Care Centres Rural Services

**Ms. Rosann Wowchuk (Swan River):** Mr. Speaker, my question is to the Minister of Family Services.

More than two years ago, in March of 1989, the government's Women's Initiative found that there was a need for more flexible daycare options for farm families, a finding which has been backed recently by reports published by the Women's Institute.

Last week, farm families were saddened when tragedy tragically struck another rural family, emphasizing the need for child care in the rural area. At a time when farm families are facing deepening economic crises, affordable, flexible daycare options are becoming more and more important, yet the government refuses to move on this issue.

My question to the minister is: When will this government act on its own recommendations which outline changes for rural child care, so that adequate daycare options are available to farm families, so that we may avoid other tragedies in the rural community?

\* (1400)

**Hon. Harold Gilleshammer (Minister of Family Services):** Yes, I think we are all saddened by the child death that was reported last week in the media. Unfortunately these things happen, and we offer our condolences to the family.

The issue of child care in the rural areas was the subject of a report that the Women's Institute and others worked toward. I was given a copy by Mrs.

Marion McNabb from Minnedosa in recent weeks, and I am sure the member is aware of that. It is before the department now to take a look at those recommendations and see where we can perhaps enhance daycare in rural areas.

As the member knows, many rural areas have suffered some decline in population as farms become larger and larger, and farm families have historically relied on family and extended family and friends. There are a few experiments in daycare that is available on extended hours in some parts of the province, and we are looking at those with some interest, but I can tell you that it does not seem practical at this time to have daycare centres established in some areas of the province where not only is population sparse, but the demand for those services would be very limited.

### Restructuring Review

**Ms. Rosann Wowchuk (Swan River):** It may not seem practical to the minister, but children's lives are at stake.

The economic crisis facing farm families has placed increasing pressure on farm women to fulfill their traditional role as wife, mother, and in many cases provide an off-farm income as well. Rural families who are able to find daycare will simply not be able to afford the recent increases in child care fees proposed by this government.

Will the minister agree to review these changes and review recommendations made by working groups, given the recent statements made by some groups who now feel the recommendations cannot be implemented?

**Hon. Harold Gilleshammer (Minister of Family Services):** What I would do is review for the member some of the changes that we have made in the restructuring and indicate that our goal in daycare is to provide funding for children and families as opposed to centres and spaces, and that the amount of subsidy that is available for families that need full subsidy or partial subsidy has, in fact, been enhanced. No one who was receiving a subsidy under the previous system will pay more under this system.

I would indicate that some four years ago, I believe, there was some \$27 million dedicated to daycare in this province. At the present time, the daycare budget has been increased to over \$43 million. In tough economic times where many

groups who rely on government are asked to conduct their services at last year's levels, daycare, in fact, has had an increase in budget of some 2 percent. I know that is of interest to the member, and it is an area of the budget—

**Mr. Speaker:** Order, please.

**Ms. Wowchuk:** My final supplementary is to the same minister.

A child care rally is being planned today protesting recent changes made to the child care system to ask the government to delay implementation of Phase 2 of their plans which will restructure future models of child care.

Will the minister now agree to delay implementing the future changes until he meets with concerned groups and takes their points into serious consideration?

**Mr. Gilleshammer:** I am not sure what future changes the member is referencing. We have announced changes in the month of April which we will be proceeding with in the second quarter of this fiscal year.

I can tell the member that we had extensive consultation with the daycare community over a period of 18 months, and that the short-term recommendations that came forward from that committee were implemented in their entirety. The long-term recommendations were implemented and announced in April, and there are many segments of the daycare community that passed an opinion on that. Some had mixed feelings; others felt that they could be quite supportive of those changes.

We will be implementing them in the near future, in July, and I can tell you that the department will monitor the changes as they come into effect and certainly be cognizant of what effect it has on the system.

### Northern Flood Agreements Compensation Totals

**Mr. Gulzar Cheema (The Maples):** Mr. Speaker, my question is for the Minister of Northern and Native Affairs.

The costs of hydro development have not been borne equally by all Manitobans. Many northern Native bands have had their ways of life, both spiritually and economically, destroyed by flooding resulting from hydro dam construction and river diversions, and these bands are still waiting for a

compensation package that was promised by this government.

Can the Minister responsible for the Northern Flood Agreement tell this House how much money has been spent to date for compensation under the Northern Flood Agreement?

**Hon. James Downey (Minister of Northern Affairs):** Mr. Speaker, I will get the details for that member so that I am accurate as to the monies that have been spent, both by the province, by the federal government and by Hydro.

Specifically since we have been elected, Mr. Speaker, we have advanced one advance payment of \$10 million to the five northern flood bands. As well, Manitoba Hydro, under the request and review that the Premier (Mr. Filmon) had done—there were several millions of dollars spent to the Chipewyan Indian Band at Easterville, and the Easterville community, as well as Moose Lake and the Moose Lake community. There have been substantive amounts of resources forwarded to the bands which have for far too long gone without adequate compensation.

**Mr. Cheema:** Mr. Speaker, can the minister tell this House what is left to be settled, give a time frame for settlement and an idea how much money in compensation is still due?

**Mr. Downey:** Mr. Speaker, I guess the member has not been following. We have been working to complete a global negotiation, particularly with the five bands that are part of the Northern Flood Committee. Four of those bands at this point have decided not to continue with global negotiations; however, Split Lake Band is proceeding. We are in negotiation at this particular time with them, and I think it would be unfair, as negotiations are taking place, to discuss it specifically on the floor of the Legislature.

However, I do want to say that we are committed, as a province, the federal government is committed and so is Hydro, to try and conclude Split Lake's global negotiations because we believe that the money is better in the hands of the community people rather than in the hands of the consultants and the lawyers, who have for far too long been taking a lot of money out of the process.

**Mr. Cheema:** Mr. Speaker, my final supplementary is: Can the minister tell this House how much money was originally budgeted for the northern flood damage?

**Mr. Downey:** Mr. Speaker, there is an ongoing—again the member could have asked this question during the Estimates—commitment within the Department of Northern Affairs that deals with some of the smaller claims that come forward. As well, Manitoba Hydro, in their budgeting activities, provides some funds for the settlements that are to be paid.

I would think that the magnitude of the amount of money that would have to be dealt with would be dealt with on a when-needed basis, Mr. Speaker, so that we, in fact, could come to the Legislature with a request to deal with it. I say to put an amount in at this particular time I do not believe would be reporting accurately basically what we should be telling the people.

#### **ACCESS Program Funding Reductions**

**Mr. George Hickes (Point Douglas):** Mr. Speaker, my question is to the Minister of Education and Training.

We have already seen cuts to all 17 ACCESS programs in this province, including the ACCESS Engineering program at the University of Manitoba, the electronic, electric, civil technology programs at Red River and Keewatin Community College.

Will the minister now tell this House whether the total reduction over the next three years will be in excess of \$11.5 million?

\* (1410)

**Hon. Leonard Derkach (Minister of Education and Training):** Mr. Speaker, I do not quite understand the member's question. He says, will the decreases be such and such a number.

I guess I would have to indicate to my honourable friend that there has been some reshaping and refocusing of programs within the community college system. Indeed, as we see in Thompson, there are six new programs being introduced this fall and in January at the Thompson campus for students of Keewatin Community College who are going to school in Thompson.

Additionally, Mr. Speaker, we have increased our satellite first-year university program by introducing a new program, a new course in the science area this year. Students in the Thompson area and in The Pas will have access to first-year university by Distance Education in those two communities. In terms of providing services and educational

opportunities to northern Manitobans, we are doing everything that we possibly can.

As I have indicated many times, Mr. Speaker, in the ACCESS program, there was a partnership, and that was that of the federal government. Last year, we put in \$2.6 million to ensure that those programs could continue. That was a substantial amount of money for a province to put into programs where the responsibility was that of the federal government. For that reason, we are not able to achieve all of the programs that we would like to in northern Manitoba.

**Mr. Hickes:** Mr. Speaker, I will table a letter that states exactly that it is an \$11.5 million cutback in ACCESS programs. That is the school of engineering and the doctors.

#### **Aboriginal Centre Government Support**

**Mr. George Hickes (Point Douglas):** Mr. Speaker, my second supplementary question is to the Minister of Urban Affairs (Mr. Ernst).

Last fall, prior to the election, this government was in favour of supporting the aboriginal centre which is in the old CP station. Is the government still in favour of supporting the centre? If so, when can it expect to see some financial commitment from this government?

**Hon. James Downey (Minister responsible for Native Affairs):** Mr. Speaker, the Department of Native Affairs, the Department of Urban Affairs and the city have had meetings. I can say that, in principle, the province is in support of the concept. However, what we believe is it should be part of a more overall Urban Native Strategy, and that is part of the work that is being done on behalf of the Native people.

#### **Ojibway Language Program Funding**

**Mr. George Hickes (Point Douglas):** Mr. Speaker, I have a question for the Minister of Northern Affairs.

Now that the minister has reviewed the report on the Ojibway language program in Point Douglas, will this minister be making recommendations to his colleagues to fund this program this fall?

**Hon. James Downey (Minister responsible for Native Affairs):** Mr. Speaker, as I had indicated last spring when there was funding provided to finish out this year, alternatives would be looked at within

the different departments. We have not been able to identify any resources that, in fact, would be available.

### **Clean Environment Commission Political Influence**

**Ms. Marianne Cerilli (Radisson):** Mr. Speaker, when the NDP brought in the current environment act and the CEC process, it was attempting to move in the right direction. This government gets an A-plus in manipulating this process.

However, last year, under this government, the CEC allowed dioxins to be discharged in the Saskatchewan River, and in another controversial decision, it voted to allow the development of an office complex at Oak Hammock Marsh. The same chairperson who made that decision has now been appointed chair of the current EIA process panel for Conawapa.

My question is for the Minister of Environment. How can this government try to tell the public that this same individual will be free of political influence as the chair of the EIA?

**Hon. Glen Cummings (Minister of Environment):** Mr. Speaker, I have trouble controlling my contempt for this type of a question. I suggest that, if the member is attacking the integrity of the Clean Environment Commission, she repeat those charges in the hallway.

A man who was appointed by the previous NDP administration served government of both stripes well and is now prepared to lead the discussions. The intervention in the Conawapa decision is beyond reproach, and I suggest that those remarks should be withdrawn.

**Mr. Speaker:** Time for Oral Questions has expired.

### **Nonpolitical Statements**

**Hon. James Downey (Minister responsible for Native Affairs):** Mr. Speaker, I would ask leave of the House for a nonpolitical statement.

**Mr. Speaker:** Does the honourable minister have leave to make a nonpolitical statement? Leave? It is agreed.

**Mr. Downey:** I rise today for a nonpolitical statement regarding an event that has great significance for Winnipeg, for Manitoba and for Canada. Winnipeg is the site of more than 500 Indian chiefs from across the country, who will

choose a new national leader for the Assembly of First Nations tomorrow.

I would like to welcome each and every visitor who has come to the city and to the province to attend the 12th Annual Conference and encourage them to take advantage of the hospitality and warmth that Manitobans have to offer. The chiefs visiting Winnipeg have a noteworthy task before them tomorrow as they choose a new leader to replace their outgoing leader, Georges Erasmus.

I would like to extend to each of the six candidates from across the country my best wishes on Tuesday's vote, and once again I would like to welcome all chiefs and any of those who are here for the Assembly of First Nations annual conference and other major events as it relates to the Native community of this country.

**Mrs. Sharon Carstairs (Leader of the Second Opposition):** Mr. Speaker, I would like leave for a nonpolitical statement.

**Mr. Speaker:** Does the honourable Leader of the second opposition party have leave to make a nonpolitical statement? Leave?

**An Honourable Member:** Leave.

**Mr. Speaker:** Agreed.

**Mrs. Carstairs:** I would like to join with the Minister of Northern and Native Affairs to welcome the 500-plus chiefs, whom I had the honour of breaking bread with last evening, as did the Minister of Justice (Mr. McCrae) and the Leader of the Opposition (Mr. Doer).

I have to say the rest of you missed a wonderful treat, because we saw last evening the example of Canadian cookery at its finest when chiefs from British Columbia contributed salmon and chiefs from the Northwest Territories contributed caribou, chiefs from Saskatchewan contributed buffalo and across the country we went. I must admit that they did point out that it was true Canadianism when a chef by the name of Helmut cooks all of this fare from a contribution of the chiefs from the natural products of this earth, which they had contributed in order to honour their national chief, Georges Erasmus, last evening.

Mr. Speaker, there are, indeed, six candidates, as the minister has indicated and he wished them all well. I have to say that I have a special preference for two of them simply because they are Manitobans, and I think that all of us would be

particularly pleased if one of the chiefs who is selected or the chief who is selected tomorrow night had roots here in the province of Manitoba.

**Mr. Gary Doer (Leader of the Opposition):** Yes, I would like leave of the Chamber for a nonpolitical statement, please.

**Mr. Speaker:** Does the honourable Leader have leave to make a nonpolitical statement? Leave?

**An Honourable Member:** Leave.

**Mr. Speaker:** Agreed.

**Mr. Doer:** Well, the members opposite were making a comment in jest to the member for Rupertsland (Mr. Harper), and I should tell you the standing ovation the member for Rupertsland got last night and has been getting all week, I think, stands him in very good stead.

This convention that is being held here in Winnipeg—

**An Honourable Member:** . . . standing ovations, too.

**Mr. Doer:** Only four people are standing, I might add. That is a political statement, and I do not want to get into that. I do not want to break the rules of this Chamber.

I was at the banquet last night, and I am sure all of us will be following the election of the leader and the debate on the resolutions that will take place in Winnipeg at the Convention Centre over the next period of time.

Mr. Speaker, many of us watched the debate that took place, the leadership candidates a week ago, a debate that was hosted by Whit Fraser and a debate that took place between the leadership candidates. Quite frankly, many people and many Canadians are saying that perhaps all of us of the regular political variety and of all political parties would have a lot to learn about the dignity, integrity and articulation of the issues that are being demonstrated by the candidates for the Grand Chief of the Assembly of First Nations.

The contributions that have been made by Georges Erasmus were also on record last evening. There is a person who took a group of organizations across Canada, in the North and many of the regions, and different groups and organizations, and brought them together as a strong national voice over the six years that he has been in that very, very important office.

The reviews now in the media are saying that the person who will be elected at the Assembly meeting over the next 48 hours could be the next or 11th Premier in Canada. That is quite a difference from where the chiefs were from just six short years ago before the Grand Chief Erasmus took office.

I would suggest to you, Mr. Speaker, with the kind of articulation of the issues and the feelings that Canadians are now developing towards the many issues that have been raised in this Chamber and other Chambers for the last number of years, of finally Canadians working towards aboriginal justice, that the person who will be elected over the next 48 hours will not just be an 11th Premier. I think that person will be treated with the respect and the dignity of an equal partner to the Prime Minister of the country to solve the long and outstanding issues for aboriginal people. It is a very important election, and we look forward to the decision of the chiefs in the very important convention in the next 48 hours. Thank you.

\* \* \*

**Mr. Elijah Harper (Rupertsland):** May I ask leave of the House to make a nonpolitical statement?

**Mr. Speaker:** Does the honourable member for Rupertsland have leave to make a nonpolitical statement? Leave? Agreed.

**Mr. Harper:** Mr. Speaker, my nonpolitical statement is dealing with a young boy from Oxford House. I do not know how you can make a nonpolitical statement on such a big political event for aboriginal people in this country. I expected more from the Minister responsible for Native Affairs (Mr. Downey).

\* (1420)

Mr. Speaker, I rise today to acknowledge the success of Clifford Grieves. As many members are no doubt aware, Clifford Grieves is a member of the Oxford House Band, a 16-year-old runner from that reserve. Mr. Grieves won three major races at the Manitoba High School AAA Track and Field Championships. Clifford won the 3,000 metres by a margin of over a minute and a half. Along with that, he also won the senior 5,000 meters and the junior 1,500 metres. Clifford is an inspiration to hundreds of northern youth who must practise as he does on gravel roads and in the bush, unlike the situation of young people in the cities.

I would like to commend Clifford and also congratulate him on his perseverance and his dedication. He is a fine example of what the youth can do in the North.

**Hon. Donald Orchard (Minister of Health):** Mr. Speaker, might I beg leave of the House for a nonpolitical statement?

**Mr. Speaker:** Does the honourable Minister of Health have leave? Leave? Agreed.

**Mr. Orchard:** Thank you, Mr. Speaker, and to the House. I was impressed with young Mr. Grieves' accomplishments at the High Schools Athletic Association. I mean, not that I want to denigrate the efforts of many fine young athletes who train and practise in much better conditions and training circumstances, they were shown how to run the distance by young Mr. Grieves.

I want to join with my honourable friend the member for Rupertsland in offering to him and to all young Manitobans the congratulations of every member of the Progressive Conservative Party because those accomplishments are great ones. With continued effort and support, young Mr. Grieves can become yet another national figure.

### ORDERS OF THE DAY

**Hon. Darren Praznik (Deputy Government House Leader):** Mr. Speaker, first of all, I would like to ask you to canvass the House to see if there is a will to waive private members' hour.

**Mr. Speaker:** Is it the will of the House to waive private members' hour? Is there leave?

**Some Honourable Members:** No.

**Mr. Speaker:** Leave is denied. No leave.

**Mr. Praznik:** Mr. Speaker, I would move, seconded by the honourable Minister of Highways and Transportation (Mr. Driedger), that Mr. Speaker do now leave the Chair and that the House resolve itself into committee to consider of the Supply to be granted to Her Majesty.

**Motion agreed to,** and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty with the honourable member for St. Norbert (Mr. Laurendeau) in the Chair for the Department of Housing; and the honourable member for Seine River (Mrs. Dacquay) in the Chair for the Department of Natural Resources.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY—HOUSING

**Mr. Deputy Chairman (Marcel Laurendeau):** Order, please. Will the Committee of Supply please come to order. This afternoon, this section of the Committee of Supply, meeting in Room 255, will resume consideration of the Estimates of the Department of Housing.

When the committee last sat, it had been considering item 4. Transfer Payments to the Manitoba Housing and Renewal Corporation \$33,787,800, on page 102 of the Estimates book, and on pages 41 and 42 of the Supplementary Information book.

**Mr. Doug Martindale (Burrows):** First of all, I would like to go back and correct some things that the minister put on the record, two of them. First of all, in Estimates and in Question Period, the minister said that I was asking for the list of 103 applicants to the private nonprofit. However, if you look at Estimates from last Tuesday, it is quite apparent that I asked if the minister would table the list of 22 applicants to Seniors Rental Start. In fact, I repeated that a number of times. The minister also raised that in Question Period in answer to my question and also raised the matter of not wanting to provide the 103 because some of them were women's shelters.

Now, we are not asking for the 103; we are asking for the 22 applicants to the seniors nonprofit. I would like to ask the minister if he is willing to correct the record on that?

**Hon. Jim Ernst (Minister of Housing):** I have not reviewed Hansard, and I will undertake to do that. The fact of the matter is, though, that a request was made for all of the applicants who had made submissions to the private, nonprofit housing proposal call, and I clearly remember the fact that all of those were asked for.

I indicated to members of the committee at the time that I would indeed contact each of those, which I have done. I wrote to them all last week and requested their permission to make those matters public, and when I receive the answers, I am quite prepared to do that.

**Mr. Martindale:** I appreciate the minister writing letters to those groups, but I think, if he checks Hansard, he will find that we asked for the 22 applicants.

Secondly, the minister said that I was opposed to the Seniors Nonprofit Program when it was introduced by the NDP government in 1986. I think the minister has been listening to hearsay. As far as I know, I did not lobby the government of the day against the Seniors RentalStart. Perhaps he or his staff are confusing my lobbying against a particular project who were asking for a second mortgage guarantee from the United Church. I was opposed to that because it did not fit the criteria for the United Church of giving loans or grants only to social housing, only to nonprofit or co-ops. I may have made inquiries of Manitoba Housing staff at that time to find out how Seniors RentalStart worked, but to the best of my knowledge, I did not lobby the government of the day against the Seniors RentalStart program.

\* (1440)

I would like to ask the minister if he has any evidence for that statement he made to the House? Otherwise, I would like to ask him to withdraw it.

**Mr. Ernst:** Mr. Deputy Chairman, I was advised, and again hearsay evidence per se. If the member says he did not do it, then I accept his word.

**Mr. Martindale:** Mr. Deputy Chairperson, I would like to quote from some pages from Hansard where the minister said that he would go over the details of the Seniors RentalStart applicants in Estimates. On May 22, he said: I will be happy to go through them again with the member during the Estimates process.

Again, on page 2361, he said: I will be happy to go through every single project with the member during the Estimates process.

On May 15, the minister said: I would be pleased to go into it in detail, all of those things, when we get into the Department of Housing Estimates.

Would the minister agree that these are his words as recorded by Hansard?

**Mr. Ernst:** I accept the member's words, presuming they are correct.

**Mr. Martindale:** Well, today, we are going to ask for those details. We did not have very much luck last Tuesday in Housing Estimates. We asked for details. We asked the minister to table the list of 22 applicants to Seniors RentalStart. The minister refused. We asked the minister to table written capital authority for Seniors RentalStart. The minister refused.

Would he table MHRC Board minutes? The minister refused. Who are the eight or nine bona fide applicants? The minister refused to tell us. Who made the decision not to contact the other groups? The minister refused to tell us. Why were the other applicants not notified? The minister will not tell us. Who selected only two applicants to go to the review committee? The minister will not tell us.

Mr. Deputy Chairperson, I believe that this constitutes stonewalling and even a cover-up. The minister is withholding information, and we were promised details. Instead, we are getting almost nothing. I believe this is unacceptable to me and to the public of Manitoba.

On Tuesday, we asked this minister to table minutes of MHRC Board meetings dealing with Seniors RentalStart applications. The minister refused to provide them saying they were confidential.

I would like to ask the minister, why is this privileged information?

**Mr. Ernst:** Mr. Deputy Chairman, I can advise the member for Burrows that it has the same status as Treasury Board minutes, minutes of Crown corporations and so on, where it deals with policy issues, deals with commercial terms and so on, dealing with particular applicants and things of that nature. Those are not public documents. That is all I can say.

**Mr. Martindale:** Well, we are disappointed that we cannot get this information, especially since there is \$357,000 of public money which may be committed to one project. I believe the public has the right to know if that money will be well spent. We do not know if it will be well spent if this committee cannot scrutinize and compare all the applicants or if they do not know for sure which applicants had their applications before MHRC Board. In order to make a decision on whether we think the process was fair, we need to know who the eight or nine or 22 applicants were so that we can compare their relative merits. We cannot even compare their relative merits if we do not know who the applicants are.

Would the minister be willing to table the list of eight or nine bona fide applicants that he referred to in the Estimates last Tuesday?

**Mr. Ernst:** Mr. Deputy Chairman, I did not refuse, as the member alleges, to table documents. I said,

once I had the permission of the applicants, that I would be prepared to table them. Those people, I think all of them, applied under the seniors nonprofit housing program. They will have been contacted. When we receive their response, I would be pleased to table those for the member's edification.

**Mr. Martindale:** Well, I am sorry that the minister has changed his mind from what he said at Question Period when he said: I would be happy to go through every single project with the member during the Estimates process.

If we do not get the opportunity to do that today, getting people's permission a week from now will not do any good. We still will not be able to go through every single project.

I have prepared a list of projects that have come to my attention. I really have no way of knowing if this is a complete list or whether some of these projects, which I think are seniors nonprofit, may have applied to the private nonprofit. Only the minister, I think, and his staff could verify this list. I have Russell Lions Manor; Villa Tache in St. Boniface; Niverville Seniors, Roblin; Selkirk; the Bethel Home Foundation; Flin Flon Rotary; Transcona Legion; Neepawa Elks; Tuxedo-Charleswood Lions; Carman Lions; Rotary Pines; Minnedosa; Pilot Mound.

Has the minister received permission from the Niverville Seniors to table their letter of conditional approval issued to them?

**Mr. Ernst:** I can advise the member we have no responses as of yet.

**Mr. Martindale:** Last time, we asked the minister to table the Treasury Board authorization to MHRC for the \$10 million capital authority for Seniors RentalStart. Is the minister prepared today to table information on that capital authorization?

**Mr. Ernst:** Capital authority is contained, I am advised, in The Loan Act, which is passed by the Legislature. Although it may not specifically be identified by program in The Loan Act, it would likely be capital loan requirements for Manitoba Housing and Renewal Corporation or something along that line.

The authority the member requests is a Treasury Board minute, and Treasury Board minutes are not public documents.

**Mr. Martindale:** Can I ask the minister what the date of that authority was?

**Mr. Ernst:** We do not have that specific information, but I will have to try and find it for you, the exact date.

**Mr. Martindale:** I think that is important information. My understanding is that, after the budget is approved, MHRC Board are told how much money is available, and then they decide how much they are going to spend

**Mr. Ernst:** We do not have that specific information. I will have to try and find it for you, the exact date.

**Mr. Martindale:** I think that is important information. My understanding is that after the budget is approved then MHRC Board are told how much money is available, and then they decide how much they are going to spend or invest in particular programs. Is that a correct understanding of the process?

\* (1450)

**Mr. Ernst:** Mr. Deputy Chairman, appreciating I have not yet gone through a cycle as minister of the department, so I am not intimately familiar with all the processes. Suffice it to say, I think generally he is correct that capital supply is approved by the Legislature. The Loan Act requirements provide capital authority to the department, and once general approval is given for lump sum total capital authority, then it proceeds to be dealt with project by project.

**Mr. Martindale:** We had a problem in 1990, because apparently the money was not available, and groups were sent letters telling them that money was not available and they should apply instead under the private nonprofit program.

Was Rotary Pines or its developer sent one of these letters? I think they were sent out about August of last year.

**Mr. Ernst:** I am advised, Mr. Deputy Chairman, that all of the groups who had expressed interest, whether there was a formal application or not, were all sent letters I believe.

**Mr. Martindale:** Were Carman Lions sent a similar letter?

**Mr. Ernst:** I am advised that they were.

**Mr. Martindale:** In 1990 there was no money available. Suddenly in 1991 the money was available. How did Rotary Pines find out that the money was available?

**Mr. Ernst:** Mr. Deputy Chairman, that question has been asked time and time and time again. I think you are going to have to ask the Rotary Club of Assiniboia how they "found out." The money was available following the approval of the budget as far as I am aware.

**Mr. Martindale:** Did MHRC Board inform Rotary Pines that money was available?

**Mr. Ernst:** No.

**Mr. Martindale:** If the money for Seniors RentalStart was available in January or February, all of the groups should have been contacted. The staff, when they knew that \$10 million was available, would have asked where are we going to spend or invest this money. Normally all the applicants would have been brought forward.

How many of the eight or nine bona fide applicants—as the minister says—or 22 applicants made it to being reviewed by the predevelopment funding committee?

**Mr. Ernst:** Mr. Deputy Chairman, two applicants, Carman Lions and Rotary Pines.

**Mr. Martindale:** If the process was working properly would not some groups get conditional approval and be given \$10,000, and if they met those conditions, would they not have been given a further \$20,000? Why did only Niverville and Rotary Pines get as far as conditional approval?

**Mr. Ernst:** Mr. Deputy Chairman, you are right. The application generally comes in and goes through I guess a variety of processes internally in the department to determine its eligibility and desirability and a variety of other tests that these applications are addressed to.

We have a number, for instance, that received PDF I funding who in the past have not been able to succeed with their project for a variety of reasons even though they did get PDF I funding because, again, they were not able to come up with all of the necessary—just did not prove out in terms of what they thought was going to be a desirable situation.

Mr. Deputy Chairman, some received PDF funding I. Some received PDF funding II. Some do not receive any, you know, it depends again. There was, I am told, a great deal of flexibility in terms of groups interested in these types of projects and how the question of PDF funding was addressed related to their individual project.

**Mr. Martindale:** Is the minister willing to table minutes of the staff review committee meetings between January 1, 1991, and March 30, 1991, at which Seniors RentalStart applications were reviewed?

**Mr. Ernst:** Mr. Deputy Chairman, I am advised that no formal minutes are kept to those meetings.

**Mr. Martindale:** Last Tuesday we asked who made the decision not to contact the other groups. The minister replied, it is difficult to know because I was not the minister. I believe there are people in this room, people at your side who know the answer. I would like to ask the question again. Who made the decision to review only two applicants, Carman Lions and Rotary Pines?

**Mr. Ernst:** Mr. Deputy Chairman, first of all, I can say that nobody told anybody to apply or not apply or anything else with regard to that particular program.

I said there are discussions ongoing with the department over these types of applications, in an array of different kinds of levels of progress, shall we say, within those particular projects. Clearly, with respect to the Rotary Pines project from an underwriting perspective, from a demand-needs perspective, from a service ratio perspective, from all of those perspectives, Rotary Pines was clearly needed in the community. You know you have a legitimate Rotary Club project proponent, and it was brought forward on that basis.

I can advise the member that, of all of the areas of Winnipeg, some 16 in total, with the exception of Old Kildonan and Tuxedo, St. James had the clearest demand for these kinds of seniors projects. In fact, in total across the province, I think it is very close if not in the lead in terms of demand for service ratios for these kinds of projects. As a matter of fact, of the Winnipeg region service ratio, it is less than half of the service ratio requirement for the entire city of Winnipeg. There is a demand; there is a need. It met the criteria in terms of risk, in terms of underwriting perspective. The project met or exceeded all the requirements for that project.

\* (1500)

**Mr. Martindale:** I find that statement unbelievable. Here are just three reasons. One is that the Technical Resource Groups were scandalized when they found out that only two groups were reviewed. They expected that their applications would be reviewed. They were extremely

disappointed when they found out that they were not.

Secondly, I have it on good authority that, when the staff were told to only review two, they were extremely surprised. They asked for permission to review the other applicants, and that permission was denied.

Thirdly, on the basis of need, the people in rural Manitoba who I have spoken to make a very good case for need in their community saying that they want to keep seniors in their community so the population of their small rural towns does not decline further than it already has. They know of people who want to retire in their communities and want to live in a seniors complex in their own home town, their rural communities.

I do not accept the Minister's answer at all. I think it contradicts what the Technical Resource Groups have been telling me. They rely on staff to tell them when funding is available and when it is not, and they were not informed that the funding was available. It contradicts what I have been told by staff in terms of what actually happened when only two were brought forward, and it contradicts the great needs of the applicants in rural Manitoba that I have talked to.

**Mr. Ernst:** Mr. Deputy Chairman, the member for Burrows is entitled to have whatever opinion he wishes. I can also tell you that nobody was told to do anything in the department. I am advised by the senior staff who are here that no orders were given to review only two applicants.

With respect to the service ratios, that information I am prepared to table here today, if the member wishes to have it, that clearly refutes his argument that in terms of service ratios that—notwithstanding the fact that, Mr. Deputy Chairman, I am sure everybody in every community would like to see or like to have seniors housing projects. The demand becomes almost infinite in overall terms, but in terms of service ratios, that is provisions of housing stock to demand, I am prepared to table that information if the member wishes.

**Mr. Martindale:** I would be interested in seeing the information on the need and demand in St. James as compared to other parts of the city. Did anyone on the staff ask Mr. Julius or the deputy minister or the minister for permission to contact the other eight or nine or 20 applicants and inform them that \$10

million was available in the Seniors RentalStart program in February or March 1991?

**Mr. Ernst:** No.

**Mr. Martindale:** I find it strange that the minister has said there were eight or nine bona fide applications. That is what he told us last Tuesday. Why were they not contacted and told that the money was available?

**Mr. Ernst:** Firstly, Mr. Deputy Chairman, the eight or nine that I referred to is eight, and that includes Rotary Pines and includes Niverville. So there were six other, if you will, a total of eight.

The other question was—I am sorry?

**Mr. Martindale:** Since the minister says there are six bona fide applications, why were they not told the money was available? Why were they not contacted and told that they were going to be considered or ask them if they would like to be considered since the money was there after all?

**Mr. Ernst:** Mr. Deputy Chairman, as I indicated to the member previously, three of those applications were brought forward—Niverville, Rotary Pines and Carman Lions—for consideration by MHRC Board. The other projects have not been rejected, have not been declined. They are under consideration. They are under consideration under both the current private nonprofit housing program and some discussions we have been having internally in the department to use some targeted units in those projects to see if that will provide the necessary support in order to see the project proceed. In some cases, the circumstances were such that they would not be able to proceed without some kind of additional assistance, particularly because the Seniors RentalStart program had virtually had its benefits significantly reduced in '89. Instead of a 10 percent forgiveness, there was a 5 percent forgiveness, and instead of two points below the government borrowing rate for the financing, it has become the government borrowing rate per se.

**Mr. Martindale:** Well, I think the rural communities especially, their applicants would be very happy to hear that they are still going to be given consideration. Since the Seniors RentalStart program was scrapped with the most recent budget, where would the money come for that? Would it be the \$10 million that was approved last year?

**Mr. Ernst:** The indication is, Mr. Deputy Chairman, that we are looking at the potential for utilizing—rather than an entire project of targeted

units, that we would look at a limited number, or mix, of units targeted and market to try and see if that will allow the project to reach its goal, which is to provide, ultimately, seniors housing. So maybe a combination of approaches to it that—but the Seniors RentalStart program is not in the budget and not available for a new commitment. So we are looking at different kinds of arrangements to see if we cannot assist these people in meeting their objectives.

**Mr. Martindale:** I think I will follow that up now rather than later. Presumably there would be a couple of alternatives. One would be that they might get their unit allocation out of the private nonprofit. Is that correct?

**Mr. Ernst:** Mr. Deputy Chairman, I guess there is a potential for a lot of things. The whole project can be approved under the private nonprofit, which is all targeted units. The potential exists for them to use other group or tenant equity for part of the units and to use part targeted units to meet target demands in those communities as well. So there are a couple of different combinations, all of which we have not worked out, either with the groups or in terms of a final program, pending a receipt of our final numbers from the CMHC.

\* (1510)

**Mr. Martindale:** I assume that another possibility might be that groups would arrange their own mortgage financing from local financial institutions. I have talked to a number of them about that. That is something that they are interested in doing. They have said that they would like help from the government, not in the form of grants or loans, but a guarantee on the loan. So that, for example, if they went to their local credit union and got their mortgage financing, the Province of Manitoba might guarantee that loan. Is that a possibility? Has that been discussed?

**Mr. Ernst:** Well, some discussions have taken place with regard to backstopping cash flow difficulties, and whether that comes in the form of a guarantee or some other method of dealing with it—we have had some discussions on it. We have not finalized any kind of a program, but I guess anything at this point is a possibility in terms of trying to reach these goals.

**Mr. Martindale:** What was the government's priority for the Seniors RentalStart and the \$10-million Capital Authority, or what were the

criteria? Were there certain parts of the province that were targeted because of the need, or certain sizes of projects? What criteria or priorities did the government have?

**Mr. Ernst:** I am advised, Mr. Deputy Chairman, that the intent throughout the scope of the Seniors RentalStart program was, first of all, the project had to be market viable. It had to be able to be funded on the basis of accommodation of Seniors RentalStart tenant equity and things of that nature. Secondly, it must address needs of moderate-income seniors who did not qualify necessarily under the low-income category, but who still had a desire to live in accommodation that was either not condominiumized or not public rental market, so that they had some opportunity to seek another form of accommodation.

When those projects came forward, they were addressed on general application. Assuming there was capability of doing X number of projects and there was X number of dollars available, all or some could have been addressed under that project, but it is difficult to—there was no specific area per se. They were spread around. If you look at the ones that have been approved, they are spread all over the place. At the same time, you did not necessarily want to put projects into the same general rental market one after the other for saturation purposes, if you will, and to try to spread the demand around the community.

**Mr. Martindale:** The Housing department staff were telling sponsor groups and Technical Resource Groups that the priorities were small projects and rural Manitoba. Is that correct or not?

**Mr. Ernst:** Mr. Deputy Chairman, what might be construed as what the member indicated, I think, by and large, was a function of vacancy rates. The fact that Winnipeg had experienced for a period of time considerably higher vacancy rates than rural Manitoba, would obviously—you know, Charleswood-Tuxedo Lions, as the example, is a case in point where that particular project was not able to come to grips with a program because vacancy rates, I think, at time were fairly significant, in excess of 5 percent. That might have been a case, for instance, of The Rotary Pines, or look at the senior service ratios by community in Charleswood, it is .084. In St. James, it is .037—almost less than half again of the overall. I am sorry, I misread that number, it is 1.06 in

Charleswood as opposed to St. James, which is .037.

Again, still, half the kind of—and then there is a very good example of what happens when you deal with a higher vacancy rate situation.

**Mr. Martindale:** Now if the rural groups told me that the Housing staff said that rural Manitoba was a priority, and it was pointed out to them that Winnipeg had a very high vacancy rate and that in Winnipeg people have more choices in terms of housing than in small communities, I am surprised to hear that rural Manitoba was not a priority. I think the needs in some small towns were probably much greater than in Winnipeg.

My colleague from Transcona has some questions about the Transcona application from the legion there.

**Mr. Reg Alcock (Osborne):** I am surprised of how genteel this has been. I am certainly—and I hope that it was a little more active the days that I missed. That is not the question you can answer, I suppose.

I do have a question on the Pines, and I do not want to belabour this thing. I myself think we have reached a certain understanding of what is going on, but I do have a question. You have made the decision. You are going to fund the Rotary to build the unit. The substantive argument against it, as I understand it, and I, once again this weekend, was approached by a couple of people in my constituency who are traffic controllers, as it turns out, basically saying that they have the substantive concern about the location, no concern about the commercial development on that site, but the concern about putting more housing off the end of runway 36.

You have made an argument for why you would build this kind of housing in this area and, you know, you seem to be able to substantiate the need. Have you considered the possibility of breaking the project up and finding another spot to locate the housing portion of it, given what appear to be quite legitimate concerns of the Chamber of Commerce and the airport?

**Mr. Ernst:** Mr. Deputy Chairman, firstly, let me say that it is the applicant's site not ours. It is their choice, and from our perspective, we do not see a major problem with this site for a wide variety of reasons. It is prime riverbank property, so in terms of tranquillity, I suppose, or beauty or whatever,

things of that nature, it is an ideal site for a seniors complex.

\* (1520)

I am not sure exactly, but I think it overlooks at least in one direction the Assiniboine Park and Assiniboine forest. In terms of transportation, it is an excellent opportunity for transportation, being as Portage Avenue is there right adjacent to it. From a commercial perspective, I am not intimately familiar with the commercial development on the adjacent property, but it is my understanding that at least a significant chunk of that will in fact be the clinic, St. James medical clinic, I believe, who will be moving into that site. In terms of medical access, that plus Grace Hospital being a few blocks to the west is not a significant problem.

It is interesting with regard to the airport, because I happened to live in that area all my life or just about all my life. Anyone who I have talked to, and I have talked to an awful lot of people, as you can appreciate, over the past while with regard to this particular project, almost everyone who I have talked to, who lives within that general area, is familiar with the kind of noise associated with aircraft. By and large, most of them are asking me the question: What is the problem? They do not see a problem.

Again, I lived in closer proximity to—if you look at the noise contour maps from the Winnipeg area airport study group, I lived for the first 24 years of my life under more stressful noise conditions than anybody in the Pines will. -(interjection)- Well, you may reach that conclusion as well but, apart from that, you know there are a great many other people as well who have lived under that stress, if you want to utilize that terminology. Certainly, I talked to a couple of people who live just—in fact, one Air Canada pilot who lived in one of the existing buildings there for 10 years said he did not see any major difficulty with it at all. He thought the whole question was being overemphasized.

Now again, there is the position put forward by the Winnipeg Chamber. The St. James Chamber is in favour; the Winnipeg Chamber is opposed. The Winnipeg Chamber has a philosophical bent attached to their particular concern, and I do not disagree with that. We just happen to have a difference of opinion as to whether their particular bent, that is, the ultimate protection of the airport, is

going to be harmed or not harmed by this particular project.

**Mr. Alcock:** In a sense, the thought that occurred to me—the people whom I spoke to on Sunday do not have a bone to pick with Rotary Pines, they do not have a bone to pick with the fact that they got the money or that it is being located in St. James or all of that kind of stuff. He is saying our experience is that the complaint rate is going up because of the density. That is our objective experience at the airport, and it concerns us because right now we have fairly free access. This is not the Chamber of Commerce. This is just a guy who works there, you know, going through his objective experience with it.

As we were talking about it, the question came up—I mean there is an interest in developing that site commercially. I agree with you, it is an attractive site for residential housing, but there are other sites where residential housing could be built to meet the need. I know that is not your decision. That is the Rotary's decision because they are the ones who are undertaking the project.

Given all the controversy that has gone down over this and given what seems to be a substantive concern relative to the runway, would it be worth the time to go back to the Rotary and ask them if they are prepared to split the development and place the housing portion someplace that they can still meet their needs in terms of building housing for their seniors but just move it off of that flight path?

**Mr. Ernst:** I suppose that we could ask the Rotary club if they are prepared to do that. It is, again, their choice, their application, so yes. The answer is yes.

**Mr. Alcock:** Well, thank you. I would appreciate that undertaking, and that is enough from me on that particular subject. I think it has been discussed at great length.

I have to make a request to the minister, and I could do that at this point, Mr. Deputy Chairperson. I was ill last week and missed the early part of this. I do have two questions, if the minister was prepared to give leave, that I would like to ask him. I have discussed this with him earlier. I would just like to ask if there is leave. The member for Transcona can go until we finish this line, and then if there would be leave just to give me an opportunity to ask those two or three questions. I promise to take no more than 30 minutes.

**Mr. Ernst:** I think that is reasonable. I concur.

**Mr. Deputy Chairman:** It will be the will of the committee then that the honourable member for Osborne can ask a couple of questions that we have already passed.

**Mr. Alcock:** Two questions.

**Mr. Deputy Chairman:** I thought you said a couple that have already gone by.

**Mr. Alcock:** They may be multipart.

**Mr. Deputy Chairman:** Is it the will of the committee? Agreed.

**Mr. Daryl Reid (Transcona):** Mr. Deputy Chairperson, I wanted to ask the minister a few questions concerning the seniors housing project in Transcona.

The minister had referred back to the seniors housing projects, particularly St. Michael's Villa was the project that had been completed recently. I would like to ask the minister a few questions on that particular project.

Could the minister tell me, for the record, how many of those units had been committed to or booked prior to the start of construction for that particular project?

**Mr. Ernst:** 90 percent.

**Mr. Reid:** I heard the minister correctly, it was 90 percent booked prior to start of construction?

**Mr. Ernst:** 90 percent.

**Mr. Deputy Chairman:** Nine zero.

**Mr. Reid:** Could the minister also tell me how many of those units were booked when the unit opened, I believe it was in June of 1990?

**Mr. Ernst:** Can I ask the member for Transcona again to clarify his first question? If I understood your question correctly, you wanted to know how many units were tenanted, occupied when they opened in September of 1990.

**Mr. Reid:** June.

**Mr. Ernst:** June.

Mr. Deputy Chairman, we do not have the exact numbers here as pertains exactly to the question. I can advise the member that the requirement is, if you do not have adequate—you know, there may be a unit or two short or something of that nature, the sponsoring group has to put up letters of credit for the balance so it effectively meets that criteria.

**Mr. Reid:** I believe then, from the information that I have, I could let the minister know that project was

filled by the end of the summer of 1990. Those units were no longer vacant even though the minister, I know, had previously stated that they were. I will not belabour that point about St. Michael's.

Could the minister tell me, for the seniors housing projects in the community of Transcona, what type of a waiting list, and does his department keep any kind of statistics or records to determine the waiting list for the various seniors rental units in the community?

**Mr. Ernst:** Mr. Deputy Chairman, the answer is yes. We do have waiting—statistical information with regard to demand.

(Mr. Gerry McAlpine, Acting Chairman, in the Chair)

\* (1530)

**Mr. Reid:** Would the minister be prepared to submit a list or provide a list to members of the committee for those different rental units in the community of Transcona, on a broken-down basis, so we can determine what the waiting list for each is?

**Mr. Ernst:** Mr. Acting Chairman, we have waiting lists related to projects that we own and manage, or that we own and are managed by a sponsor group. For instance, St. Michael's, we would not have vacancy waiting list information for that project because we do not own it and we do not manage it, but for the publicly owned, managed by Winnipeg Regional Housing, we would have that information.

We can advise also that we are prepared to table that information. We may not have it here today, unfortunately, but we are having a look to see if it is here.

**Mr. Reid:** It will be fine if the minister could table that, say, within the next week or so. We would appreciate that.

There have been several projects in the community of Transcona that had applied under the various seniors housing programs. Of course, the Transcona Legion was one of them that had applied. I am sure the minister is familiar with that one. It had applied, from the information that I have, under the RentalStart program.

Could the minister give me some kind of an indication of what would be termed normal communications between the Technical Resource Groups and his department during the process of project start-up initiation phases right through to completion?

**Mr. Ernst:** Mr. Acting Chairman, there is no set pattern to these things. I am told that normally what happens is that somebody initiates a discussion with the department, usually by letter or something along that line, to deal with the question of a particular program, one or another. Then there are discussions back and forth, information exchanged. Some require a lot of assistance and others require very little. So, you see, there is no particular set pattern per se.

**Mr. Reid:** In the discussions that I have had with the sponsoring groups in my community and with the Technical Resource Groups, there appears to be a lack of continuous communication between the department and/or the sponsors and their TRGs. That was one of the items that was mentioned over and over again.

Has the minister considered undertaking any activities that will go toward resolving this matter of communication between these groups?

**Mr. Ernst:** Well, Mr. Acting Chairman, it is somewhat academic in terms of Seniors RentalStart, but in general terms, refinement or procedures related to these particular programs are going to be reviewed by myself once we have finished Estimates, and I have some time to deal with them. I want to go through for myself and determine exactly how—and I have not had that time unfortunately to review the procedures related to all these different kinds, and there are 20-odd programs in the department—these things are dealt with and how they can be improved. Certainly we need to look at every way we can of improving communication.

**Mr. Reid:** The sponsor of the legion project in Transcona has drawn to my attention the fact that they had applied under the RentalStart program at the beginning of 1990. In September of 1990, they were asked to resubmit under the private, nonprofit housing program. Can the minister give me some reason why this project sponsor was asked to resubmit under the private nonprofit when they had specifically applied under the RentalStart program?

**Mr. Ernst:** Mr. Acting Chairman, as I indicated on two or three occasions already during the Estimates process, in fact, all of the applicants were asked to resubmit under the private, nonprofit housing program. At that point, September, the election was either on, just held or was very close, at least.

In any event, the budget was not tabled. There was no indication of whether there was going to be budgetary authority or not at that point and because the proposal call had been earlier scheduled to go out at that time, everybody was invited to participate under that proposal call, whether they ultimately proceeded under that arrangement or not, but at least that way, their projects were all still before the department formally and under consideration.

**Mr. Reld:** It is my understanding that, having discussions with these groups in my community, they were left with the impression that the RentalStart program had been concluded and that the only way that they could apply for funding for their project was under the private nonprofit program.

Can the minister tell me why these groups were not told that the RentalStart program was still available and that they could possibly be considered for the RentalStart program versus the private nonprofit?

**Mr. Ernst:** Mr. Acting Chairman, nobody was told that anything was concluded. What they were told at the time was that there was no budgetary authority—as I just previously explained, the budget was not tabled until some time in October, I believe; I just do not remember the exact dates, but following the election—that the program might be continued, might not be continued, might be changed, whatever, but to cover their bets, to make sure that their application was under consideration directly by the department, regardless of how any particular housing program turned out. The fact of the matter is, there was a private nonprofit housing proposal call at that time and that all were invited to submit in order to keep their options open.

**Mr. Reld:** Can the minister and his department give me some background on this Transcona Legion application? Do they own the land and what other equity do they have for this particular application?

(Mr. Deputy Chairman in the Chair)

**Mr. Ernst:** Mr. Deputy Chairman, firstly, let me say, as I have indicated to my honourable friend for Burrows (Mr. Martindale) as well, the fact that these people have been contacted to request their permission to have information related to their program released and when we receive that, we will attempt to answer your questions.

\* (1540)

**Mr. Reld:** Just to pick up on that point, if I might, the last time I had the opportunity to ask questions of the minister and his department, there might have been some misunderstanding on the program that we were talking about.

Looking back at Hansard recently, the minister's comments in response to my question indicate that there were 107 projects. I would like to clarify that right now, if I might, and indicate that the question that I had put to the minister, that my intent was to have information on the 22 projects the minister had referred to that were under the RentalStart program, so that I, as a member of the Legislature, might compare the projects in my community versus the projects that are elsewhere in the province. That was the question I had put to the minister.

Will the minister undertake to achieve clearances from these particular sponsors so that we might see the list of projects that were on that list?

**Mr. Ernst:** Yes, Mr. Deputy Chairman.

**Mr. Reld:** Would the minister consider that the Transcona Legion project was a good sponsor and that their application was in order?

**Mr. Ernst:** Mr. Deputy Chairman, from the point of view of the department, certainly the Royal Canadian Legion has been a sponsor of housing projects for many, many years. There is no reason to determine that this particular applicant, being the Transcona branch of the Royal Canadian Legion, would be any less or more desirable than any other.

**Mr. Reld:** Then I guess I can take it from that answer the minister just gave that it would be considered to be a normal applicant. There was nothing in the sponsor's application or in the sponsor itself having any difficulties or anyone in the department having any difficulties with the application or the sponsor?

**Mr. Ernst:** Mr. Deputy Chairman, I am advised that while the application had been received by the department, and certainly the legion is an acceptable sponsor per se, that the review process was ongoing and no final decision or for that matter final review, I am advised, had been undertaken specifically, other than to say that there was concern that St. Michael's Villa had not yet been sold out at that particular time and to put another project into that market would have caused some concern.

**Mr. Reld:** Just a few moments ago in discussions with the minister and his department about the St. Michael's project, we just agreed upon the fact that

over 90 percent of those units were going to be occupied even before the shovel was put into the earth, and that I related information to the minister to let him know that project had been completely filled before this process—we are talking here about the legion project now—had even been considered. How can he say now that there was some concern? I do not understand the two.

**Mr. Ernst:** I am advised, Mr. Deputy Chairman, by the staff that, while 90 percent of the lease-up is required that, as I indicated also to the member for Transcona (Mr. Reid)—has the requirement for letters of credit to be provided by the sponsor of the project, even for any units that are not fully subscribed to.

I am advised also that even into September, now some time after the application for Transcona Legion was received, there were in fact six or seven units unsubscribed and that St. Michael's had a concern that they were going to have to cash flow these units for some time into the future. They were not sure exactly how long, and they had been expressing a concern to the department.

**Mr. Reid:** For the minister's information, the St. Michael's project was a life-lease project. In that respect, there were considerable funds that would be required from any tenant who was going to occupy those apartment units. Transcona not being an affluent community, there was probably some concern there or some inability of the people to raise or generate those type of funds necessary to occupy those suites. That is why, and it should have been undertaken or considered by his department, those suites were not occupied 100 percent and there were those six units available.

The other projects that we are talking about now, the Kinsmen project on Regent and the legion, are different projects in the fact that they are not life lease and do not require any substantial funds before a person enters the door of the building. Therefore, those projects were going to be occupied at a much greater rate than what the St. Michael's project would be.

I wanted to clarify and put on the record that particular statement. For the minister's information as well, the legion, from the information that I am given, has 20 percent equity ready for that project.

Would the minister consider that to be a normal amount of equity, or would that be considered to be on the high side?

**Mr. Ernst:** With regard to equity, Mr. Deputy Chairman, I guess equity comes from a variety of sources, and every project virtually is different. St. Michael's, staff are just trying to recollect, but the indication was they thought they had almost a million dollars in terms of equity for that particular project.

Rotary Pines is going to have a significant portion of equity, equity put up by the occupants, the tenants. Equity comes from a variety of places, so I cannot comment one way or another with respect to the member's statement.

**Mr. Reid:** It is unfortunate the minister would not comment on that. The sponsor of the projects in my community and the people who were going to occupy those particular suites, who are still on the waiting list for the other seniors housing accommodation in the community of Transcona, are waiting for these projects to start so that they can have some decent housing within the community, so they do not have to leave the community to obtain that type of housing.

Can the minister give me some kind of an indication, now that these other projects, the legion project and others, are part of the private nonprofit program, when they can expect to have some consideration and some answer from his department so that they know what is going on and where they stand with respect to all of the other 107 projects?

**Mr. Ernst:** Mr. Deputy Chairman, I have indicated in the past and I think I indicated it the last time we were considering Estimates that we have yet to receive final allocation from CMHC with respect to our 1991 unit allocations. Once that is determined and what we finally will receive in terms of allocations, then we will be able to make decisions related to the applicants through the private nonprofit housing program. At the same time, as I indicated earlier to my critic here for Burrows (Mr. Martindale), we are looking at some potential of using some targeted units to try to achieve the ultimate objectives of a mixed-use development as opposed to, not just one total project of targeted units, but perhaps some targeted, some nontargeted, some equity participation by the sponsor groups, et cetera, to see if that will make the projects viable. We are looking at those opportunities as well.

\* (1550)

**Mr. Reid:** I would appreciate, and I am sure that the sponsors and TRGs would appreciate, for these particular projects, knowing from time to time, from the minister's department, where they stand with respect to the other projects and with his department, so they are not left in the dark out there. Every time they go to a meeting with their sponsor groups and they stand up, the committees have to say, well, we have not heard from the department. We do not know what is going on.

Will the minister and his department at least undertake an effort to keep these groups informed that they are still in consideration?

**Mr. Ernst:** Mr. Deputy Chairman, as we talked about a couple of minutes ago, the question in communications is important and one that we will have to try and improve upon to make sure that everyone is aware of the status of their particular projects, and I will be looking into that.

**Mr. Reid:** I thank the minister for that.

I had delayed some of my questioning from my last opportunity at Estimates for Housing, and I was referred to an alternate section. I had asked the minister about funding, subsidized funding, for the different seniors accommodations in my community, particularly the St. Michael's, the East Park Lodge and the Columbus Villa. Can the minister give me some indication on the subsidization or the process that takes place to continue the operation of these particular projects in my community of Transcona?

**Mr. Ernst:** Mr. Deputy Chairman, it was our understanding that we were going to do an analysis of each of those projects and provide the member with the written information with regard to the variety of program subsidies and other types of assistance that are provided. If that is satisfactory to the member, then we will provide that.

**Mr. Reid:** Can the minister tell me, is his department involved with any federal departments, looking at co-operative housing developments? There is one particular project that had been on the books for a number of years now, a co-op housing development on Plessis Road in the community of Transcona. Can the minister tell me if his department is involved with the planning of that project?

**Mr. Ernst:** The answer is no. I am advised that it is 100 percent CMHC, Government of Canada.

**Mr. Reid:** I thank the minister for that, and that ends my questioning for now.

**Mr. Deputy Chairman:** Item 4. Transfer Payments to The Manitoba Housing and Renewal Corporation.

**Mr. Alcock:** I believe, Mr. Deputy Chairman, the member for Burrows has put his hand up indicating he may wish to speak more on this particular line. I am quite prepared to pass this line. I just want to come back and ask the questions that I previously indicated.

**Mr. Martindale:** Mr. Deputy Chairperson, the guidelines for Seniors RentalStart say, and this is in Appendix F: Depending on demand, Manitoba Housing may have to restrict availability of PDF to groups who submit proposals most consistent with the plan for the geographic area, who show evidence of the best capability to develop and manage a project, and whose proposed project has the greatest potential to meet all program criteria.

So I would like to go through some of the applicants, since the minister said we could review them project by project and ask some questions, beginning with Neepawa Elks who applied to the Seniors RentalStart program, I believe in March 1990. In April 1990, they were thanked by the deputy minister of Housing for having "a very thorough submission."

As far as their project developer is concerned, the Neepawa Elks application was never formally turned down. Is that correct?

**Mr. Ernst:** Yes, Mr. Deputy Chairman.

**Mr. Martindale:** Would the minister agree that this was a good application?

**Mr. Ernst:** Mr. Deputy Chairman, I can neither agree nor disagree with respect to the application. I have not personally examined it.

**Mr. Martindale:** I wonder if the minister could ask the staff if this is a good application since staff review applications.

**Mr. Ernst:** Mr. Deputy Chairman, my deputy has advised that while an application is thorough in terms of its content and provision of information, that does not necessarily mean that it is a good project or not a good project. Information may be there, but the ultimate information may have some concerns with that information. There may be assumptions made that are not necessarily appropriate and so on, so because it is thorough does not necessarily mean it is a hundred percent in all departments.

**Mr. Martindale:** When it was discovered that funding was available after all in February of this

year, was the Neepawa Elks application considered?

**Mr. Ernst:** The Neepawa Elks project, Mr. Deputy Chairman, is still under consideration at the present time. As I say, I have met, as the member knows, on April 5 with people from the Neepawa Elks group and the member for Ste. Rose, had some discussions with regard to their particular project and it is still under consideration.

We are looking at, as I indicated earlier, potential means to meet the demand and the need in Neepawa by virtue of utilizing some targeted units and some other ways of potential assistance to the Neepawa Elks.

**Mr. Martindale:** I understand that, but why were they not considered under the Seniors RentalStart in February 1991?

**Mr. Ernst:** Mr. Deputy Chairman, as I indicated, staff had brought forward two projects: Rotary Pines and Carman Lions. I think at that time, as I indicated the other day as well, there were some discussions ongoing with a variety of groups with potential to private sector community financing, if you will. A number of discussions were going on at that particular time, but regardless, as I say, the two projects brought forward were Rotary Pines and Carman Lions.

\* (1600)

**Mr. Martindale:** Flin Flon Rotary Club applied in March 1990. They already had experience managing a seniors housing complex called Rotary Court. They owned appropriately zoned land. The demand for their units was three times the number of units being proposed. In September 1990, the Rotary Club applied for funding under the private nonprofit programs, since they were told that budget availability was limited in Seniors RentalStart. Flin Flon Rotary thought that their chances of being approved were excellent. They had a meeting with two cabinet ministers and the Minister of Housing (Mr. Ernst). They were led to believe that the Winnipeg market was saturated and the money would be spent in rural areas in northern Manitoba. The staff commended them for an excellent application with no deficiencies. Would the minister agree that they had an excellent application?

**Mr. Ernst:** Well, Mr. Deputy Chairman, again, I did not personally review their application. What I can say is this, that we have since met with the Rotary Club of Assiniboia, the Rotary Club of Flin Flon, and

the mayor of Flin Flon, subsequent to this issue becoming of interest, and had some discussions with respect to the targeted units, making the project a little more financially viable than would have otherwise been the case. It is going from memory, but I think the cost of the units was somewhere in the area of \$1,000 rent per month. If I am not mistaken, it was a very high-cost project. To meet that kind of demand in a community is difficult, so we are looking at potential for targeting some nonprofit or targeted units in that project to see if that cannot provide some additional assistance to make the project fly.

**Mr. Martindale:** Since Flin Flon Rotary and their Technical Resource Group wanted initially to apply and did apply under the Seniors RentalStart program, why were they not considered in February of this year?

**Mr. Ernst:** They had, as far as I am aware, withdrawn their Seniors RentalStart application and had reapplied under the private nonprofit group.

**Mr. Martindale:** Well, I guess we could go around and around about who applied and who did not. Neepawa, I understand, own their own land. They were prepared to make a cash contribution. They were looking at 50 units. I understand that they had people signed up. I am told that they had a good application. They claim they contacted the minister's office in February 1991. Why were they not told that money was available in February of this year?

**Mr. Ernst:** I just do not have the exact dates here with me. They may have phoned the office; we are not aware. There was no record of a telephone call having been received. I did receive, however, a letter in March requesting a meeting with me, no mention of any particular type of program one way or another, other than the fact that they had a project in Neepawa that they were interested in. Because of my involvement as a member of Treasury Board and the fact we were going through the Estimates process during the month of March, I had limited time availability to meet with a variety of groups, so the first opportunity we had scheduled that could meet with both their schedule and mine was on April 5th, I believe it was. That was the first opportunity I had.

At that point, of course, the program, the financial year was over, and the Seniors RentalStart program was not going to continue.

**Mr. Martindale:** I have a letter signed by the deputy minister, dated April 11, 1990, who thanked the group for their very thorough submission and said that it would be maintained on file for future consideration. Why were they not given serious consideration in February of 1991?

**Mr. Ernst:** I would like to indicate, Mr. Deputy Chairman, that as I have stated in the past, they were looking at a variety of financing options for these kinds of projects. There were ongoing discussions, and in fact, the project is still being considered at the present time.

**Mr. Martindale:** Well, let us move on to Lions Court, the Tuxedo-Charleswood Lions project. We know that they received \$10,000 of Pre-Development Funding. We know that they were turned down for a further \$20,000. They believe that, if they got that and spent it on advertising, within a month, they would have been fully committed.

The Premier (Mr. Filmon) stated in the House that Seniors RentalStart is affordable housing for seniors. If there was a choice of projects, why would the government not fund the one that was more affordable? I think, given this minister's statement and other ministers' statements about limitations on government funds, that would seem to be in keeping with this government's philosophy.

Is it correct that Lions Court equity for seniors was in the \$25,000 to \$36,000 range?

**Mr. Ernst:** Mr. Deputy Chairman, I can indicate in general terms that, in terms of these kinds of projects, this is a market-driven program and the program has to meet certain criteria. One of them is success, and the Lions Club project did not meet success. They spent, I think, 16 months trying to market this project. The best that they could achieve was something like, they had to cut the size of the project in half or almost in half, in the middle of it, and they were still unable to achieve more than a little over half of their—in terms of a \$250 cash deposit. We are not talking \$25,000 or \$30,000 or letters of credit or anything else. We are simply talking about a \$250 refundable deposit. They could only achieve about 50 percent.

The criteria of the program, as I am advised, is that it has to have some expectation of success before it gets additional support, and it was deemed by the department at that point that it was not going

to succeed. Therefore, they did not get the additional funding.

**Mr. Martindale:** I believe that Pilot Mound put in an application as well, sponsored by the Chamber of Commerce, which includes a lot of community people, not just business people in Pilot Mound.

The town of Pilot Mound is prepared to donate property. They have tenant equity; 17 people have signed up for 16 units. I am told that, if they do not build seniors housing soon, people will move elsewhere. Some have already sold their farms and want to live in Pilot Mound.

Was the Pilot Mound Chamber of Commerce application a good application?

**Mr. Ernst:** I do not have the specifics of the proposal here, Mr. Deputy Chairman, but I would say it is still under consideration at the present time for different options with respect to financing.

**Mr. Martindale:** This is a group that is particularly disappointed. I believe this is one that found out with about two days notice last year that money was not available under Seniors RentalStart and that they should apply under private nonprofit. They had to very quickly redo an application for private nonprofit, which they did. Why were people in Pilot Mound not told in February of this year that money was available after all in Seniors RentalStart?

**Mr. Ernst:** Mr. Deputy Chairman, I think I have been through that, and the answer is going to be the same for every project. I do not think we need to go through it chapter and verse every time.

**Mr. Martindale:** I understand that Roblin has an application. The Chamber of Commerce are behind their application. They want to build seniors housing to keep seniors in Roblin. They thought it would be good to make vacant houses in Roblin so that civil servants who were decentralized would have a place to live. Now they say they have no housing and no civil servants. They thought they were getting funding from Seniors RentalStart, and then the minister changed and the staff were fired. Did Roblin have a good application under Seniors RentalStart?

\*(1610)

**Mr. Ernst:** Well, Mr. Deputy Chairman, Roblin, again, is a project that is presently under consideration. We are looking at different kinds of financing of that type of project and looking at different alternatives with respect to financing of

those kinds of projects, so we are in the process of doing that.

**Mr. Martindale:** Since \$10 million was available in February and, according to the minister's own admission, there were only eight or nine applicants, why were they not considered in February as one of eight or nine instead of now when they are probably one of 100 or 105 applications in the nonprofit program?

**Mr. Ernst:** I am advised, Mr. Deputy Chairman, by the staff here that, while we have had expressions of interest from them and so on, discussions with them, they have made no formal application for funding. They have also reapplied under private nonprofit, and we are dealing with them under that proposal.

**Mr. Martindale:** Let us look at Carman Lions. What were they told in February 1991 about availability of funding? Presumably, they were told something different than the other groups because their application went to the committee to be reviewed.

**Mr. Ernst:** Mr. Deputy Chairman, again, for the member's edification, no one was told and no one was not told to do anything. An application was brought in, and it was dealt with by the staff in that Seniors RentalStart program. It was brought forward for a consideration; it was not accepted, but nobody is being told or not told to do anything in the department, and I wish the member would get off that subject matter.

**Mr. Martindale:** One of the Lions I talked to in Carman said that they were told that some projects would not be receiving funding and therefore money was available. Would the minister care to comment on that statement?

**Mr. Ernst:** I have no way of verifying or not verifying any statement like that. I would not care to comment.

**Mr. Martindale:** Well, I suppose it has a certain logic to it since only two were selected for funding, but I think the rationale is not right. I do not actually agree with that. I think probably the real reason was that two were sent to be reviewed to the exclusion of others, and that saying that some projects had lapsed or something was really a red herring.

The Lions believed that they were ready; they worked on their application for two years; they took seniors to other communities to look at other facilities; they met with the MHRC Board for two

hours; they were told that their application was going to Treasury Board. Did it go to Treasury Board?

**Mr. Ernst:** I tell you, Mr. Deputy Chairman, that they did not meet with the MHRC Board, so that part of their assertion or the member's assertion is incorrect.

**Mr. Martindale:** Well, I will retract that if it is not correct. I guess my source was not correct, but did the Carman Lions application go to Treasury Board?

**Mr. Ernst:** No.

**Mr. Martindale:** The Carman Lions felt that they had identified a great need for seniors housing in Carman, since they do not have apartments or very many apartments in Carman. In fact, they have had two couples who moved to Winnipeg, but would move back if they had a place to move into.

Does the minister or his staff think that Carman had sufficient need and did they have a good application?

**Mr. Ernst:** I am sorry, Mr. Deputy Chairman, I missed that.

**Mr. Martindale:** The Carman Lions feel that there is a great need for seniors housing in Carman, and felt that they had a good application. Does the minister or his staff agree that the need was there and that they had a good application?

**Mr. Ernst:** Mr. Deputy Chairman, there were two applications for seniors projects in Carman. One is targeted and one is Seniors RentalStart. The concern was that you have competing projects in the same small community of 2,500 people. You have concerns particularly with respect to the ability of people to pay the higher rents under the Seniors RentalStart program. So that it was decided that both projects have applied under the Private Non-profit that we would address both projects at that time and try and meet the biggest need in the community by considering those two projects together under the Private Non-profit. If we can work one with partly targeted units and that is going to meet the demand and so on, then we will deal with it on that basis. Otherwise, we will have to address the question of fully targeted units.

(Mr. Gerry McAlpine, Acting Chairman, in the Chair)

**Mr. Martindale:** I find it a little hard to believe that both projects were being considered at the same time considering that one actually made it to the review committee and presumably the MHRC

Board. How much in loan money were the Carman Lions asking for?

**Mr. Ernst:** Mr. Acting Chairman, I would like them to release that information even if we had it here, which we do not, but am reluctant to release it until I receive permission from the sponsor group.

**Mr. Martindale:** Well, I understand that they were asking for a \$1.3 million loan. How much were they asking for in the form of a grant?

**Mr. Ernst:** I would give the same answer, Mr. Acting Chairman.

**Mr. Martindale:** I understand that they were not asking for any money in a grant, and I refer to comparing the two applications, Rotary Pines and Carman Lions. Rotary Pines is asking for a much larger mortgage, a much larger number of units and a grant of \$357,000. It seems to me that Carman Lions have a better application, in the sense that they are asking for less government support which should be in keeping with the philosophy of your government. Would you agree that it is a better application, if they are asking for less government support?

\* (1620)

**Mr. Ernst:** Mr. Acting Chairman, we also have—and I have indicated it on a number of occasions, and I will indicate it again. The fact of the matter is that in terms of the Rotary Pines project from an underwriting perspective, from a financial perspective, from a demand perspective, from a need perspective, all of those things indicated clearly it was the best project that we had on the books in terms of meeting every single criteria and, on that basis, it was approved.

I can also add that the subscription for units was obviously very substantial in a short period of time, and that bore out the senior service ratio that I indicated about earlier.

**Mr. Martindale:** I am disappointed that the minister will not answer questions about the Carman Lions application which I think is a better application.

Previously, the minister said that no one was ordered to review only two applications, so I would like to go at this from a slightly different angle and say which staff then brought forward only two applications to be reviewed?

**Mr. Ernst:** Mr. Acting Chairman, it came through the normal MHRC staff channels.

**Mr. Martindale:** On what basis did the staff decide that only these two should be scrutinized or reviewed by the review committee?

**Mr. Ernst:** I can indicate, as I have indicated in the past, Mr. Acting Chairman, that I see a number of projects were being looked at in terms of other financing options and, having not questioned staff specifically, why did you only recommend that?—they recommended projects that come along all the time. They were working, as I said, with a number of other groups with respect to private side financing options.

**Mr. Martindale:** Well, I have it on good authority that the staff were told to review only two, and that they were very surprised and that they asked for permission to review all the applicants and that permission was denied. If the minister does not agree with this scenario, then I think he should table minutes or memos or documents to prove otherwise.

**Mr. Ernst:** The member for Burrows has raised that scenario previously today and he is not correct. The fact of the matter is, the department program, the staff within that department are dealing with a variety of projects, that we are conducting discussions, with Credit Union Central for instance, on a question of them becoming involved in the financing of these projects, into the types of projects in the future. A number of them were being addressed in terms of that context, and that the fact that some senior official told people no, that is not correct. I think, Mr. Acting Chairman, if he has proof otherwise, then let him table it.

**Mr. Martindale:** Did the staff review all of the previous applications or just the two that were filed after February 11, if they were filed after February 11, I am not sure. We know that one of them was. I believe Carman Lions was filed before that, but on what basis did the staff pick two to review?

**Mr. Ernst:** Mr. Acting Chairman, it would appear that Carman Lions and Rotary Pines were filed on the same—the applications were dated the same date, so that they were brought forward. They were well known to the department and had expressions of interest and someone in the department—formal applications were dated February 11, and because they had not been having discussions with regard to the private financing option that the earlier applications had had, were processed under the

Seniors RentalStart program, because at that point funding was available.

**Mr. Martindale:** So the applicants, Rotary Pines and Carman Lions were both dated February 11, 1991?

**Mr. Ernst:** Yes.

**Mr. Martindale:** Is it only coincidence that their consultant is Mr. Lev?

**Mr. Ernst:** No, I do not think so. It is coincidental that he happened to be the TRG with respect to those units. It is not coincidental in the fact that there are TRGs that have 10-15 projects on the go at any one time.

In fact, if you look historically over the award of contracts in some years, one TRG may receive all of the projects or 90 percent of them to the exclusion of others. So the project approval is not dependent on who the TRG is. It is dependent on the project.

**Mr. Martindale:** Well, I am certainly aware that some TRGs get more projects approved in one year than others, and they consider themselves very lucky when that happens. It does seem peculiar that one TRG applied with two projects on February 11 and somehow knew that the money was available when the other TRGs did not apply or reapply.

We even have a letter from the deputy minister saying that their application was on file. They would have liked to have been informed. They are very disappointed that they were not informed that the money was there. So I have difficulty believing that only one TRG got lucky or knew the money was there on February 11. I am wondering if the minister would like to try and explain that.

**Mr. Ernst:** Mr. Acting Chairman, I will try and explain it to the member again. The question of the other six projects that were perhaps available, if you will, to be dealt with had been having discussions on an ongoing basis on the question of private sector financing options. We were having discussions with Credit Union Central in that regard. Those discussions were being pursued with those groups prior to that time.

\* (1630)

On February 11 these two applications came forward. The funding was available. They had not had discussions previously with these two groups with respect to the private sector option. They were not in discussions with them on that basis, so they

were processed under the Seniors RentalStart program that had its budget approved prior to year end. On that basis, Mr. Acting Chairman, that is the explanation I can provide.

**Mr. Martindale:** I realize there were discussions with other applicants around private sources of financing, because I have discussed that with them. I am aware from the minister's remarks that discussions were held with Credit Union Central about financing. It seems to me that the crucial bit of discussion that is left out is the discussion that capital authority was there; \$10 million was there for funding under Seniors RentalStart.

The staff should have contacted all the groups and did not, and should have informed them that the money was there and asked them, do you still want to apply for funding under Seniors RentalStart, and let them make the decision about whether or not they wanted to apply under Seniors RentalStart or private nonprofit or some other program. Is that not a reasonable assumption?

**Mr. Ernst:** Mr. Acting Chairman, a lot of things maybe should have been done or should not have been done. There may be, as we talked about with my friend from Transcona, the question of communications and so on. The fact of the matter is, because of other discussions that were ongoing at the time, it was not done. It was not—you know, at this point again it becomes academic, but obviously procedures and so on need to be looked at and we are going to be doing that. We are going to be reviewing those procedures to ensure that in the future appropriate communication does take place with those groups, and that they are well aware of options as they go along.

(Mr. Deputy Chairman in the Chair)

**Mr. Martindale:** Well, I am going to come back to that later because I think that is an important point and the minister has touched on it before.

I would like to talk now, and finally, about Rotary Pines. I would like to go through the program guidelines and ask some very specific questions.

On page 2 it says, the sponsor group shall demonstrate the capacity and experience to develop and manage rental project of the type and scale proposed. Could you tell the committee what kind of experience St. James-Assiniboia Rotary has in managing nonprofit housing?

**Mr. Ernst:** Mr. Deputy Chairman, staff indicate that Rotary clubs in Manitoba have this history of being

involved in community housing projects. They engage professional resources to assist them or have those resources available to them within the membership of their club. So that should satisfy that concern.

**Mr. Martindale:** Well, I realize that they have experience in places like Flin Flon and elsewhere, but they do not, as far as I know, in St. James, so it is really the developer, it is really Mr. Akman who is providing the management experience in this case. Is that correct?

**Mr. Ernst:** The applicant, Mr. Deputy Chairman, is the Rotary Club of St. James-Assiniboia, not Mr. Akman. Mr. Akman is a contractor associated with the Rotary Club and technical resources are sought from a variety of cases and he may well be providing assistance in that regard.

**Mr. Martindale:** But the Rotary Club itself, the nonprofit sponsor group, does not have experience in management or rental of housing?

**Mr. Ernst:** Mr. Deputy Chairman, the St. James Rotary Club does not have another housing project if that is the answer that the member wants.

**Mr. Martindale:** I am just trying to see if they fit the program guidelines.

On page 4, the 5 percent mortgage forgiveness is spelled out. Could the minister tell us what 5 percent of the mortgage is for Rotary Pines?

**Mr. Ernst:** It is as described in the Estimates, Mr. Deputy Chairman, \$357,000-odd.

**Mr. Martindale:** Well, if the mortgage loan is \$4.2 million, then that figure is a little high.

**Mr. Ernst:** Yes, Mr. Deputy Chairman, the number that 5 percent relates to is the total recognized project cost, not mortgage value.

**Mr. Martindale:** On page 5, Eligible Project Costs, it says that the land will be appraised. Has the land been appraised in the case of Rotary Pines?

**Mr. Ernst:** Mr. Deputy Chairman, the answer at this point is no. It is not a condition of PDF funding. It is, however, a condition precedent on final mortgage commitment, so by that time it will be appraised.

**Mr. Martindale:** I think the appraisal is very important because if we know what the appraised value of the land is, we can determine whether or not a profit is being made by the developer who may be selling land that he is buying and then selling to Rotary Pines. It will also have an affect on the per-unit costs of the project. I understand the

minister is saying that the land has not been appraised yet, so we do not know that figure?

**Mr. Ernst:** I have indicated, Mr. Deputy Chairman, that the land has not been appraised because it is not a condition of PDF funding. It is a condition, however, at the time that they come for a final mortgage commitment.

**Mr. Martindale:** On page 6 under Rent Supplement Units, a maximum of 25 percent of the total units may be made available to low income elderly households. This is optional. Will any of the units be made available for low income people?

**Mr. Ernst:** While seeing we are in the PDF funding stage at the moment, they have not requested any.

**Mr. Martindale:** On page 7, Tenant Equity, in the first paragraph it talks about equity. I am wondering if the requirements on this page were discussed with Manitoba Housing. If so, did the staff meet with the developer or with the sponsor, the Rotary Club?

**Mr. Ernst:** Mr. Deputy Chairman, staff, sponsor groups and TRGs discuss things on a regular basis. Does he have a specific question?

**Mr. Martindale:** No, I do not think so. The guidelines say that tenant equity of 20 percent must be produced. Is there a date for that in the case of Rotary Pines? Is there a deadline for raising the 20 percent tenant equity?

**Mr. Ernst:** Mr. Deputy Chairman, 20 percent equity is a minimum equity participation requirement for any of these projects. Equity, by and large, is considerably more than that. What happens is, before any mortgage is advanced, they must demonstrate 90 percent sign-up and have either cash or letters of credit available. All of that equity funding goes in first, prior to our mortgage. That is again based on approved prices and things of that nature, maximum unit prices and so on.

\* (1640)

**Mr. Martindale:** Also, on page 7 the guidelines refer to legal documents and there is a list of them. Is the minister willing to table any of those documents?

**Mr. Ernst:** Rotary Pines is obviously one of the projects where we have written to ask if they have any concerns about their applications being made public. If they do not, then we will provide it.

**Mr. Martindale:** On the same page, it says: Groups who have received preliminary stage approval must provide a guarantee that either

prospective tenants or the group itself has contributed the required equity for at least 90 percent of the units prior to requesting and receiving final stage approval.

Is there a date by which they must have the 90 percent?

**Mr. Ernst:** Sorry to take so long, Mr. Deputy Chairman. What happens is that when final mortgage commitment is ready to be processed and that commitment given to the sponsoring group, that a date by which the project ultimately must be proceeded with is negotiated at that time, and that forms part of the agreement. In terms of basic PDF funding—PDF funding in the past has been such that it is stretched out, I guess, as long as a year and a half or two years, and then it is written off over a period of time if the projects do not go ahead. If they go ahead and they get into final mortgage commitment, then there are hard dates put into the agreement.

**Mr. Martindale:** I would like to go through the rest of the application forms, but I promised my colleague from Osborne (Mr. Alcock) that he would have time to ask his questions. In the interests of winding up the Housing Estimates, I think I will move on to some concluding comments and then turn the mike over to my colleague.

People in rural Manitoba are saying some very interesting things about the process. Someone said to me, they are a rural party but rural Manitoba is getting shafted. Someone else said, I keep telling these guys in my nonprofit group, it is who you know that gets results. It looks like the government is not interested in poor people in our town. It is clear that this has been a political process. That is what people are saying to me.

One of the staff said, if I was advocating on behalf of my nonprofit group, I would forget about talking to the staff. I would talk to my MLA. Now the minister said that the procedure in his department was not of the best quality. Is the minister, again, blaming his staff for problems or alleged problems, or what are the problems that he is referring to? He said that in Question Period on May 15 this year.

**Mr. Ernst:** Mr. Deputy Chairman, as I indicated in Question Period in the past, I am not blaming anybody. I am saying that procedures are not as clear and as well defined as they should be. To make anybody's job reasonable and easier, I think

there should be well-defined procedures, and that is what we are going to be looking at.

**Mr. Martindale:** The minister said, that is something I will be looking into as minister of that department. Has the minister investigated and, if so, what did he find? What changes will he be making as a result?

**Mr. Ernst:** I said earlier today that once the Estimates process is through, and I have some time to address this question along with staff—I mean, the staff are all busy as well with their duties—we will be looking into this over the next period of time and trying to make improvements.

**Mr. Martindale:** I certainly hope that improvements are made, and I hope that the minister does not blame his staff. I personally would not fault the staff. I think there is a big problem here, though, between the applicants and the staff, and I think the minister is responsible for that problem because, ultimately, direction comes from the top; it comes from the minister. The groups would like to think that when they are talking to the staff that they are dealing in good faith, and that they are being given the right information at the right time and accurate information, but there is a huge communication problem here.

There is a lack of guidance from the staff to the applicants, and the story seems to shift depending on who the applicants are talking to. Early on when Niverville was being considered, there were six groups, I understand, that were being considered. Some of them were told, well, if somebody falls away, then you will be considered for project financing. I am not sure that is the way it really happened. It seems to me that what happened was that two groups were picked out, but we have not had any satisfactory answers as to why.

\* (1650)

I hope that the minister plans to make some changes and that in the future groups that are dealing with this department and with this government and this minister will know that the lines of communication are clear and that the information they are getting is accurate and that they know when the money is there and when it is not so that this kind of problem does not happen again.

The perceived problem is that there was a great lack of fairness, an unfairness. It looks as if the public perception is that the process was rigged. The answers that we have been given today do not

do anything to change that public perception. So, we hope that with a nonprofit program and other programs that there will be changes, there will be improvements, and in fact I would look forward to hearing about those improvements in the minister's opening statement at the next round of Estimates.

**Mr. Deputy Chairman:** Item 4. Transfer Payments to the Manitoba Housing and Renewal Corporation \$33,787,800—pass.

Resolution 85: RESOLVED that there be granted to Her Majesty a sum not exceeding \$33,787,800 for Housing for the fiscal year ending the 31st day of March 1992—pass.

We will now move on to item 5. Expenditures Related to Capital \$500,000.

At this time the honourable member for Osborne wanted to open up the questions.

**Mr. Ernst:** He is going to do it under Minister's Salary.

**Mr. Deputy Chairman:** He will do it under Minister's Salary without the staff being present?

**An Honourable Member:** Yes.

**Mr. Deputy Chairman:** Item 5. Expenditures Related to Capital \$500,000.

**Mr. Martindale:** Perhaps the minister could tell us what has happened to this program and if there have been changes in the last few months?

**Mr. Ernst:** There is no change in the program.

**Mr. Martindale:** Pass.

**Mr. Deputy Chairman:** Item 5.(a) Emergency Home Repair Program \$500,000—pass.

Item 5.(b) Canada-Manitoba Winnipeg Core Area Renewed Agreement: 5.(b)(1) Core Area Initiative Programs \$775,200.

**Mr. Martindale:** There are two programs of which I think the Home Repair Program is the one that we have been getting the most complaints on. I think I have already asked about CAIGHO and I know what happened there so we will pass CAIGHO and then go to CAHRP.

**Mr. Deputy Chairman:** Item 5.(b)(1) Core Area Initiative Program \$775,200—pass.

Item 5.(b)(2) Less: Recoverable from Urban Affairs \$775,200—pass.

Resolution 86: RESOLVED that there be granted to Her Majesty a sum not exceeding \$500,000 for

Housing for the fiscal year ending the 31st day of March 1992—pass.

The last item to be considered for the Estimates of the Department of Housing is item 1.(a) Minister's Salary \$10,300. At this point we request that the minister's staff leave the table for the consideration of this item.

**Mr. Alcock:** I had hoped frankly that I would have a little more time to do what I want to do, but maybe we can squeeze it in quickly and get it done.

The one question is specific to the rent control program, so if you need some assistance on that one that is the one where you might want to have somebody around. Maybe we can deal with that one.

**Mr. Ernst:** Because we are being flexible perhaps the committee can be flexible and leave me at least one staff to deal with the member's questions following which they can leave and you can debate the question of salary.

**Mr. Deputy Chairman:** Does the committee give leave to leave one of the staff just during a couple of questions for the honourable member for Osborne? Leave? It is agreed? Agreed.

**Mr. Alcock:** I am sorry, I had indicated earlier I needed a half an hour, and I do not want to have the staff coming back at eight o'clock. I think that would be unnecessary, if they should go past five o'clock.

Let me be really quick. Let me start off with, I spoke to the minister privately about the situation with Winnipeg Regional Housing and the sort of concerns I had there. I wonder if he has any information to add right now.

**Mr. Ernst:** Yes, Mr. Deputy Chairman, I can say that, upon that information being provided to me by the member for Osborne, I immediately requested the internal auditor of the department to investigate, including interviewing the parties involved. That process has been gone through; the preliminary report gathered came in. I have not seen it yet but it is apparently available, and so we will be getting back to the member with respect to the response to that.

**Mr. Alcock:** Okay. The second thing relative to rent review—the situation, and I will sketch it out very quickly. A landlord, an owner of an apartment block, makes a series of what are eventually determined to be inappropriate increases in the rent over a period of time. He then sells the block to

another owner. The new owner operates within the guidelines but does not—his lawyer at the point of sale neglects to confirm that the level of rent that is being charged is appropriate or legitimate, if you like, whatever term you want to use. I understand under the act that the new owner has action against the former owner to collect, or could have had action at the point of sale.

Anyway, the legislation seems to be relatively clear that where there have been illegal rent increases, that simply because a building is sold one's liability does not disappear upon the sale, and the action can be taken against the new owner and, I guess, subsequently through the new owner to the old owner to recover any losses or any discrepancies.

We have a case where that is indeed the case. The building was sold and yet the department has taken the position that they cannot recover. The department will not proceed against the previous owner even though there has been an investigation done, and it has been determined that the rents that were collected or charged by the previous owner were in fact in excess of the guideline and not supported by the department.

I am just wondering, has there been a change of policy?

**Mr. Ernst:** The indication is that we have recently received a legal opinion that indicated we have a limited amount of time in which to be able to do that. I think the legal opinion was, we think, the staff thinks, it was two-year limitation.

What I can undertake to do is, if the member would care to provide me the details with respect to this particular situation, I will have it investigated and have a discussion with the member following that, trying to give him as best an explanation as we can as to the circumstances.

**Mr. Alcock:** I am prepared to accept that. Perhaps the minister, the staff and I could meet at some later date to go through this. I will give you the file at the current time, because I think the people are just interested in getting it straightened out.

I will just ask the one question though. If I understand what the minister is saying, there has been no change in the policy of the department, simply an interpretation in respect to this specific case?

**Mr. Ernst:** I gather the interpretation or the legal opinion suggests that perhaps in the past we may

have gone back more than that, I do not know, but the indication is that the current legal opinion says we only can go back two years.

**Mr. Alcock:** Okay.

**Mr. Deputy Chairman:** Item 1.(a) Minister's Salary \$10,300—pass.

Resolution 82: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,959,600 for Housing for the fiscal year ending the 31st day of March 1992—pass.

This completes the Estimates for the Department of Housing. The next set of Estimates that will be considered by this section of the Committee of Supply are the Estimates for the Civil Service Commission.

The hour now being five o'clock, time for private members' hour. Committee of Supply will resume sitting at 8 p.m.

## SUPPLY—NATURAL RESOURCES

**Madam Chairman (Louise Dacquay):** Order, please. Would the Committee of Supply please come to order? This section of the Committee of Supply is dealing with the Department of Natural Resources. We are on 1.(c) Resource Integration, page 126. Would the minister's staff please enter the Chamber.

Item 1.(c) Resource Integration: (1) Salaries \$488,300—pass; 1.(c)(2) Other Expenditures \$54,300.

**Mr. Paul Edwards (St. James):** Madam Chairperson, just one question. Can the minister indicate what the \$5,000 allocated for grants, what grants were given under this appropriation?

**Hon. Harry Enns (Minister of Natural Resources):** I will be prepared, Madam Chairman, roughly to supply members of the committee with the total number of grants that my department makes to various organizations such as the Manitoba Trappers Association, several forestry organizations, national organizations like . . . That information will be made available to me shortly.

What I would assume would be the case is that the grants are housed under different areas: forestry grants being in the Forestry Branch; some of the grants in the wildlife area would be in the Wildlife Branch. I am not exactly sure what this \$5,000 grant would be here under the Resource

Allocation Economics section, but I can certainly determine that within a few minutes.

**Madam Chairman:** Item 1.(c)(2) Other Expenditures \$54,300—pass.

Item 1.(d) Financial Services: (1) Salaries \$910,700—pass; 1.(d)(2) Other Expenditures \$217,200—pass.

Item 1.(e) Human Resource Management: (1) Salaries \$916,500.

**Mr. John Plohma (Dauphin):** Madam Chairman, I would like to ask the minister if he would give us a detailed outline of the staffing changes that have taken place in his department under this section, the cuts from the various branches, the reduction in services that is anticipated from those cuts or nonreduction, if the minister prefers it that way. Then we would like to get into more as regional breakdown of those staffing cuts and the functions lost as a result of those staffing cuts.

The minister does not have his staff here at this point in time. Does he anticipate them coming in shortly? If he does, will he be able to provide the information then, or does he have it now?

**Mr. Enns:** Madam Chairperson, I am listing the specific question that was asked, the one with respect to the grants and this same question asked by the honourable member for Dauphin. Understandably, again, that question could probably be asked in a number of areas throughout the Estimates, because the staffing changes, although it is appropriate to discuss them under Human Resource Management—and I appreciate the honourable members raising it at this time. Again, I am assuming that staff is on its way, and I will undertake to provide that information to honourable members as soon as I have staff available.

**Mr. Plohma:** Well, perhaps the minister would be able to—I did not hear that interjection, and maybe the member will be able to repeat it later, but I wonder if the minister would like to make a few general comments on the service area reductions that are coming into effect as a result of the latest budget in his department and what his feelings as minister are about the ability of the department to continue to meet the needs of the rural communities in the area of water resources, certainly in the areas of parks, staffing there and services in parks, and what kinds of changes he expects to see there.

\* (1430)

Does he see a lot of changes in terms of privatization of a lot of the parks because of inability to maintain them properly due to staffing cuts? Perhaps he can give a little bit of a general kind of response from his vantage point as the minister and political feelings about the kinds of things that were done to his budget in this last go around.

**Mr. Enns:** Madam Chairperson, I actually welcome the opportunity presented by the member for Dauphin to discuss in more general terms but perhaps in more meaningful terms, because it is my good fortune to be able to reflect past when, for instance, staff were not allowed in the Chamber. Indeed, the discussion of Estimates did not pertain around the specific administrative detail of one staff year more or less, or one \$4,000 in Other Expenditures whether or not some office purchased an additional typewriter or computer service.

We had a far broader discussion about the direction of the department, its relation to overall government spending, how was the minister in charge faring up to the responsibilities that the people of Manitoba expected in terms of service delivery from that department. You see, Madam Chair, to me those really are the important issues. The level to which the discussion at Estimates has come to, in my judgment, quite frankly, has not been an improvement.

It used to be the case where, for instance, there was far greater participation in the discussion of Estimates from all sides of the House. Although I have been a member obviously of the group that I represent, always having had strong rural representation in my group, 40 or 50 percent of the Estimates time used to be coming from backbenchers, private members within the government side, because of the concern for roads in rural Manitoba, because of the concerns for resource development in rural Manitoba. They, of course, had the same interest of parks.

We do not allow ourselves, particularly with the complexity of government, the kind of general debate that the honourable member invites me to engage in. So let me just for a few minutes engage in that kind of old-fashioned, if you like, but nonetheless serious questioning of what the Department of Natural Resources is up to.

Madam Chair, I will not and I did not hide from honourable members in this Chamber or indeed from the general public that I was less than, you

know, happy about where and to what extent the budgetary decisions that were made were going to impact on my department and, subsequently, in terms of the department's capability of providing the level of service that people of Manitoba have come to expect from the Department of Natural Resources and, indeed, in increasing amounts.

Various different opinion polls taken by different organizations, not just in this province but nationally, clearly indicate that the general awareness, the general concern for the very things that this department has a mandate for—you want to call it the looking after the welfare of our natural environment, whether it is land, water and certainly the animals and other wildlife species that inhabit it—has risen dramatically in the last 10 or 20 years.

Regrettably, however, that comes at a time—in fact, I sometimes have been asked that question in view of the fact that some people do recall that I was privileged to be the Minister of Natural Resources back in 1969 and again in 1979 and '80. Now, as we approach the '90s, it is again my privilege to head this department.

I have on occasion been asked what kind of differences, what has changed in the course of those years. The two specific things—and it is germane to the Estimates consideration that are before us—are: No. 1 is that in 1969, when I was first minister responsible for this department, this department commanded 7 percent of the total revenue of the province. Today it commands somewhat less than 2 percent. That is the one curve; that is the financial curve. At the same time, if I were asked in 1969, how much did the average Manitoban really care about our natural environment, about our wildlife and about other similar kinds? That curve has gone up just the other way around. Twenty-five, 30 years ago—and I think it is fair to say, I am a rancher; I am from rural Manitoba—particularly, very often among our rural people, who often viewed with some good consideration various animals, coyotes and deer damaging their feed supplies, or something like that, there was not that same appreciation or that same concern, generally speaking, in a population for the things that my department is mandated to do.

That has changed dramatically. Virtually all of us in Manitoba, and thank goodness that is the case, have a far greater awareness, far greater concern, for our natural environment. We want to ensure that our children and our grandchildren have a natural

environment that is consistent with another phrase that has won popularity, sustainable development, which simply means that we leave for future generations our resources at least as good as the ones that we enjoy now.

That is the problem and under those circumstances, I was not overly pleased with the fact that my department has received in many respects less than adequate resources, but, Madam Chairperson, that is not unique to Manitoba. That is not happening to this ministry or this particular government. That happened when the member for Dauphin (Mr. Plohman) was last Minister of Natural Resources. That has happened, as I said, over the number of years. Specifically, I am confident that with some reorganization and some better usage of the resources that we have, we can provide a level of service that is acceptable to Manitobans. In some cases, it will be somewhat different.

There is no question, and I alluded to it earlier in my introductory remarks, that the branch most seriously impacted by the budget and by staff reductions has been in the area of Water Resources and specifically Engineering and Construction. There is also no question that we have to acknowledge that in the main, that branch has accomplished much of its mandate when it was built into a very powerful Engineering and Construction unit, at one point consisting of over 400-odd people with budgets of \$20 million and \$25 million. Today, honourable members will see my budget is somewhere in the area of \$2 million.

\* (1440)

It is understandable that with \$2 million of new construction money in Engineering and Construction, in Water Resources, that there is not going to be work for 400 people. That did not happen today. That has happened in the lifetime of New Democratic Party administrations. That curve, as my director of Water Resources, now my assistant deputy minister, has provided for me some time ago, has been a steady decline from a peak of about 420 or 430-odd positions to the present 150 or in that neighbourhood, which includes the whole shot.

That is understandable, Madam Chair, and I do not think that we will be seriously curtailing services. The services area there that are of concern to me and to Manitobans are the kind of additional services that we provided to local government, the

municipalities. We have written the municipalities. We have told them that we will have adequate staff and resources to ensure the maintenance and operation of all of our flood protection mechanisms, the Winnipeg Floodway, the Portage diversion, the Shellmouth dike and that we operate all the ring dikes that we have around so many of our communities, particularly in the Red River Valley and the ones that have just more recently been completed in Ste. Rose and the ones we are working at Carman.

Many of them are not automatic. They need work done. When threatened by flood, additional diking has to be done. Road closures, railway closures have to be made. We have staff and resources to do all of that.

Furthermore, we will provide and continue to provide the design and engineering services to municipalities wherever it impacts on our system. There is after all a deep concern. It would be foolhardy to allow the integrity of a \$500 million infrastructure of provincial waterways to be jeopardized. We often get these requests. When there is a request from the municipal government to link into our provincial waterways system with a second or first order drain which is totally a municipal responsibility, we will provide—in fact, we will insist on providing—the engineering and design services in those instances.

What we will not be able to provide and have provided over the years has been additional engineering and engineering services to municipalities upon request. No doubt, some of the local governments will and have expressed their concern about that. Madam Chairman, it is a question simply, as we have had to face throughout the development of the Estimates, that it is just not possible for us to do all the things we would like to do. We have really had to challenge ourselves to restrict ourselves to doing those things that are absolutely necessary.

It is the belief of my government that we keep our hospital beds open, that we look after our senior citizens in our personal care homes, that we look after the extremely difficult problems that my colleague, the Minister of Family Services (Mr. Gilleshammer), finds from time to time in our troubled society with children who need care, the homeless and daycare centres. Those are the areas of government growth.

It was not that many years ago when Family Services was a department totalling \$30 million to \$40 million expenditures. It is now expending in excess of 550 millions of dollars and something had to give. Regrettably, to some extent, you are looking at a department that has had to do some of the giving.

I will just indicate to honourable members and to my staff who are present that I had undertaken, for the member for St. James (Mr. Edwards), to provide perhaps a list of grants that the department has made. He was specifically interested in a \$5,000 grant that was shown in the Resource Integration section and a further breakdown on terms in the Human Resources section of where the shifts are taking.

I would suggest to the honourable member for Dauphin (Mr. Plohman) that in terms of understanding and being able to measure the impact of personnel changes, staff reductions or otherwise, it would be most suitable in my judgment to ask them at the onset of the individual branches as we come to them. The Estimates are broken down into the Forestry Branch, the Parks Branch, Water Resources. I am alerting staff to the fact that they would have immediately available for honourable members, if they simply wish to know how did the layoffs or staff reductions impact on the Parks Branch—I would have that information for you rather than try to deal with them in a general way that might tend to confuse more than to enlighten.

I can also say, in one general statement, that although the numbers of figures of staff reductions appear fairly significant in my department, in many instances, however, particularly in Parks, and again in Water Resources, there has not been a question of layoffs as such. Many of these people are retaining their jobs, but there has been a work reduction which was traditional for many years.

It is understandable that in a province like Manitoba I do not need the same number of people looking after our park system when it is 30, 40 below out in January, February. Our parks are busy right now. We have four, five—we have logged up to six million visitors to our parks in Manitoba. That is when our people are busy. So there has been, and it has traditionally been, the case where staggered work hours, staggered employment is off to Parks people. That certainly is the case for about 30 positions that are listed as being removed when, in

fact, it is the accumulation of about 120 or 140 people working nine months instead of 12 months.

In Human Resources, the specific questions were asked about transfers. There was an administrative secretary who was redeployed, a Health and Safety officer who was redeployed, a senior payroll clerk was retired, and a counsellor is being reassigned. He is an incumbent in that position at this time.

The grant that the honourable member for St. James (Mr. Edwards) specifically requested under this area was made to the Canadian council on ecological areas. It is Manitoba's contribution for the continuance of a national registry of ecological areas, which can then be devolved into a national scale that gives us some idea about how we are doing in terms of inventory, the different variety of important ecological districts and types and geography of land to be registered under this program.

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

**Mr. Plohman:** Mr. Acting Chair, I think we can go through the various branches and deal with the staffing as the minister suggested. I was just indicating to him, before his staff arrived, that perhaps he could give an overview of the major impact of the staffing changes. I do not know if he did that good a job of it; I will give him a C, well, maybe, no a C, no. It is a passing grade, but not an A-plus, I will tell you.

I just wanted the minister to know as well that the departmentals and seasonal staff have always been there and there has been a variance between the peak seasons and the off-seasons, but the minister mentioning that tends to confuse the issue.

(Madam Chairman in the Chair)

We want to know what the difference is this year in terms of the services and the number of parks that will be served and the plans for privatization of parks and so on, not to confuse the issue by saying, well, we do not need all those staff all year round. Well, we know that. What we want to know is how it is changing this year. We will have a chance when we get into Parks to deal with that, so we would be prepared to move along.

**Madam Chairman:** Item 1.(e) Human Resource Management: (1) Salaries \$916,500—pass; (2) Other Expenditures \$159,900—pass.

Item 1.(f) Computer Services: (1) Salaries 176,400—pass; 1.(f)(2) Other Expenditures \$39,900—pass.

Item 1.(g) Administrative Services: (1) Salaries \$656,600.

**Mr. Plohman:** This deals with policy and I just wanted to ask quickly of the minister the policy that he is adopting with regard to privatization of services. Obviously, Administrative Services is where you would be dealing with this issue, Mr. Minister, and obviously we have had, in previous years, occasion to look at some selective services in certain areas to be contracted out. However it was very limited. I wanted to know whether the minister has embarked on a much more wide-scale approach and to identify the areas, if so, where that will be taking place.

**Mr. Enns:** I indicate to the honourable member that there has been no area of privatization, certainly in the administrative section which we are dealing on, but I appreciate—

\* (1450)

**Mr. Plohman:** Hold it now. This deals with, recommends policy to the minister and deputy minister, that is what I am talking about.

**Mr. Enns:** The area that has been under consideration, not just by this administration but by, in fact, the previous administration, and I know that certain moves were undertaken when the member for Dauphin was last minister, is in the area of reviewing a number of our facilities which we describe generally as wayside campground facilities. Small parks comes under that heading. In the last year there were some three or four such transfers, if you like, divestitures from responsibility of this department to the private sector.

They varied to the situation where the local government of Cranberry Portage took on the responsibility of a campground that was operated formerly by the Parks department in that community to an operation like the Springhill ski facility that the Parks department have operated for a number of years on the banks of the floodway in the northeast quadrant of this city. Of course, the land was not sold. A lease that was entered into, a long-term business lease, with several Manitoba ski enthusiasts who, my understanding is, operate other sports related facilities in the province.

The other facility that readily comes to mind is, of course, the Norquay roadside park facility just west

of the city of Portage la Prairie. That is continuing, and Treasury Board has asked the department to continue to examine opportunities, particularly in those areas where the revenues do not match the costs associated with them and, quite frankly, where we believe either a local community or individuals or in some cases maybe past employees or current employees could operate that facility in a manner that would provide the same, if not better, services to the motorists that are passing through Winnipeg or through the province, and/or the occasional camper that makes use of these facilities.

**Mr. Plohman:** I thank the minister for that. Could he identify any specific ones that are under consideration in the Parkland area of the province at this time?

**Mr. Enns:** Madam Chair, I wonder if the honourable member would again allow me to answer those kinds of questions when I have the Parks Director, Mr. Gordon Prouse with me, when we get to the Parks Branch. There are a number of them that have been suggested to me as potentials, and ones that we will be pursuing.

I want to make it very clear I am not prepared to have the department walk away from a responsibility that we currently have unless we have a reason to do so. By that I mean, either a community association or individuals who can assure us that the facility will continue to provide recreation or camping or rest period if it happens to be a roadside, wayside inn, for past and future users of such facilities in the province. But again, I would ask the honourable member to hold those questions until we have the appropriate staff to deal with them.

**Mr. Plohman:** We can do that. It is just that we are dealing with policy here, and I imagine here is where the minister would have established criteria for identifying those facilities that might be considered candidates. Is the criteria basically that they are not paying for themselves, or they are being underutilized and not serviced properly at the present time? If the minister could shed any light, is there published criteria that is being used to evaluate various possibilities. Secondly, is there also written, in part of this policy, some safeguards, as the minister mentioned just now, about ensuring that the public access is guaranteed and that the service will be continued to be provided, that there is someone willing to take it over who is capable of doing it and so on? Is there a list of safeguards to

safeguard the public interest when considering these various facilities as candidates?

**Mr. Enns:** Madam Chairperson, I should take this opportunity perhaps to advise honourable members that Parks Branch and other units of government, notably the Sustainable Development unit, which is a small unit that is concerned about various policy issues having to do with our natural environment, will be embarking on what I believe to be, and will be, a very major review of our whole Parks policy. I think I may have mentioned this during the course of the introduction of the Estimates, but I do so again to alert honourable members to the fact that there is a legitimate concern that exists within the department, within the branch, just as to what our mandate ought to be in view of current circumstances.

One of the difficulties is, and it is understandable, that within the priority process that takes place in every branch, and indeed in every division of every branch, it has been the experience of the Parks people that, in their attempts to look after our main concerns, the major parks, whether it is the Whiteshell Park or the Spruce Woods Park or Birds Hill, the demands that are called upon our maintenance people, our parks people to keep those facilities which are highly utilized, the high intensively used facilities, we have had, quite frankly, to rob the smaller facilities scattered through the province to the point where people have stopped coming to them because they are not being looked after as well as they, quite frankly, should be. Yet it has been very difficult for our managers to do anything other than.

We are at that point now where we are saying, but these are major policy decisions. It comes back again to doing what we can do better, rather than doing everything at a mediocre level. I am persuaded that in many cases we can invite and we can have, whether it is community-based organizations or indeed private individuals or former employees, they can very often maintain, provide and improve the level of service that has, quite frankly, deteriorated over the past number of years. That is a broad kind of policy.

\* (1500)

In this parks overview, the whole question of the recreational use of our parks land versus the more holistic and purest preservation of wilderness parklands will be discussed in conjunction with

Endangered Spaces Program. We are committed to carrying out the goals and the objectives of the Endangered Spaces Program. Quite frankly, I look to some of our parklands for making some of the contribution to it where possible, because we already have a degree of designation, a degree of control, although, as the member for Dauphin well knows, we do allow certain activity taking place in some of the parks that would not fit, for instance, with the criteria that is laid down for the Endangered Spaces Program.

In some instances, a review of the matter, there is a crying need in some areas for some additional development. A recent study done last year by my department and that of Industry, Trade and Tourism indicate that there are indeed opportunities for additional cottaging opportunities, some additional commercial opportunities. It is questionable whether, under the current budgetary situation, my branch will have the monies to be able to do the developing. Obviously, we have to set down some criteria whereby we can invite private developers to bring in some of the development costs, but this is all subject and meat for what I would deem to be, and would expect to be, some very interesting hearings as we go into the fall and early winter of next year. My goal is to be in a position to introduce a new parks act in the coming session of the Legislature.

Madam Chair, again, we could perhaps more usefully discuss that when we arrive at the position in the Estimates where we are dealing with Parks and we have the director of Parks with me.

**Madam Chairman:** Item 1.(g) Administrative Services: (1) Salaries \$656,600—pass; 1.(g)(2) Other Expenditures \$132,600—pass.

Item 1.(h) Internal Audit: (1) Salaries \$154,200—pass; 1.(h)(2) Other Expenditures \$9,400—pass.

Item 1.(j) Venture Manitoba Tours Ltd. \$75,000.

**Mr. Plohman:** This is dealing with the Gull Harbour Resort. Could the minister give us any major changes? This would be the only line in the budget, I believe, where we would be able to discuss this area.

As I recall, the golf course was turned over to the Gull Harbour Resort for management a number of years ago, when we were in government at that time. There was also some consideration for staffing, and so on, to be transferred to Venture

Manitoba Tours at that time. Can the minister give us any update of any changes that have been made with regard to that overall management between the parks and Venture Manitoba Tours?

**Mr. Enns:** Madam Chairperson, the member will be aware that the major change, of course, is the fact that the Venture people, the resort people, now are totally responsible for the golf course that used to be operated by the Parks Branch. I can indicate to the honourable member that I think in the main we can be reasonably pleased with the operation.

I do point out to the honourable member that while this is the only line in my Estimates referencing the resort facility on Hecla Island, there is, of course, the opportunity where, before the economics committee of the Legislature the annual report of Venture Tours is brought before members of the committee.

The arrangement between Parks and Venture Tours took a little bit of time in working out. There was a considerable bit of work that had to be done in agreeing to what was an equitable transfer of resources. Understandably, Parks people felt that they had inventory valued at a particular level and the Venture Tours people, who would be taking on that responsibility, viewed that inventory somewhat differently, so there was a fair bit of negotiations that were involved.

Parks people, of course, have a little different situation. They have another golf course that we still operate at Falcon. Though that inventory was of a different value, it could be assessed to it in view of their ongoing responsibility. Venture Tours—we felt that a lot of the equipment and some of the supplies were either beyond use for various reasons or redundant to their use. Eventually, an outside auditor was called in to do an audit on the inventory, but it finally came down to just simply striking a deal that both could live with.

There is still some co-operation taking place. I think, we do some—who does the snowplowing for whom? Parks does—they do some of, for instance, the snowplowing. When I say Parks, I have to look at Mr. Podolsky here because I am never quite sure whether he is with me or whether he is now wearing his hat as a Venture Tours director. So, when he tells me that “they”—that means Parks—do the snowplowing for the facility, in return Venture Tours has undertaken doing some of the snowmobile and ski trail grooming that used to be a Parks

responsibility. So there has been give-and-take that seems to have worked out.

I take this opportunity to compliment the members of the board, chaired by Mr. Mickey Levine, whom the previous administration appointed to that position. I can only say, on behalf of the taxpayers of Manitoba, because they need to be reminded that at some point in time this venture had cost them upwards to \$500,000, \$600,000, \$700,000 that the operation ran in deficit, that it is now essentially running in the black. It is not making large sums of money. It could be in considerably better financial picture if the province were to write off past accumulated debt.

They continue to pay full interest on that debt, and the chairman of the board and individual members of the board remind me of that from time to time. It has, in fact, been the practice, I might say, of this government, and I believe in some instances other governments to, from time to time, acknowledge and to simply write off an accumulated debt in order to help put a venture on more sound economic footing. That has not been the case with the Gull Harbour Resort operated by the Venture Tours people. They continue to pay the interest on the outstanding debt, but my understanding is—and the economic committee of the Legislature will have an opportunity to review their annual report—that the facility is now, in the main, operating without any red ink.

**Mr. Plohman:** Madam Chair, I notice the minister mentioned Mr. Podolsky. I am surprised that he is still having to incur the burden of both positions under one salary. He has done an awful lot of work, as I recall, with Venture Tours as well as with the department, and I know that at times he was expressing some desire to have one of those jobs perhaps lifted. This is now three, four years later, and he is still doing them. So I guess there is just not going to be any relief in sight there, Bill, for that.

As far as writing off the debt, is there any plan to do that, any of that capital debt at the present time to give a truer picture of the operations of Venture Manitoba Tours? Is there any plan whatsoever to sell off this facility? I would hope not.

I think that it has turned around. The road has been paved and rebuilt to Hecla and gives it an opportunity to, I think, draw on tourism a great deal. It is now making money, as the minister said. It was very close, in the last year that I was involved, to

doing that. I believe that the board that was put in place has had a great deal to do with that and has done a very good job.

I would hate to see that in this jewel—and it is a jewel for Manitoba at Hecla Island—that this would be turned over for next to nothing. In many cases, some of these kinds of operations—I believe Minaki would be one example in Ontario where they privatized it after spending millions and millions of dollars on the road and the facility and then virtually giving it away to a company, Four Seasons, I believe.

\* (1510)

It seems to me that would be a tremendous loss for the province if we were to do that, especially since it is holding its own and I believe could show a healthy profit if the burden of the past capital debt could be lowered somewhat, certainly, and perhaps if there are other revenue generators, other clientele attracted as a result of new facilities put in there—we were looking at catering to families more through some new cottages that could be put in that area. There could be other activities for families such as a stable and opportunity for horseback experiences for families. I do not know if that kind of thing is planned. Is anything developing in that area, other revenue generators? Could the minister shed any light at all on the potential for writing off any of this debt and the issue of privatization?

**Mr. Enns:** Madam Chairman, I have no difficulty in discussing some of these areas, potential other uses in their area. Again I would ask the honourable member, that would be more appropriate when we are dealing with the Parks Branch, and Mr. Prouse from Parks is with us here, because there are different overtures that have been made with respect to Hecla Park in total.

The member should be aware that there have been some overtures made to the federal government, for instance, to consider whether or not that fits in or whether or not they might be interested in assuming responsibility for the Hecla Island Provincial Park as part of their chain of national parks system. Now that is just at a very preliminary inquiry state, but I would invite the honourable members to discuss that with me when we arrive at the Parks Branch's Estimates.

I have personally made the recommendation to my colleagues and to the Minister of Finance (Mr. Manness) that the writing off of the accumulated

debt should be considered, but for the simple reason that the representation made to me by the board members and by the chairman of the board is that if that were to occur, they would not have to come to government, period, for some badly needed capital monies from time to time.

We have done in excess of \$100,000 worth of capital repair, I believe, closer to a quarter of a million this past year, the swimming pool area and others. There was some bad deterioration taking place. Now we came to Treasury Board, the cabinet, to get this capital money. Individual board members—in fact, I think I can speak for the board and certainly, the chairman of the board—took those kind of occasions to make it clear to me that, if they were not obligated to pay the interest on the debt, then this would not have to happen. So I have asked at different times Finance and Treasury Board to take that under consideration, and I will do it again.

**An Honourable Member:** How much is it?

**Mr. Enns:** What the interest payment is that we pay? I am told just in the range of \$150,000 per annum, and that is a big chunk of money that comes right out of their operating. If that \$100,000 to \$150,000 was available to the resort to finance its ongoing maintenance and capital improvements from time to time, you know they argue, and I think correctly, that their bottom line would even be further enhanced.

I do not know why the—you know, I will make a deal with the honourable member about the privatization question. If he can guarantee me that from here on in; never, never, never will any member in the opposition stand up and say to a member of the government, you have got money for a hotel but not for a hospital bed, or you have got money for ducks and not for a senior citizens care home—if you promise me to do that, then the question of privatization would not be a matter.

I agree with the honourable member quite frankly. There is nothing ideologically driven on this matter. The Gull Harbour Resort is no longer a drain on the taxpayers. I acknowledge and I give credit to the previous administration. They appointed some very good people to the board, and we have made changes. We have made a few additions, but we have not made any fundamental changes. The same chairman is still operating it.

We can be reasonably satisfied and proud that facility—and it is a beautiful facility; it needs constant attention—is providing a very worthwhile vacation experience for Manitobans and for a growing number of visitors. We can all be jointly proud of that.

That is not to say that two years from now, or five years from now, that operation does not flounder on some bad times and is again costing taxpayers \$400,000 or \$300,000 or \$500,000 or \$700,000 as it did not that many years ago. Then I do not know where the political will will be to keep that place afloat, particularly if, at the same time, we have to meet the ever-increasing demands of our social programs.

What will be considered, I can assure the honourable member, is the continued opportunity for Manitobans and visitors to enjoy that facility under any circumstances.

To answer the honourable member directly, are there any current discussion underway, plans underway? The answer is a very flat, no. There have been no discussions entered into and none that are today or immediately planned.

**Mr. Plohman:** In the interests of moving along and other opportunities to discuss this, I will not ask too much more. There was one area the minister did not touch on, if he could, and that is this issue of other revenue generators. Obviously, if the facility and services there could be making a solid profit that would—well, it might make it more attractive for a buyer, which I hope the minister would not be considering—ensure, it would seem to me, that the facility in the longer term could be generating sufficient revenue to, in fact, undertake the major capital improvements that are needed from time to time, actually putting money into the banks, so to speak, so that they could fund those improvements rather than having to come to government to ask for additional monies for capital improvements, to make it self-sufficient and truly operating in the black. Making a good, reasonable profit to put towards capital improvements over the longer term would be advantageous for the facility.

That is why I asked the minister whether there was any other revenue generated. I know the Parks director would have to be very much involved. There might have to be some changes in policies there to allow certain other activities. It is just a question of whether those discussions are ongoing

and whether there is some active look at the present time at some of those options.

**Mr. Enns:** Well, the ever-resourceful board member advises me that we are constantly looking for different, innovative ways of expanding the activities. The most successful, of course, has been the marriage of the golf course with the facility, a packaging of a weekend at Hecla with golf.

Quite frankly, I think what we ought to be talking about—if, for instance, a similar venture should succeed at Grand Beach, which honourable members may wish to ask me about, then the idea of combining, putting together, golfing, a morning of 18 holes at Grand Beach—and it is only an 18-kilometre drive across the water to Hecla—you can have some interesting things developing in terms of recreation, in terms of tourism in this province. These are the kinds of things that spring from the fertile minds of the board, as you would expect from time to time, Madam Chairman.

**Mr. Edwards:** I only have one very brief question, not specific to Venture Tours perhaps, but on the Hecla issue, and that is with respect to the plans.

There was some mention, I think, a couple of years ago about repopulation of the community just outside of the Gull Harbour Resort. I wonder if the minister can give us an update on what the present government's initiative is and what their thinking is with respect to the repopulation of those individuals who were initially expropriated, forced to leave their property.

\* (1520)

Sometimes, in some cases, I believe—and I have spoken to some of the individuals, after having had family on that property for generations—it was a rather drastic measure at the time, one perhaps which the government that initiated it may have come to regret, I am not sure. In any event, I wonder if the minister could indicate what the present plans are and whether or not his department, the government is actively involved in any repopulation initiatives.

**Mr. Enns:** Madam Chairperson, just for the record, I invite the discussion with respect to this issue, but we are now talking about the operation of Hecla Park, not Venture Tours as such. As long as we do not have to repeat this when we get to the Parks Branch—but I suppose I am optimistic—I should indicate to the honourable members that what is currently happening in Hecla Park in terms of our

provincial responsibilities is we are concluding a fairly significant renovation and construction program that was part of the kind of redeveloping part of that historic or remnants of the Icelandic fishing village that was there many years ago and that includes the completion of the building of a new community centre. It was deemed by the friends of Oak—no, not the friends of Oak Hammock.

I have so many friends, you see—friends of Hecla Island. I have the friends of Spruce Woods Park. I have the friends of the Whiteshell. I have the friends of Oak Hamm—oops—friends of Hecla that work together with Parks. They are particularly interested in several projects; one, the restoration of a building that they are anxious and eager to house numerous—use as a museum of artifacts that they have stored and have maintained over the years that are pertinent to the community in that area. There is a restoration that is just about completed of the old school house which has cultural and historic significance to the community. That is hopefully to be completed by this fall. That is the level of activity that Parks is now at.

The honourable member raises the question of providing, as well as the member for Dauphin (Mr. Plohman), some additional opportunities for some of the people, not only some of the original people who were dispossessed of their holdings on Hecla Island, but some of their friends and ancestors to be able to come back to the island. That is a fairly significant policy question that has not been resolved by Parks and by myself, quite frankly.

I am well aware—in fact we maintain a list. We have some 35 or 36 persons, sons and families of people who used to reside on the island who have indicated their desire, should some cottaging opportunities or some land opportunities be made available back on the island, that they would want to be among the first considered, with I think some legitimate right that they be given some priority should we make cottaging facilities available.

We have no monies, nor are there any monies in these Estimates before you that would enable us as a department to do the development work and carry out the development costs of, say, providing a subdivision of 40 or 50 lots on Hecla Island. Nothing in these Estimates pertains to that happening, and I would have to indicate to honourable members that at the policy level that decision has yet to be dealt with.

It is one that I am very acutely aware of. I happen to share the honourable member for St. James' (Mr. Edwards) belief that an error was made. A relatively serious error was made. We were in a hurry to move everybody off, and now are trying to recreate a kind of a situation that could have been done in conjunction with the 10 or 12 or five or six commercial fishermen who were still on the island and could have added authentic background to—along with a bit of government money—provide a little more of the amenities that today's modern tourist demands. That, along with the resort, could have made that quite an interesting vacation experience for many visitors. We, in my judgment, missed that opportunity, and we have not quite addressed how we are going to resolve it.

These facilities that we are building, they are going to be there and they are going to be used, but essentially by the community that comes like the day visitors, or people from the Arborg area, the Riverton area, who keep kind of a parental eye on what happens on the island. I understand, for instance, that they are planning to have social occasions, wedding receptions, so forth on the island, obviously by people to whom the island has a significant cultural importance.

**Mr. Edwards:** Madam Chairperson, not so much a question, but just by way of concluding this, I have had some contact with some of the individuals who are eager to re-establish their family link with that island. I agree totally with the minister that I think that a significant tourism asset has been lost by the shortsightedness of, essentially, evicting families off of the island who had been there for many, many years, and generations in some cases.

It strikes me—and I have been to Hecla many times, enjoyed it immensely, with my family on many occasions. However, that community that is there strikes me as a bit of a false set. It, unfortunately, comes across as something out of perhaps MGM studios where you have got the picture or museum of what it was or what it looked like at some point; but there are no people. There is no real activity, and it is only there essentially for the tourists. I think that is unfortunate. It lacks that quality of realism, and I am not sure, in fact, I am convinced that the tourism ambitions of the day could have been better achieved through a co-operative approach with a real live community continuing to exist and thrive.

It is very unfortunate, and I feel quite strongly for the families involved. I encourage the

minister—and simply make this by way of comment—to make that a priority in this department, to resolve that issue. I do not know that it necessarily has to be in form of a subdivision. It is my understanding that some of the families simply want to come back, and there may even be those who want to take up fishing again in that small community, as it is today. They would probably be willing to construct edifices that were consistent with the buildings which exist there today and add to the reality, the realness, of the experience for the tourists.

It is a very, very beautiful setting. I believe it is lessened by the unreal nature in which it sits today, which is as a depopulated community. In any event, I am willing to pass this at this time, and I thank the minister for going beyond strictly Venture Manitoba Tours Ltd. to put his thoughts on the record. Again, I encourage him to make this a priority for his department. Thank you.

**Madam Chairman:** Item 1.(j) Venture Manitoba Tours Ltd. \$75,000—pass.

Item 2. Regional Services (a) Administration.

**Mr. Enns:** Madam Chairman, let me perhaps just, as promised, indicate this is the first of the kind of sections or branches of the Estimates to indicate that in this area of Regional Services we have had a staff reduction of seven positions with respect to natural resource officers. I can give the locations. They are in the Dauphin, Gypsumville, Boissevain, Steinbach, Selkirk, Whitemouth and Winnipeg areas, with the Dauphin position being a vacant position, not a person actually being removed.

In the administration of Regional Services there has been a reduction of four persons in The Pas, Thompson, Brandon and Steinbach.

In the Public Information division of this branch, four and a half positions were reduced, all in the Winnipeg area.

\* (1530)

In the fire crews, a total of 10 positions, and again these were positions cut in terms of weeks. For instance, 95 people cut by two weeks in the Interlake in the southeast area, three crews out of 20 affected in the Thompson, Snow Lake and Lac du Bonnet area, for a total number of 10 positions.

I am pleased to indicate to honourable members that this is a branch that, of course, provides the services throughout the province for the

department. It has the responsibility of carrying out the Forest Fire Prevention Program. It has a responsibility for carrying out all the regulatory, that is the law enforcement aspects of the department in terms of observation of our game laws. It is very much the department that really provides that contact between government and the people we try to serve. I have a great deal of respect for our resource officers, who very often are facing less than comfortable positions as they try to maintain the integrity of our wildlife regulations. Poaching is a concern to all of us in this province.

These resource officers work under some very difficult circumstances, and I do not believe that we in the general public acknowledge the contribution that they make to all of us in their carrying out of their responsibilities. There are some issues that the branch has, of course, particularly the resource officers. They have an association of their own and they provide the minister with some of these particular matters that are of concern to them. I would be pleased to enter into any debate on any of the matters that honourable members wish to in that respect.

I should indicate to the honourable members that, while it is never easy to make these kind of staff reductions, I cannot help but acknowledge the kind of work our senior managers in the department undertook. It was not simply looking at taking the 10 most junior positions or something like that. There were reductions that affected a very broad range. This was done deliberately, because it was the recognition that we have an ongoing responsibility in trying to provide the very best of possible service. We took advantage, where it was possible, to talk to senior people with many, many years of service in the department and to the people of Manitoba to accept early retirement.

If you want to ask me personally, I know that I certainly would have preferred to have been able to do it differently, perhaps to have allowed for more normal retirement procedures, where we could acknowledge the many years of work and service that they provided. I know that my senior managers, starting with my deputy minister, went out of their way and spent many hours to take on the personnel responsibilities of bringing about these changes as humanely, considerately, and compassionately as they could possibly have done under these circumstances.

I think, Madam Chair, that I have said about all I can with this bit.

**Mr. Edwards:** Madam Chairperson, I note that one of the expected results under this appropriation number is the delivery of specialized staff training courses, officer safety, self defence, firearm training. I have raised this before with the minister, and I raise it again.

I have received, as I am sure the minister has, fairly regular correspondence from the Manitoba natural resources officers' association. They are increasingly concerned and desirous of having sidearms and sidearm training. I wonder if the minister could indicate what his department's thinking is on that issue at this time? It is an issue of grave concern to the natural resources officers' association.

I might also add that I have received correspondence from others and, in particular, the Brandon naturalist society which has implored us, my party, to not speak in favour of these individuals carrying weapons. However, they put a caveat on that. They indicate that the way to deal with problems is to increase the staff. They say in their resolution—again of the Brandon naturalist society, in and around April of this year—that they implore the Minister of Natural Resources (Mr. Enns) to not reduce and, indeed, increase the number of officers. They go on to say that they are not in favour of sidearms being issued to officers.

Can the minister indicate what his department has indicated to these groups who, I am sure, have sent similar correspondence to him on this issues in recent times?

**Mr. Enns:** Madam Chairperson, you know it is an issue that was brought to my attention very shortly after I became minister and one that is not to be treated lightly. There are, for the honourable member's own information—it certainly is not treated lightly amongst the officers' association themselves.

I can tell the honourable member that it was a number of years in the making until a majority of their own association or of the officers agreed to forwarding this request to the government for policy consideration. In other words, it was a lengthy debate among resource officers as to the advisability of carrying sidearms.

On the one hand, the very fact that we have not had situations where we have lost an officer or had

an officer wounded as a result of weapons being used, some would use and argue that speaks a whole lot for the present policy. The new introduction of more weapons or of lethal weapons into any situation where confrontation is often the game can only escalate to the point where weapons do get used and accidents happen and shootings happen. That generally has been the policy that has been adopted by the past administration and is being adopted by this administration; however, I have met with the president of the natural resource officers of Manitoba. I have explained to them that it is essentially a policy question that needs to be thought about for some considerable period of time before any changes are made.

\* (1540)

In the meantime, we have as a department attempted in various ways to provide our officers with the kind of professional training that enables them to handle the responsibilities that they face. We have special kinds of courses of verbal judo, where we took about 100 of our officers and provided them with professional people in counselling our officers on how to deal with tight and tense confrontationalist positions. We continue to pursue better training methods.

I should say, in defence of the officers making their request for the wearing of sidearms, that it is my understanding that they are not talking about everybody indiscriminately packing a six-shooter should that become government policy. They are also keenly aware that this would be done only under certain circumstances, that there would have to be some additional training and, indeed, even psychological counselling with respect to under what circumstances the sidearm would be considered to be important to carry out their responsibilities. I am not at this point prepared to offer any particular hope to the officers that a resolution of this issue is outstanding.

They have other issues that are important to them that I am prepared to deal with. I do not fault the department for the positions that were reduced although we did our best to ensure that while it is 10 positions, in fact it is only about three or four persons who were moved out of that actual, out of the field service. I am looking for some confirmation from my director of Regional Services. I am told, three. We used up vacancies and some senior positions to affect the 10 positions.

When I say I do not find fault with senior management for making this reduction, the simple fact is that all segments of the department had to contribute to the budgetary goals that were set, and as such, we did not choose this time to exempt a particular division or department from that overall budgetary requirement, even though a case could be made.

Quite frankly, I said so just a little while ago. It is my belief that when we look at comparable situations, and by that I mean I think probably Saskatchewan is as good a jurisdiction as any to look at, we are not overstaffed in this area at all. In fact, with that heightened awareness of the general public I know that my honourable friend, the member for La Verendrye (Mr. Sveinson), certainly does not lose any opportunity to remind me that I could do with two or three more officers in his area that covers a big portion of the southeastern part of the province, rather than reducing one, or taking one out of his area.

It will be my intention, quite frankly, to redress this situation and to challenge senior management within the department and indeed my Treasury Board and colleagues in cabinet as to whether or not we cannot improve the situation both in numbers and in opportunities for young resource officers.

These officers—as for an example, I was at a little occasion where the Wildlife department has provided some protective works and a little viewing area. You know the Narcisse garter snake denning area which is just north of my constituency and the constituency of my friend, the honourable member for Gimli (Mr. Helwer)—the special conservation grant had provided a few dollars to provide a viewing deck for the internationally interesting garter snake denning caves that are in that area. There was our resource officer, from 45 to 50 miles away from Lundar attending on a Sunday afternoon.

These are the people who are meeting on a daily basis with the general public. They, on the one hand, are looked upon as park guardians, as general information givers. Some of the nicest letters my department and I get personally as a minister, are from stranded people, visitors who perhaps have had a vehicle breakdown somewhere in the province and one or two of our resource officers came to their assistance. These are very gratifying letters that come from around the country, from different parts of the United States, from time to time that tell me that our resource people are

doing their job, are courteous, are going out of their way because very often they are the only—they represent the entire government, when you meet them in the field, and I do not want to leave anything other than the impression that, if anything, this area of the department's capability and resources to provide that service needs some support.

**Ms. Rosann Wowchuk (Swan River):** Madam Chair, in the minister's opening comments on this department, he had indicated—or I got the impression that he thought it was not such a difficult decision to reduce staff, and it is unfortunate because it is the staff out in the field that reach the general public; however—and I am not going to go line by line looking for where each person was, although I do have one specific position that was cut that I would like to ask the minister about.

I would like to ask him on the section that has been cut for public service information and have that area being transferred over to the Department of Culture, Heritage and Citizenship, how did this decision come about? It seems very important that the public be able to receive information, and there is a general pattern on how they receive information from Natural Resources. How did this section get transferred over to that other section? Does the minister feel that this is a good move, or will the department be able to carry on as effectively as it has prior to this? If the minister could answer briefly, please.

**Mr. Enns:** Madam Chairperson, I can simply indicate to the honourable member for Swan River (Ms. Wowchuk) that it has been a policy decision on the part of this government to bring the numerous communications and information services into a more centralized operation housed in the ministry that she refers to. Two of those positions that have been transferred are of that kind, and two others have been laid off within our own public information positions.

The question as to whether or not the service will be the level, it is our belief that in fact it will be enhanced.

**Ms. Wowchuk:** Well, I am not quite sure how the service can be enhanced if there is a reduction of staff and the services. The public information will be less available if there are less people working in the department.

However, getting on to another area, I would just first of all like to ask the minister, in his opening

comments he made a general statement for all the Regional Services and I would like to know if he wants to do this line by line or whether we can ask questions on the whole Regional Services department and then pass it all at once.

**Mr. Enns:** I would be very happy, Madam Chairperson, if we dealt with the region as a whole. The staff is here. I think all the members can then not be bound to the one line if they have particular areas that affect this whole delivery. I would simply ask that we treat Parks that way, that we treat Fisheries that way, that we need not be so hung up on Other Expenditures or administration costs. I would be quite welcome to accept questions on the whole branch.

\* (1550)

**Ms. Wowchuk:** Madam Chair, that being the case, I have a few different areas that I want to ask questions on in this area. The first one is in Problem Wildlife Control. There has over the years been a lot of problems with beaver control, particularly in my part of the province. In fact, I know that there is a particular reeve who had a lot of concerns with beaver problems, and those beaver problems seem to have died down in the last couple of years. In general the farming community is faced with a lot of problems with controlling beavers as are municipalities. I would like to ask this minister what his position is. Is he prepared to take on some of the responsibility of controlling the beaver or is he going to leave it in the hands of municipalities? Is there any policy change coming forward?

**Mr. Enns:** I can advise the honourable member that I am not prepared to make any change in current policy. The current policy is such that we are prepared to assist and help train individuals, very often municipal officials who come to us with problems as to how best to deal with the problems, particularly the beaver animal that creates drainage problems for municipalities. That is the current policy that is in place.

(Mr. Ben Sveinson, Acting Chairman, in the Chair)

I am not unmindful of the fact that it is my belief this is an area that is going to increase in terms of the difficulties that individual farmers and local governments face from time to time. The simple fact of the matter is that trapping is no longer engaged in to the extent that it once used to be. There is an overall successful pressure and lobby against the fur industry generally that mitigates

against this from time to time, and I have difficulties with that in terms of what that will eventually lead to. I am aware that individual municipalities have turned to the hiring of a professional trapper or hunter to control nuisance animals.

I suspect that if our populations continue to grow that you are going to see more and more indiscriminate shooting or taking of animals which, in my judgment, could have been and should be harvested in a way that is sustainable and in a way that provides some economic benefit to those who engage in that activity. So many of our aboriginal people and people who live in different parts of rural Manitoba over the years have supplemented their all too meagre income sometimes with a pretty significant amount of money in managing a trap line. It is not difficult to forecast what the future trends will be.

Officially, we support the Trappers Association. We support the Canadian Fur Institute by means of an annual grant. We support efforts on the part of an aboriginal community when they make forays, trips to Europe and try to convince some of the more militant animal rights groups that the fur industry is not the monster that it is made out to be in some quarters.

I have to acknowledge that more and more people are nervous and shy about the use and the wearing of fur. It happens in our own Canadian cities; people get paint thrown on them or abused for wearing a fur coat. That is not conducive to the fur industry. When a store like the Hudson's Bay Company goes out of the fur industry, that is not conducive to the fur industry.

I hand out a card that I am pleased to hand out; I usually have a bunch of them. Any time I meet any person, man or woman, wearing a fur, I hand them out a card thanking them for wearing a fur garment because that, of course, is equal and environmentally benign. That garbage that does not disintegrate, that is made out of chemicals and petrocarbons, that fakes for imitation fur is not environmentally friendly, whereas a mink or a muskrat is. So, to give the honourable member for Swan River (Ms. Wowchuk) an answer that I know she was dying and waiting for me to say, that is my feelings about the fur industry.

**Ms. Wowchuk:** More specifically about beaver, I would like to ask the minister—there was a group set up in the Swan River area, a beaver control

group, a few years ago, in '87, that was very concerned about the control of beaver. Can the minister tell us, has he ever met with this group to discuss the beaver problem, particularly in the Parkland area? Yes or no, a simple answer. Can the minister tell us, is he aware of this group? Does he know if it still exists, or did it die when this government came into power?

**Mr. Enns:** The honourable member was specific in challenging me to a yes or no answer. I am advised that members of my department, more specifically, my special assistant, Mr. Grant Baker, has met with a group. As far as I know, the group is still functioning.

I can also report to her that we just recently entered into an agreement with the federal government and our own government that deals with the problems of the beaver control and animal control in the relationship of bordering and parks land in the Riding Mountain National Park. We do that because of the special circumstances that follow because of the controlled nature of the environment in the park.

**Ms. Wowchuk:** I believe the minister said that one of his staff just met with that group, or recently. Can he tell us when they met? Within the last year, within the last six months? I am interested in knowing whether or not the group is active and how recently it happened.

**Mr. Enns:** No, it has not been in the very near future. It must have been some time ago. I am advised about a year ago. I can recall some correspondence that came to my office. In fact, I think the correspondence, to be correct, initially went to the Premier's Office. Somebody had contacted him during one of the Premier's visits in that area about this problem and he directed my department to contact these people. That is at least a year ago, even a year and a half ago. Of course, you know, that is not necessarily saying that this group is not in contact with local staff or discussing issues or trying to resolve problems that the beaver presents from time to time with local staff.

**Ms. Wowchuk:** Moving on to another area. This area covers fire protection. I would like to ask the minister, with regard to the fire that we had in the province in 1989, has the federal government paid their share of the fire costs, and, if so, when and how much money did the province receive from the

federal government for firefighting costs in Manitoba?

\* (1600)

**Mr. Enns:** Mr. Acting Chairman, I can only report to the House that we have been offered from the federal government the normal, by formula amount of dollars that would accrue to us under these circumstances. We certainly were led to believe, by the Prime Minister of this country on several occasions, during the course of the disastrous fires in '89, that, in view of the scope and scale of the fires that we were facing, we would be receiving some additional consideration in helping us out with the very significant funds of money that we were being forced to expend.

We made this request, as the honourable member will know, that such a large percentage of individuals, much of the costs sustained by the province was in the moving of some 23,000, 24,000 northern Manitobans out of danger from the fire—if not from the actual fire bed, out of the smoke environment—into other parts of the province, where they were housed and clothed and looked after. A significant percentage of these, of course, were our aboriginal brothers and sisters, for which the federal government certainly bears some major responsibility.

The direct negotiation for this has been assumed by the Premier (Mr. Filmon) and the Premier's Office, and I am aware that as late as just last week when we were in discussions with some other issues, these discussions were still ongoing. As far as the Manitoba government is concerned, the federal government has not lived up to its obligations in providing us with the necessary assistance in the disastrous fires that we faced in 1989.

**Ms. Wowchuk:** Can the minister tell us how much is the bill? How much does the federal government owe Manitoba? When we talk about the deficit that we have in this province and that we cannot provide many of the services, when do you expect—I mean, how can you let this happen? How can you not get this money back to Manitoba when the Prime Minister did promise? He promised that he was going to help the province out. What is the dollar figure that is owed, or what is owed and what do you expect over and above?

**Mr. Enns:** Mr. Acting Chairman, I do not want to—you know an honourable member will accept the fact that it is probably not appropriate for me to

put very specific figures on the record. We are certainly prepared—and I invite her to use the means that is not used often enough by members—to ask for an Address for Papers formally for this kind of information that is available to her as a member as part of the regular Question Period.

In very rough terms, we believe that under the formula, and that clicks in and I am not totally conversant with the formula, but after \$1 million of loss, whether it is flood or fire or tornado, then the federal government kicks on at a—pays so much for the next million dollars and so much for the next million dollars.

Under that formula, we would be getting some \$12 million to \$13 million in assistance of the total \$70 million that the fire cost us. It is our belief and our contention, we wanted about three times—we wanted in the range of \$35 million to \$40 million as what we would consider the federal government living up to its offer of help.

Mr. Acting Chairman, it is in addition, too, that we are asking. There is no law or legal requirement. The member says, why is it that we simply cannot send in our bill and get the money? It is not covered in that way. The federal government simply made a commitment during the course of the fires that they would be generous in their support. One person's opinion of generosity is quite different to that of another person's, I suppose.

We believe, in view of the fact that so much of this money was spent in Manitoba assuming the costs of those citizens who by constitution are the responsibility of the federal government, we also believe, simply from the size and scale of the disaster, that we deserve this kind of additional support. Quite frankly, we have observed in some of the kind of way in which the federal government dealt with disasters of significant magnitude in other parts of the country, that we were not out of line in asking for that kind of support.

To date, that has not happened. I can report to the honourable member that we are currently in negotiations with the federal government for new fire agreements that will more accurately reflect our interests, provincial interest, and particularly those costs incurred on reserve land and those costs incurred with aboriginal people, partly out of the experience that we have had with the '89 fire, because we would like to make it a little clearer as

to what kind of financial support the province can count on should this kind of situation develop again.

**Ms. Wowchuk:** Mr. Acting Chairman, two years have passed and I would hope that we could pursue this matter, get it settled and get on with it. As I said, the government side keeps raising the fact that we are short of money in the province and carrying a debt like this from a federal government is unfortunate. We would think that the two levels of government would be able to communicate more clearly and get that money into the province.

Still, related to the fire, after this fire was over, there were a lot of concerns about how things were handled, particularly one area of the Cowan fire. There was a review done on the procedures and how the communication was handled.

I would like to ask the minister: Where is that study on the fire? Have the results been made public? Are they available at this time?

**Mr. Enns:** Mr. Acting Chairman, the honourable member is correct that it was our belief after the whole experience of that summer of '89, some of the criticism that flowed out of the fire suppression efforts of that year—although it should always be put on the record that, in general, it can only be viewed with some considerable acknowledgment of the professional way in which this situation was handled.

We did, after all, move an awful lot of people around the province under some very difficult circumstances. Not a single life was lost. We did have fire coming at us in every direction and very, very few homes were lost. There were a few homes, I believe, in the Norway House community that were lost.

We had unfortunately, of course, a bad situation in the Ashern area the year before; but in that holocaust of '89 in the North, a lot of things were done right. The only thing that was not helping us was the weather, continued unprecedented drought conditions. Unprecedented heat conditions for the North coupled with high winds made it just impossible to do anything else other than what was done.

There were situations that developed. There were problems of overlapping jurisdictions. There were communications problems. There was not always the best application or use of available equipment in moving around. For that reason, a two-person investigative review team was sent out

to a number of northern communities, on reserves, in municipal halls. Their report, which was provided to us really as a document to help us in pinpointing where we could tighten up our procedures, has been very effective and led to the implementation of a number of measures.

\* (1610)

It certainly helped us in convincing my own government and Treasury Board to considerably beef up the fire attack crews that we believe proved themselves in the ensuing year. People tend to forget that in the last year we had a very bad fire year, but we were able to get onto them faster, and we were able to control them. It is for those first 24 hours before they engulf such large acreages that our teams can handle and can control them. There was particular effort made to improve our relationship with local governments where it exists.

The fires were so intensive and covered such a large area in '89. Normally, our crews, Mr. Boyle and our regional services crew that directs the operations, are out there in the wilds protecting the unoccupied Crown lands and the huge tracts of land that are out there to be protected.

Where some of the difficulties came in is on the kind of an agri-forestry borderline where you have local volunteer fire forces. You have local Reeves in municipalities that are used to doing things their way, and even simple things like not having the kind of radio band systems that could communicate with our officers. There were complaints that, in the normal course of things, we moved and resolved officers to different places, and some felt that, while the move probably made imminent good sense from a departmental reason, we did not know that there was going to be a major fire outbreak next week. The officer was new to the area and did not always know the lay of the land as best as he should have.

So the department was criticized for having that new person in that position at that time. Nobody planned the fire, whereas personnel responsibilities in the office often are matters that are planned and thought about for months in advance of when they are taken.

So I can report to the honourable member that that review team that was headed by, I think, Mr. Bill Newton, if it serves my memory, a long-time former employee of the department—he used to be head of the engineering-construction team—certainly served its purpose. It also served the purpose of

simply giving and providing an opportunity for local people throughout the North to sound off and to give us some advice, to tell us what we did wrong or what we could do better, and many of them did that.

**Ms. Wowchuk:** I want to make the minister very aware that I was not being critical of the work that was done. In fact, having been involved with the Cowan fire, being right in the middle of it, evacuating our town, and then by sheer luck being in the Thompson fire, being caught there for several days, I know that the staff did a very good job. But, under tense circumstances, such as those that fires bring on, there are always ways to improve and some decisions are made hastily.

I was not being critical of the department at all on how they handled the fire. I was looking for the results of a report, perhaps, of what came out of it that would make it better. I know in our particular case what the minister said was exactly true; we did not have radios that we needed, and, in fact, we did not even know where to get them. As a result of that fire, we know now, or when I was on council, we had made arrangements that we would be able to get walkie-talkie radios, or two-way radios, should the need arise, and we all hope that we never have to get into those circumstances that we were in two years ago. I wanted the minister to be aware that I am not being critical; I am only looking for results. If there is a copy of a report, then I would like a copy of it, if it is possible.

The other thing that arose out of that fire was an awareness of the amount of forest that can be lost in a fire. We were told that there was a possibility of having a helitac crew located in Swan River. After the fire, there were plans to move a helitac crew into the area.

Can the minister tell us where we are on that? Is the helitac crew in place? If it is not in place, when can we expect that in the Swan River area?

**Mr. Enns:** Mr. Acting Chairman, to answer the honourable member of Swan River's question, I will undertake to see that she gets a copy of that report. It is certainly available to her. My understanding is that copies of this report were made available to a number of the communities that had expressed a specific interest and/or had participated in the compilation of that report.

I accept the honourable member's genuine, you know, constructive approach to the efforts of the department. I did not accept her comments in any

way as being overly critical. After all, a great deal was done during that difficult year and not just by this department.

Allow me just for the record to indicate that there was, of course, a tremendous coming together of people from the Department of Highways, from the RCMP, EMO organization, from Government Services, Health department, who sprang into action once we started having people in numbers of four and five and a thousand housed in different community halls and community centres with babies.

I can remember touring one such facility in The Pas and there must have been upwards of 25 to 30 six-month old and younger babies attempting to get to sleep in the same community hall—perhaps just for a day or two, you know, while I was there, and they were then being billeted elsewhere. Certainly, many other elements of government, including agencies such as Manitoba Hydro, all co-operated in bringing about the kind of services as best we could under difficult circumstances to those many northern Manitobans who needed it.

One further direct response to her, yes, there was a commitment made about an additional firetac crew at Swan River. That commitment has been made. There was prior to '89 one firetac crew stationed at Swan River; now there are two.

I should indicate to her, though, that the very nature of these crews are that they are highly mobile; we move them around. My regional director indicates to me that, officially, as residents, we have two firetac crews operating out of Swan River. Today they are in Thompson doing what they are supposed to be doing, attacking some hot spots in the fires that we have currently going.

**Ms. Wowchuk:** Along with the all the staff and government people involved in the fire, there were many volunteers. I think we cannot overlook those volunteers who also did an awful lot in the communities to support those people that had to come in.

My question was, with helitac crews, about a helicopter base pad being available at Swan River so that we would be able to have better access to protection. Is there any further commitment on that particular—not the firetac crews, but the helitac crew?

**Mr. Enns:** I am advised by staff that there is a helicopter Manitoba pad or station, if you want to call

it that, operated by the private company which we are free to use—and use—out of that facility. That is to me a good co-operative venture of the private sector and the public sector. The important thing is we have the capacity to service helicopter flights in and out of Swan River.

**Ms. Wowchuk:** Mr. Acting Chair, then I may have misunderstood, but it was my impression that there was going to be some expansions made in the Swan River area to better be able to facilitate firefighting. Was there a commitment made by the department to improve firefighting capabilities by putting in better facilities at the Swan River airport?

**Mr. Enns:** I believe that it is correct to say that representations for additional capacity and facilities, particularly of a warehouse, some additional supplies to better be able to action fires out of the Swan River region—that is recognized by the department. It is our hope and our intention to carry out some of those expansions when and if our budget situation becomes a little easier.

**Ms. Wowchuk:** Mr. Acting Chairperson, only one other question on this section, and that is to do with a staff cut. I said I would not go through line by line at staff cuts, but there is one particular one that I am concerned about, and that is the officer who was removed from Garland. I wonder how that decision was made.

\* (1620)

This is an area that has a high amount of night hunting, game being taken out of season. It is a concern to the people that a service that was being provided has now been removed, and the people have a lot of concern, as I say, with night hunting and the time it takes for other crews to get into the area. Why was the decision made to remove that one officer from the area who was providing an important service and is now going to have to be provided out of Dauphin, Swan River, or Winnipegosis, which is a distance away and will take a lot longer when people are needing service?

**Mr. Enns:** Mr. Acting Chairman, I can only indicate to the honourable member that yes, the position was moved out of Garland but I will also indicate to her that we have increased the positions at Grandview from one to two.

In many instances, again this is done as often from a staffing point of view, two officers working in tandem together can provide better services to the general area, and that is essentially the situation

that will develop in that area where we had one officer stationed in Grandview and one officer in Garland. The Garland position was vacant, I understand. We have offered up that position as a staff reduction, but we will be operating with two officers out of Grandview.

**Ms. Wowchuk:** Mr. Acting Chairman, that is exactly the concern the people of the Garland-Ethelbert area had. They said, you know, when you remove this officer and do not fill the position again, then it is going to be very easy for the department to move the position out. You are not moving a body out.

I just want to make the minister very aware that the people in this area are concerned and disappointed that a decision such as this has been made. Now the service is going to be out of Grandview, which is some distance from them. You know, the goal of this government, as I understand it, is to provide better services in the rural area to enhance the rural community.

If you look at the map where Garland is and where Grandview is and the long distance between regions, the officer at Garland was quite central between Ethelbert, Pine River, all of that area. It is a disappointment to the people of the area that this government made such a decision.

**Mr. Cliff Evans (Interlake):** Mr. Acting Chairman, I just have a few questions on this section, Regional Services.

On page 61, the Fire Pre-suppression Program, I would just like the minister to explain, in Other Expenditures, the increase under Other Operating, what was the increase for?

**Mr. Enns:** Mr. Acting Chairman, the director of Regional Services advises me that that difference in cost figures is the additional cost for increased insurance on the CL-215 water bombers of some \$50,000. Our insurance costs, I suppose understandably, rose after the disastrous fire experience of '89, although again gratuitously I do not think we lost—I am advised that we did lose about three or four planes which were involved in accidents; fortunately no lives were involved. Obviously it impacted on the overall insurance costs for the fleet and that accounts for the increase in the Other Expenditures item.

**Mr. Cliff Evans:** Mr. Acting Chairman, on page 63 the Helitac Program, just a few explanations on some of the other expenditures. Could the minister

explain under Other Expenditures the personnel column, the increase of some \$5,000-or-so, but if you are cutting on professional and technical staff years, what is involved with the personnel?

**Mr. Enns:** I am not quite clear what the member is after here. We have in this section—we deal with a number of casual people, people who are hired on just a day-to-day basis. In terms of staffing reduction generally in the Helitac Program, there was a reduction of 6.4 positions but again, it is very difficult to pin down to terms of precisely the individual because of the casual nature by which we employ these people.

**Mr. Cliff Evans:** Mr. Acting Chairman, that is basically all I wanted to know about that, just the personnel part of it, and if it is your casual employment, what is involved there?

Another question on Expenditures, on Communication, can the minister explain an increase of say \$26,000-plus and what is the money being used for in Communications?

**Mr. Enns:** I do not know, Mr. Acting Chairman, whether the member for the Interlake is going to believe this, but I will try it on him. It is actually additional charges for the availability of helicopters, but it is shown under Communications because that is "a quirk of the coding system,"—makes helicopters being available be shown under the item Communications. Believe me, I would not lie to you.

**Mr. Cliff Evans:** Well, believe it or not, Mr. Acting Chairperson, I do believe what the minister does say, so as far as Regional Services go, I think that is all I have for now.

**The Acting Chairman (Mr. Sveinson):** Item 2. Regional Services (a) Administration: (1) Salaries \$1,099,600—pass; (2) Other Expenditures \$876,400—pass; 3—

**Mr. Cliff Evans:** If we may, Mr. Acting Chairperson, we are passing No. 2. Regional Services from (a) to (s). That is what we are passing now.

**The Acting Chairman (Mr. Sveinson):** Item 2.(a)(2) Other Expenditures \$876,400—pass.

**An Honourable Member:** Yes, the whole item. Just call it passed.

\* (1630)

**The Acting Chairman (Mr. Sveinson):** Order, please. I do have to take it line by line.

Item 2.(a)(3) Problem Wildlife Control \$139,900—pass.

2.(b) Northwest Region: (1) Salaries \$1,203,300—pass; (2) Other Expenditures \$391,600—pass.

2.(c) Northeast Region: (1) Salaries \$1,337,000—pass; (2) Other Expenditures \$695,000—pass.

2.(d) Interlake Region: (1) Salaries \$1,273,900—pass; (2) Other Expenditures \$445,200—pass.

2.(e) Southwest Region: (1) Salaries \$832,100—pass; (2) Other Expenditures \$273,300—pass.

2.(f) Western Region: (1) Salaries \$1,355,600—pass; (2) Other Expenditures \$408,400—pass.

2.(g) Southeast Region: (1) \$1,139,400—pass; (2) Other Expenditures \$312,900—pass.

2.(h) Eastern Region: (1) Salaries \$1,226,500—pass; (2) Other Expenditures \$361,300—pass.

2.(j) Whiteshell Region: (1) Salaries \$764,900—pass; (2) Other Expenditures \$252,300—pass.

2.(k) Fire Program Development and Evaluation: (1) Salaries \$221,500—pass; (2) Other Expenditures \$247,800—pass.

2.(m) Fire Detection Program: (1) Salaries \$46,500—pass; (2) Other Expenditures \$288,100—pass.

2.(n) Fire Prevention Program (1) Salaries \$81,100—pass; (2) \$97,200—pass.

2.(p) Fire Pre-suppression Program: (1) Salaries \$1,571,100—pass; (2) Other Expenditures \$2,959,100—pass.

2.(r) Helitac Program: (1) Salaries \$279,700—pass; (2) Other Expenditures \$1,752,900—pass.

2.(s) Fire Tac Program: (1) Salaries \$218,100—pass; (2) Other Expenditures \$1,062,500—pass.

Resolution 105: BE IT RESOLVED that there be granted to Her Majesty a sum not exceeding \$23,214,200 for Natural Resources, Regional Services, for the fiscal year ending the 31st day of March, 1992—pass.

(Madam Chairman in the Chair)

**Mr. Enns:** Madam Chairperson, I do want to just say very briefly a few words about this item now before us. This is the division within the department that provides for the short- and long-term planning for use, regulation, development, management of water resources, period. There is not a more pressing issue that I face on a daily basis and the department faces on a daily basis in the affairs of my department, and that is the availability, the sourcing, the allocation for water, partly because of the experience of four and five years of below moisture conditions, drought conditions.

There has been a tremendous growth in the awareness on the part of citizens generally in the province about how we permit the use of water and more often the lack of it or the uncertainty of a supply. That has major, major ramifications for the economic well-being of this province, particularly in those southern portions of the province where water has been chronically short. It also happens to be coupled in some of those areas where we have some exciting and ongoing existing economic development.

I refer specifically to the Carnation potato industry plant at Carberry that, as some of you will recall, the Premier (Mr. Filmon) made some remarks to in respect to job opportunities during Question Period. We have a thriving, first-rate, state-of-the-art potato processing plant in Carberry that really is much too much of a secret to most Manitobans. I mean, to drive into that beautiful community of Carberry and just on the outskirts to a modern multi-multi-million-dollar plant that is now part of the world's largest food processing chain, Nestle. For instance, how many Manitobans recognize that out of the little community of Carberry we supply the biggest fast food chain organization in the world with all their french fries from Montreal to Vancouver? That is because we have the best potatoes and we know how to process them in the best way. That is not just providing 450 people with permanent jobs in rural Manitoba—and these are good jobs.

The Premier made reference to the fact that I was able to supply him with information that just a few weeks ago I was advised that the plant has gone into a full seven-day-a-week operation, and they hired 200, 250 extra staff, mostly university students I am advised. You know, at an average salary of wage rate of \$10.25 an hour, that is not shabby. The difficulty is that plant has advised government, has advised me and certainly my colleague the

Minister responsible for Industry (Mr. Stefanson) that they want to expand the production in that plant by 20 percent every year for the next three years. The only uncertainty is availability of water. They do require some water for irrigation.

We have other situations in the southern area, most notably, of course, members will be aware of the fact that we have received last February, a report from a very hardworking group of some 15 municipalities, chaired by the mayor of Winkler, Mr. Wiebe, that reported to us that they who are facing desperate water requirements, simply for domestic and municipal requirements, have proposed a resolution to some of their problems as a further diversion of some 20 cubic feet per second of water from the Assiniboine up through the Boyne River. That would bring the water into the Carman area and onto the Stephenfield Reservoir and then Water Services Board of Manitoba and PFRA would assist by pipeline to bring it to the various water-short communities in that part of the province.

\* (1640)

The issue is one that has to be resolved in the next little while, and certainly that is one of the challenges that Water Resources generally will have to address. I am not unaware of the fact that, when you deal with water or its diversion or its allocation, you often get into very emotionally charged discussions within the community. Of course, the base root for these concerns is the availability of government and/or its agencies to guarantee supplies well into the future and, of course, we as a government which has embraced the concept of sustainable development are very much aware of the need to ensure that those commitments that are made through this branch, through potential water users and existing water users, that that principle in fact be honoured.

We are faced with some important decisions in the next little while if we are going to help maximize the opportunities in our province and at the same time husband the resource that many Manitobans have a very watchful eye over.

We have a further impetus to do something about this because, for a government that is concerned about how our fiscal resources are allocated, we are willingly participating in an expensive program in agriculture to help out the immediate difficulties that our cereal grain producers, our wheat growers face, but we are not really happy with the idea of having

to allocate upwards of \$40 million, \$45 million, \$50 million. It is hard to pin down the figure; it depends on the participation in such programs as GRIP. It depends on international world prices of grain over the next four or five years as to what the eventual cost to the Manitoba taxpayer will be in terms of these programs, but what is very evident, that every acre we take out of cereal grain production, every acre we put into vegetable production, every acre that we put into permanent crop cover, every acre that we can put into other diversified uses of agriculture other than the subsidized grain production is a plus for the province.

There is a determination on the part of this government to search out any and all opportunities for further farm and agriculture diversification. It has been announced, I think, that we are currently in the process of setting up a group or a task force, call it what you will, to further enhance opportunities for diversification.

Madam Chairperson, there is not one single answer to it. It would be the combination of a number of new initiatives. We have talked about providing badly needed capital for local initiatives. That may depend on our success in carrying out a commitment made by this government to rural development, to the providing of capital formation to a rural bonds program that can assist in different kinds of processing activities that may or may not be available.

Specifically, what is important to this department is the sourcing and the making available of water. We have the water. We can do it and, quite frankly, it is an opportunity for some visionary courage to ensure for our south-central portion of the province—the most productive part of our province, both in terms of soil capabilities and in terms of human resources. We have some of our best entrepreneurial skills in those communities that my colleague the member for Emerson (Mr. Penner) represents: Winkler, Morden, Altona, Carman. I know that the report that we received on a nice day in February identifies upwards to 18,000-20,000 permanent job creation if a—

### Point of Order

**Ms. Wowchuk:** Yes, Madam Chair, we are in Estimates and we are on a particular line in the budget, and the minister has chosen to make a speech about how important water is. I would ask the minister if he would perhaps allow us to ask

questions and get the answers to the specific questions that we want rather than the route we are taking now.

**Mr. Enns:** On the point of order, I will gladly sit down and cease and desist from this speech, but she has no point of order. If any one of my colleagues wants to make a 30- or 40-minute speech on this subject right now, it is quite in order. If any of the other ones want to make one—simply because we have gotten to this up-and-down, what did you have for breakfast this morning, Mr. Minister? Was there sugar on the grapefruit, Mr. Minister? That is the concept of the way they want to run their Estimates, that is fine, but I will agree to—

**Mr. Cliff Evans:** Madam Chair, I realize that the minister perhaps may be right in certain cases as to procedures and whatnot, but also we are not really asking him, nor do we care, what he has for breakfast. Also, we would like to ask the questions, and if the minister wants to continue this right till the end, then continue with the speeches. We would like to ask a few questions, whether it be about his meals or about his department.

**Madam Chairman:** Order, please. The honourable member for Swan River (Ms. Wowchuk) did not have a point of order. Indeed, any member is entitled to speak for a maximum of 30 minutes whenever he or she has the floor during the Estimates process at any one time, provided of course it is relevant to the topic under discussion. It is my understanding the minister was talking on the Water Resources area which is now under review.

\* \* \*

**Mr. Edwards:** Point of clarification perhaps, I believe we were on Sub-Appropriation 12-3A, were we not, Madam Chairperson?

**Madam Chairman:** We are dealing with Item 3. Resource Support Programs (a) Special Resource Projects.

**Mr. Edwards:** We are not on Water Resources as such yet. We are on Sub-Appropriation 3A rather than 4A, although I might add I was not taking any offence to the minister's comments. I found them quite illuminating. I think he was in order putting more so the philosophy, his approach, to these issues rather than the details. I might say I appreciate that. I think it is appropriate.

However, if I might, now that we are specifically on the Special Resource Projects area, ask the minister—I see that one of the objectives is: “To provide information to the public on water issues emanating from the development of international and inter-provincial water projects.” The minister will know that recently in the House, I expressed some concern about the Rafferty-Alameda project, the impact of that project on the Souris River water basin in southwestern Manitoba.

The minister and I can take issue on that, but I do not know that we will at this stage, on the reasonableness and on the wisdom and the fairness of the agreement which we were not participants in. I agree we are participants in the review committee which is now overseeing the agreement, but the agreement is a done deal, and we were not part of the agreement.

That, to me, is a major loss of opportunity to direct our own future in that area with respect to that water supply. I do not trust the government of Saskatchewan, nor do I trust the government of North Dakota, nor do I trust the federal government to stand up for Manitoba's interests. I think anybody who assesses what went on with that negotiating practice will see that is not an unreasonable conclusion to draw.

I would ask the minister specifically to that project, that water supply for that part of the province; what is the present water situation? What have been the ramifications of the putting into production of the Rafferty dam? Thirdly, what monitoring is being done by the department of the water supply in that area and of the use and stoppage of water both in North Dakota and in Saskatchewan?

\* (1650)

**Mr. Enns:** I thank the honourable member for his questions. I do apologize to the committee. I was, as a matter of fact, ahead of myself in dealing with the next item, the general item of Water Resources that got me waxing eloquent, as Dale Stewart coaches me in these matters of putting things on the record. Consider that speech is given, then you will not hear it when we get to the next item.

Specifically to the honourable member for St. James (Mr. Edwards), the member is quite correct. The deal was done and we were not part of it. He is not quite correct, though, when he suggests that we are simply part of the process to review the ongoing operation of the dam. We are part of the

management, a relatively small committee consisting of three chairs, North Dakota, Saskatchewan and Manitoba, that are the operating management decision as to how the project will be operated in terms of water releases to meet the obligations of downstream users.

When the honourable member says, he does not trust the different governments. That is, in my view, a pretty harsh statement to make. We have no reason, for instance, not to be anything less than satisfied with the manner and way in which the government of North Dakota, for instance, has carried out its responsibility with respect to the first dam that was built on the Souris River, the Darlingford and its resultant reservoir. We have had nothing but co-operation from the State of North Dakota.

There have been times when they have recognized our needs and released waters in addition to those that were accorded us under the management formula that has decreed that co-operation between the two jurisdictions, in that case, Manitoba and North Dakota. I believe that the same kind of co-operative consideration and concern for overall benefits we will continue to accrue from the third partner now, namely, the government of Saskatchewan.

**Mr. Edwards:** Madam Chairperson, I appreciate the minister's response to the first part of my question. Can the minister indicate specifically the answer to the remainder which was: What is the water supply situation in southwestern Manitoba? What has been the effect of the putting into production of the Rafferty dam, and what ongoing assessment is this department doing of the effects of that dam project?

In those questions, I draw the minister's attention to the expected results of this branch, which are to protect Manitoba's waters from the introduction of foreign biota contamination and from flow alterations that will detrimentally affect Manitoba's use of such waters. We have, admittedly, press reports. I have not been to Souris in recent months, but there is a press report from May 27 of this year printed in the Winnipeg Free Press which outlines dramatic reductions of water flow in the Souris River basin which indicates that the water is no longer able to make it over the downstream dam from Souris, which indicates that the water is stagnating underneath the swinging bridge amongst other locations in Souris and is not anywhere near what it

has been in past years, what it should be, in fact, even in this year, even given the drought, which further indicates that the state of North Dakota has, in fact, used water in keeping with this agreement, which has detrimentally affected Manitoba's water supply. We have the final allegation in that press report that the City of Regina is going to be diverting further waters from that water basin to provide a recreational beach for the people of the city of Regina.

Madam Chairman, all of those allegations, I believe, are very serious indeed, and I ask the minister to indicate what conclusions he has drawn, and I am sure he must be assessing this, this branch must be assessing this. There is not another project interprovincially or internationally, and this project is both interprovincial and international, which is worthy of more investigation at this point in our history than this project. What are the results?

**Mr. Enns:** Madam Chairperson, I suppose the candid and straightforward answer is, the jury is still out on what the definitive results will be with respect to the Souris River and its future regime. We have reason to believe that we have in place the kind of arrangements within that agreement that will ensure that Manitoba's interest will not be negatively impacted. I do not know that the situation need be all that different than, for instance, the benefits that I believe accrued to Manitoba as a result of the Shellmouth structure.

I believe that current stories that are being written do not take into account the four and five years drought that we have had. I am advised that currently the situation on the Souris River is not back up to where it was in normal years, but improved from last year, for instance. I know that despite the rains and the moisture that we had, because of the general parched conditions of our land, there was very little runoff anywhere, particularly in the southwest.

I know that there are critics who say that the reservoir behind the Rafferty dam will never be filled or that the evaporation loss out of that structure will be such that it will never be possible to hold back the kind of anticipated water storage that the designers, PFRA engineers speak of.

I am suggesting to the honourable member that we will find out in due course. I only hope, because I think the honourable member is going to be in this Chamber long enough to be able to have the

opportunity, but if in four and five years the Rafferty reservoir is in fact filled to its operating range, and if in fact this branch can fulfill exactly the requirements as it is mandated to protect and to ensure the water quality and water quantity flows as projected under the agreement, that we have a considerably better regime of water flows in the Souris River than pre-Rafferty-Alameda, that he would take some suitable occasion to acknowledge that.

Surely that is the situation on the Assiniboine. Even self-proclaimed environmentalists like Dr.—what is the doctor's name who monitors that part of the southeast?—McKinney?—I am trying to remember his name, but anyway, let me ask you it this way. Is there a member—I appreciate that I should not generalize—within the environmental community who would today recommend and support the building of the Shellmouth Dam? I do not think so, yet they are quite willing today to say that it is extremely important that those waters that we get from the Shellmouth be preserved for the communities of Brandon, for Portage la Prairie, that we should not be considering any further diversions to accommodate the current report of 20 cfs into the Boyne River because they are not quite sure whether—we would not be able to do any of that without the Shellmouth in place.

I am not prepared to argue the point to its final conclusion at this point in time. Quite frankly, I do not think we can. Weather plays a lot into it, certainly on behalf of those who are responsible for the project. They obviously are looking for higher than normal moisture over the next few years to bring to full capacity the reservoir behind the dam, but I say to the honourable member for St. James (Mr. Edwards), when that happens and our man on that board can ensure that we do not only get flows on the Souris River in the spring and the early summer, but that we guarantee flows for us on the Souris River throughout the year, maybe not at the peak levels, but more importantly at levels that are beneficial to us throughout the year, then I am prepared to pass final judgment on the Rafferty dam.

**Madam Chairman:** Order, please. The hour being 5 p.m., I am interrupting these proceedings for private members' hour. This section of the committee will resume at 8 p.m. this evening.

\*(1700)

**IN SESSION****PRIVATE MEMBERS' BUSINESS**

**Mr. Speaker:** The hour being 5 p.m., time for Private Members' Business.

**PROPOSED RESOLUTIONS****Res. 24—Disclosure of Provincial Sales Tax Offences**

**Mr. Reg Alcock (Osborne):** Mr. Speaker, I move, seconded by the member for Inkster (Mr. Lamoureux), that:

WHEREAS the protection of Manitoba consumers must be a top priority for the government of Manitoba; and

WHEREAS it was reported that as much as \$8 million in provincial retail sales tax was outstanding as at January 1991; and

WHEREAS there have been instances of retailers collecting retail sales tax where not legally collectable and failing to remit that amount to the government, as well as retailers collecting more than the required amount of tax, remitting only the required amount, and keeping the difference; and

WHEREAS the Department of Finance has been unable to collect these retained monies due, at least in part, to a lack of resources and due to what it claims is a lack of authority to collect and rebate such monies on behalf of Manitobans; and

WHEREAS the Department of Finance has refused to disclose the names of retail sales tax offenders; and

WHEREAS the interests of consumers should be protected by providing them with information about retail sales tax offenders.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba recommend that the Department of Finance be required to review and revise its policies and regulations to require disclosure of retailers who have collected retail sales taxes when the same was not legally collectable as well as retailers who have collected taxes in excess of the required amount and have remitted only the required amount of retail sales tax to the government of Manitoba, retaining the difference.

**Motion presented.**

**Mr. Alcock:** Mr. Speaker, I would like to start perhaps here by reviewing some of the

circumstances that brought us to this particular position.

**An Honourable Member:** I would not go with that file.

**Mr. Alcock:** You did not have that file.

Mr. Speaker, some time ago it was raised with me by some people in the community that certain retailers, because of perhaps an anomaly in The Retail Sales Tax Act, were collecting tax on items that were not taxable. It arose, I think, in part because of a lack of understanding of how the tax was to be applied to certain items, specifically items that are installed in a home, for example, carpeting or cabinets, and the like. Operations that are undertaken within a shop are taxable in the full amount and the provincial sales tax is applied. Operations that are undertaken within a home, for example, the installation of carpets or cabinets and such, are not taxable and, therefore, the retail sales tax should not be applied.

When this came to light, it was discovered that certain retailers were in fact charging the total amount of tax on the whole bill and were following through, calculating the tax that they owed the government, remitting the correct amount of tax and retaining the difference. In the one case that was examined at some length, it turned out that this difference, depending on how far one went back into the file and where one could determine it, amounted to something between \$9,000 and \$17,000 in money that had been taken from individuals, rather than either remitted to the department or given back to the individuals.

Now, the question is—and one of the suggestions made was that the individual in question who had collected this tax had done so unknowingly and, therefore, had really just made an error and that the consumer perhaps should have been aware, that they should have known how the tax was applied and, therefore, they should have challenged the person who was charging the tax at that point in time.

The question that arose for us, and it was discussed at some length under the Provincial Auditor's Report and discussed with the Auditor at some length, was that—and it is interesting to note in the information that was provided, it was an opinion that was shared by the Attorney General's department. They were asked by the Department of Finance to review the file, to go through the

various amounts that were charged and to make a recommendation as to whether or not the department should proceed to charge this particular retailer under The Retail Sales Tax Act.

The Attorney General's department did so. They came back with a recommendation that they indeed proceed against this particular retailer. They did so on the basis that it was simply beyond credit. It sort of strained credulity that you would collect \$10 of retail sales tax on a particular item, remit \$5, which was the tax owing to the government, and end up with a difference of \$5 that you would put in your pocket and not realize that somehow you were collecting an inappropriate amount of tax. It seemed to be relatively self-evident. Certainly, the lawyers from the Department of Attorney General who reviewed it were of that opinion and recommended that some action be taken.

The question, I think, that arises for me in this is that if the retailer—and I think the retailer at first blush should be given the benefit of the doubt—if they, in fact, have collected this tax unknowingly, then surely they would want to, on behalf of their consumers, remit the additional tax that they have collected. Surely they do not want to continue to take monies that they are not entitled to. I think that the department could have acted to ask this particular retailer to remit, where possible, where he could identify who had paid the tax, the additional tax to the retailers. We are not talking about small amounts of money.

The question that really comes up is that when the government, when the Minister of Finance (Mr. Manness) becomes aware that someone has acted in this manner, should he be taking action to see that the rights of the consumer are protected? Should he be acting to see that people have some level of protection? He is the minister responsible for enforcing the act. He is also a member of the government which is entrusted by the people to act on their behalf. It is one thing for him not to be aware of a particular activity. It is another thing for him, when becoming aware of such an activity, not to act, either to force the offender to remit the tax or to see that the tax is forwarded to the government and then returned to the people who paid it.

Now there are two conflicting thoughts here. The minister and the department take the position that they cannot collect tax to which they are not entitled. It is interesting because that belief is at odds with the belief they put forward in their annual report,

where they say, all tax that is collected is collected in trust for the government; that, in fact, tax is not collected by the retailer except in his capacity as an agent. He is simply holding that money in trust for the department and, in fact, the department has gone to court on that very basis. The question of their rights to have an involvement with this money that is collected is very much a question and one that I would submit they do have a right. It is a right that they have asserted in other areas.

The second possibility is that they simply inform consumers that certain retailers are acting in this fashion once they have established. Perhaps a simple course of action could be, having done the audit, established that, in fact, there is a discrepancy and that a problem has arisen; they simply approach the retailer, inform the retailer that there has been an error, and ask the retailer to undertake the remitting of the excess monies.

The third possibility would be that they order the retailer to do so and include some possible penalty for taking such action.

In any event, the Minister of Finance (Mr. Manness) took a different point of view. He suggested that consumers had to beware. He invoked caveat emptor. He talked about the need for people to monitor those people who were selling to them and that they should be holding them to account.

\*(1710)

He said that they were unable to give up information on retailers who were acting in this fashion because, under the terms of The Retail Sales Tax Act, such information that is collected is confidential, and that is certainly true. I accept the argument that the minister makes that he cannot at the present time release the information on people who are incorrectly applying The Retail Sales Tax Act and incorrectly collecting such monies. The question then comes up as to what kind of action he can take. The assessment collection rebating of the money may be excessively expensive, given the small amounts of money involved in some cases and the relatively large number of consumers; but certainly one thing that would compel retailers to act would be to allow the public to become aware, when the department has determined that a retailer has in fact acted improperly, to allow the department to release that information.

It is not too much to expect that where there has been a proper audit done—I mean in this case, they had been through every receipt, they had determined the amounts available, they had approached the lawyers, the lawyers had said that, in fact, there was a problem here and they should proceed legally. They chose not to, and the minister, in choosing not to, also chose not to release the name of the individual who had done that.

Now, I think it would be possible to bring about a change in the legislation that would allow under proper circumstances, with proper checks and balances and proper routes of appeal for the offenders, to simply create a process that would allow the department, if a retailer is unwilling to co-operate, to release the name. That would allow the consumers to exercise their rights that the minister keeps talking about them exercising. It would allow them—it would give them the knowledge that they currently lack, given the complexity of the tax act, to call upon, or to challenge, the retailers in question and demand that they act in an appropriate fashion.

I think it would be a relatively low-cost and efficient way of dealing with a problem that currently is costing some Manitobans a considerable amount of money, and which the minister is simply refusing to act at the current time.

The minister indicated, in the committee on the 4th of April, that they were prepared to review consumer legislation to see if there was some way under the Consumer and Corporate Affairs of bringing about a change that would address this problem. To date, we have seen no legislation, and I would be interested in hearing the response of the government as to whether or not that particular recommendation of the minister's would be followed up on.

Very simply, and just to summarize quickly, we have a situation in the province in some industries where inappropriate amounts of retail sales tax are being collected. The department is aware of it; the minister is aware of it; it has been established beyond any doubt. What we are calling upon the Chamber to do, we are asking the Chamber to do, is to ask the minister to bring about some changes in his department that allows him to take action and to protect the people who currently are lacking such protection. Thank you very much.

**Mr. Leonard Evans (Brandon East):** Mr. Speaker, I enter into this debate to put a few comments on the record with regard to the member for Osborne's (Mr. Alcock) resolution pertaining to a problem related to the operations of our Department of Finance, and what is happening specifically with regard to certain retailers and others who may, for whatever reason, collect tax in excess of the amount required and have not remitted that amount to the government of Manitoba, or with regard to retailers who simply collected the retail sales tax when those taxes were not legally collectible.

I can appreciate the logic of the member for Osborne with regard to the matter and I have no quarrel with him over this, but I do not know how much of a problem it is. That is the difficulty. We do not know how quantifiable—we do not know whether it is a tiny problem, or it is a horrendous problem. We have no idea of the dimensions; therefore, it is not unreasonable for the member to ask, through this resolution, for a review of the policies, because this is what the resolution does. It simply asks the government to review and revise its policies and regulations to require disclosure of retailers. In the process, hopefully, you will find out just how big a problem this is. I think, by and large, we have a fairly good Department of Finance, dedicated people who have done their best, but no system is perfect, and we are far from perfect.

I would suggest, though, that the reticence on the part of the minister to come across with information when requested by members of the opposition, including the member for Osborne (Mr. Alcock), is sort of typical of government in this country where we seem to have an excessive amount of secrecy. Things seem to be done in a way that the public is not involved in, or the public does not have the information.

I cannot help but be reminded—I know that this is not the subject of taxes—but I cannot help but be reminded of this whole question of base closures. I understand that Marcel Masse, the Minister of National Defence, says he does not want to hear any delegations; he does not want to hear any representations. He and the government are going to make up their mind. They will make the decision. If you want to complain later, that is fine; but do not bother me now with your views and opinions on this.

Contrast this to what happens in the United States. When the President of the United States establishes a commission, not only the generals but

also members of the community, organizations, people, unions, everyone, have an opportunity to present views to that commission. That commission, therefore, makes recommendations on which bases to be closed, which should be left open, and this public information is submitted to the President and the executive of the United States which has to make the final decision. At least, it is an open process. I find that too much of what we do in government is not open enough.

\* (1720)

I submit that this area, in finances also, is in line with that lack of disclosure, lack of openness, lack of information. I do not know to what extent the public in Manitoba is apprised of this, to what extent they are upset. I do know—and I do not think that this comes as any surprise—that the average person is very concerned about the inequity of tax structure in this country.

What has been happening, Mr. Speaker, is that personal tax revenues have been rising dramatically while corporate tax revenues have been falling. The latest information that we have—this is from the federal Department of Finance—is personal income taxes rose \$59.5 billion in 1990-91, up 13.9 percent from the '89-90 financial year and \$466 million higher than forecasted in the February budget.

The point is that personal income tax is rising dramatically. At the same time, Mr. Speaker, corporation income tax revenues have dropped in the same period. They have dropped \$11 billion in 1990-91, down 12 percent from '89-90, \$356 million lower than the February budget said they would be. Those two sets of figures alone show to me and would show to the people of Canada and this province that there is a definite inequity at work in regard to tax burdens.

On top of that, while we are concerned about what this resolution points to and what this resolution is trying to solve, at the same time I cannot help but take this opportunity to indicate that the net GST revenues are far in excess of what the government had originally predicted. I understand that they are now totalling \$2.2 billion in the first three months of this year, 22 percent higher than the \$1.8 billion the federal government predicted a few months ago in its 1991 budget. Gross GST revenues, including the GST low-income credit, I understand, were \$2.78 billion. So, there is no question that the people of Canada are paying a great deal more tax

and, regrettably, it is being paid on a regressive basis.

So what has been happening, Mr. Speaker? I do not know whether the way we operate our Retail Sales Tax procedures and regulations, as referred to in this resolution, whether this has much bearing on it, but the fact is that there has been a dramatic shift in the tax burden under the Mulroney government. Corporate tax revenues are now almost as low as they were in 1987-88, while personal tax revenues are 32 percent higher than three years ago. Since Brian Mulroney became Prime Minister in 1984, personal tax revenues have increased 103.5 percent, while corporate tax revenues have only increased 17.7 percent, lower than the 29 percent rate of inflation over this period.

Looking at it another way, Mr. Speaker, in 1980-81, 40.7 percent of every federal revenue dollar came from personal income taxes, with 16.6 percent from corporate income taxes. Contrast this with what happened last year, when 49.9 cents came from personal income taxes, while corporate taxes only provided 9.3. So there you have it, personal taxes going from 40.7 up to 49.9, and income taxes dropping from 16.6 cents on the dollar down to 9.3. Interestingly enough, the share of unemployment insurance contributions has increased at this time as well, and that is a form of tax. As a matter of fact, U.I. contributions are so large now that they exceed the total federal corporate taxes.

Mr. Speaker, while I agree with the member for Osborne (Mr. Alcock) that this is a problem, I do not know how much of a problem it is. Overall it may not be that much of a problem. It may not be that serious, but nevertheless it is worth studying. It is nevertheless worth the Department of Finance reviewing these policies. I do not see why the government should not simply accept this resolution and go from here. I do not know why they would want to amend it or why they would want to vote against it, because it is a reasonable resolution.

I do not know whether we have another one coming up on harmonization, but, Mr. Speaker, that is an item that I have far greater concern about than the subject of this particular resolution because, while the Minister of Finance (Mr. Manness) and the Premier (Mr. Filmon) are going to argue, well, we need harmonization, because that way we will get the federal government agreeing to collect the sales taxes at the border and we need the money, and

also that it is difficult and complicated for small business in particular to have two sets of sales taxes that are on different commodities, federal sales tax pretty well on everything, whereas the provincial sales tax has a lot of exemptions, and it is very confusing and so on, at least this is the argument: We are going to be kind to business and also we are going to ensure that we collect provincial sales tax at the border.

The reality is, this government will, in the process, be imposing another very heavy burden on the taxpayers of this province through harmonization. We do not know exactly how much more burden there will be, it could be \$60 million, it could be \$80 million, it could be \$100 million, who knows. They certainly underestimated the impact of the GST.

So if the GST revenue take is as great as is indicated in these figures that are available from the federal Department of Finance, I would submit that the numbers of dollars coming from harmonization will likely be closer to \$100 million than to \$60 million as was first thought.

So again I say, if this will at all bring about more equity in our tax system, I am all in favour of it. I do not see why it would not, but I repeat, I guess I am repeating, I do not think it is probably that great a problem, but that does not mean we should not look at it and do something about it if we can.

I am convinced that the people of Manitoba are really not cognizant of this, although I believe they are becoming cognizant of the fact that further as we go along with the Mulroney government with its bias toward corporations, that more and more are we getting into an inequitable tax regime. The figures demonstrate that where personal income tax revenues are up dramatically, as I said 13.9 percent in a year, corporate income tax is down by 12 percent. So, Mr. Speaker, those figures definitely indicate that there is growing inequity in our tax system.

So having made those few remarks, I would hope that the government side would be quite willing to accept this resolution. They are famous in this session for amending resolutions rather than having us vote on those resolutions that come forward, but I think that there is nothing wrong with admitting that the system is not perfect. There is nothing wrong with admitting that maybe here we have a problem that should be addressed and the resolution is reasonable and simply requires the Department of

Finance to review and revise its policy and regulations so that we have more information.

I think we can never err on the side of providing information to the public, the more information the better. While I appreciate the British Parliamentary system, I think it is in many ways superior to the American Congressional system. One thing I do not like about it is the fact that there is more secrecy, there is less public discussion, less information for the public at large. I contrast what goes on in Canada with the procedures in the United States, and I gave that one example with regard to defence policy.

So, Mr. Speaker, I do not know whether I have really much more to add to the resolution but look forward to an early vote on the matter. Thank you.

**Hon. Darren Praznik (Minister of Labour):** Mr. Speaker, I hear comments coming from across the way from a leader who would not honour a pair given by his own party.

**Mr. Jack Reimer (Niakwa):** What kind of integrity is that?

**Mr. Praznik:** Exactly. My colleague from Niakwa asks what kind of integrity. I leave it for other members of this House to judge that, Mr. Speaker, because those kinds of things will not be forgotten. -(interjection)-

Mr. Speaker, the Leader of the Opposition (Mr. Doer) makes his comments and his jests, but, as my colleague from Riel (Mr. Ducharme) indicates, what kind of Minister of Urban Affairs was he? We will all ultimately be judged. I will be judged by the electors of this province and of the constituency of Lac du Bonnet.

I remember when the member for Concordia (Mr. Doer) prior to the last election said that I would lose, that I would not win my seat. The electors sent me back here with over half the votes cast in my constituency, Mr. Speaker. -(interjection)- No, I am not getting arrogant, because I have to work for that. I am going to address the issue at hand, but I could not resist the comments—

**Mr. Speaker:** Order, please. I would like to remind the honourable minister the question before the House is Resolution 24, Disclosure of Provincial Sales Tax Offences. I would ask the honourable minister to keep his remarks relevant to the question before the House.

**Mr. Praznik:** Mr. Speaker, I will. I could not resist that opportunity to respond to the member for Concordia.

Mr. Speaker, today I have the opportunity to respond on behalf of the government to this resolution and on behalf of my colleague the honourable Minister of Finance (Mr. Manness). The resolution raised by the member for Osborne (Mr. Alcock) certainly highlights a current problem in our existing retail sales tax legislation. It is a problem that certainly concerns members on this side of the House, and it is a very valid problem.

As someone who sits here hour after hour through private members' resolutions, many come before this House simply for political reasons, which is not unknown in this Chamber, but do not necessarily deal with matters that one can say from our perspective recognize the true problem. The member for Osborne has done that, and it is certainly a problem that we recognize.

There are, however, two matters that he raises in the WHEREAS part of his resolution with which I must make some comment, because I do not think they quite accurately reflect the reality of the state of our law. That is, Mr. Speaker, in his fourth WHEREAS, the member has indicated that the Department of Finance has been unwilling to collect these retained monies due to what it claims to be a lack of authority to collect and rebate such monies on behalf of Manitobans or to force the retailers to rebate the same.

\* (1730)

Mr. Speaker, this resolution makes it sound as if the department is trying to shirk its responsibilities. My understanding of the situation is very clearly that The Retail Sales Tax Act does not provide the authority currently for the department to collect such monies or to rebate them. The member for Osborne (Mr. Alcock) may not accept that interpretation of the department.

Certainly, it is one that I am not aware if the courts have adjudicated on, but if there is a debate over that section, it is an honest debate. I do not think the member for Osborne would imply that the government is attempting to dodge that responsibility, as officials in the Department of Finance on advice from the Department of Justice, I would assume, take that interpretation of the act as such that there is not currently authority to do what I think the member for Osborne suggests

should be done or what many on this side of the House would view as a reasonable way of handling that particular matter.

So what that, needless to say, will necessitate on the part of the Minister of Finance (Mr. Manness) is some review of that legislation to see if there is a means of making amendment to it to provide that kind of authority.

Mr. Speaker, the other part of the member's resolution with respect to WHEREASes, which also we on this side of the House have some difficulty with, is the fifth WHEREAS, which indicates WHEREAS, and I quote: the Department of Finance has refused to disclose the names of retail sales tax offenders.

I am advised again by that department that the ability to do that is simply not there. In fact, the department is prohibited from doing that by legislative requirements which currently prohibits the department from giving out what is confidential information with respect to the collection of that tax. I am sure the member for Osborne (Mr. Alcock) recognizes that. The tone of the resolution would imply that there is some doubt about that, but the words are clear. I think the member from his seat now nods. We recognize that, currently, there are legal prohibitions from doing those things that this resolution would imply the department could do.

Mr. Speaker, in recognizing that there is a problem—and I do not think anyone disputes that on this side of the House—the department, I am advised, took some measures rather quickly to at least alert Manitobans as consumers to this anomaly in the law as well as retailers providing—or in a position where they could in fact be collecting more tax than is otherwise allowed to be charged against their customers.

Mr. Speaker, just to recap somewhat the type of situation with which we are dealing in this resolution; it is the type of situation where a retailer who sells a product as well as the installation of that product, for example, flooring, carpeting, draperies, et cetera, charges to the consumer or provides a bill to the consumer encompassing the total cost of both the goods provided and the cost of installation and charges against them the 7 percent provincial sales tax against the whole bill.

What in fact they are entitled to charge by law, as the member for Osborne (Mr. Alcock) has pointed out, is the 7 percent against the cost of just the

product being sold and not the labour going into the installation of that particular product. What, of course, happens in many situations is the price charged to the consumer, the invoice charged to the consumer incorporates both those charges, maybe perhaps some others, estimate fee, et cetera, and levies the provincial sales tax against the whole amount.

What should be happening is the 7 percent sales tax should be worked into the price of the goods showing up simply in the cost of those goods. Why not one item and the invoice containing cost for the installation, et cetera, as part of that invoice?

Mr. Speaker, following the information raised by the member for Osborne (Mr. Alcock), which I understand came to him by way of information from within the department, I have to say to the member for Osborne in the way in which he has handled other matters when this happens, that I think he appreciates the delicacy of that information and is treated that way, and I certainly do not take any issue with that. From time to time, members of the opposition, even government members, have information brought to them where there are things gone awry in the department. We recognize that is part of our responsibility as legislators.

Following that being brought to the attention of the ministry of Finance, I understand that their information circulars were prepared advising both people in those particular businesses and consumers, through the Department of Co-operative, Consumer and Corporate Affairs, to watch for these types of situations in the case of retailers, how they were to be treated, because I would imagine that a fair bit of this occurs simply as a matter of lack of information.

We can excuse that happening for a while but when one remits the sales tax and finds out that you do not have to remit the amount that you have collected, it should twig, I would think, with any retailer that they, in fact, have a problem. We would hope that retailers would not be so unscrupulous as to continue that practice as an easy windfall. Those circulars, as I have mentioned, have had a wide distribution, I am told, both to people in those particular trades and through the Department of Co-operative, Consumer and Corporate Affairs on the awareness issue.

So that step was taken immediately to rectify the problem within the existing legal framework

provided by this Legislature, and I understand as well that the Minister of Finance (Mr. Manness) is currently looking at how the legislation could be improved to deal with this particular matter.

Having said that, Mr. Speaker, in coming to the resolution at hand of the member for Osborne (Mr. Alcock), there are a variety of ways to deal with this, I think a variety of very legitimate ways in which to deal with this particular problem. One of those ways is that proposed by the member for Osborne which would be the publication of information after, I understand from his remarks in the House today, some auditing, et cetera, of those retailers who have ignored this part of the law.

That particular method has some advantages which I would freely admit. It does put the onus on the consumer—buyer beware, watch for those particular businesses. It also has some disadvantages which I am sure the member for Osborne would recognize. One of them very clearly is that it could cause far more damage to a particular retailer than their actions may have warranted. The result of an error or two, of someone in the firm not catching it or putting dollars—realizing they made a mistake and shuffling it into the profit column on a ledger without that particular retailer even being aware that they had been overcharging, brought to their attention, the name published. It could result in that particular company being put out of business by consumers without the internal circumstances really warranting it.

It may not be something that the particular owner or manager of that firm was even aware of and all of a sudden find themselves on a list or corrective action is taken, yet their name would appear on a list and their business dry up.

I know the member's colleague, the member for Inkster (Mr. Lamoureux), had before being elected to this place worked in the retail trade, and I am certain he would understand the great risk associated with that. As well, Mr. Speaker, the basic principle, in many ways, of being punished and convicted without necessarily even a trial or by third party adjudication, makes it a very difficult method to swallow and we would have some concern with that particular way of resolving this problem, that it does go beyond punishment made more than fits the crime, and that gives us some concern.

As well, as I have said, the adjudication the member is proposing is really made by officials within a department without a third party adjudication, without the ability of appeal, without the ability of tailoring the particular offence to suit the—I would not say crime, it could be a crime—certainly the action that was taken, or the offensive action that was taken by the retailer.

So we, on this side of the House, have some difficulty with that particular approach, although I say to the members of this House there is certainly merit in that proposal. There are certainly disadvantages to it which I am sure the member for Osborne (Mr. Alcock) would acknowledge.

Other possible ways of resolving this problem, Mr. Speaker, in addition to the public education, one also has to have some legal means. We would agree with comments by the member for Osborne that there has to be some teeth there to deal with this. You cannot just deal with it by information circular. One other method of dealing with this, and I certainly today do not want to commit to this House, the government, or the ministry of Finance to any of these options. He is presently looking at them and I know that he certainly will look at the proposal of the member for Osborne.

\* (1740)

One other method, of course, is to amend the legislation that would allow the Department of Finance to collect those dollars that have been overcharged and to remit them back to the consumer who would make a claim within a reasonable period of time. Of course, that would also involve probably some records that were not kept well, some public part in that, some public awareness that this particular firm, having a problem, and was remitting. It would depend on the particular retailer, but if records were good the department could take that money, in essence, and notify, or remit to the person who had been overcharged their money.

There is also the possibility, and I am sure the member for Osborne would look to this with some favour, of a penalty section where those were found, where a penalty or fine could be levied and the charge could be made and dealt with in court, where the offending company would have the opportunity to explain their actions, go before that third party adjudication. It would also be a public process, needless to say, and I do not think anyone argues

with it in that forum, before a third party adjudicator, whether it be a judge, or some other independent third party, and in that kind of circumstance of course the retailer would have the opportunity to make their case if it was an oversight. If it was an oversight on the part of a bookkeeper within the firm, if it was small amounts really not amounting to a great amount, that these could be taken into consideration—if it was large amounts and the firm made an attempt to repay them when they realized what had happened. All of these things, of course, could be dealt with in that type of forum.

So that presents another method of dealing with this, this particular problem, and I am sure that the Minister of Finance (Mr. Manness) will be looking at all of these options. In the meantime, the circulars have gone out and we have tried to get a public awareness there. Again, I would have to compliment the member for Osborne (Mr. Alcock) in bringing this matter to the House and I certainly enjoyed the opportunity to put some of our thoughts on the record.

**Mr. Speaker:** Order, please. The honourable minister's time has expired.

Is the House ready for the question? No?

**Mr. Reimer:** Mr. Speaker, indeed it is a privilege to stand up here and talk about taxes. Tax is something that seems to spark a lot of interest nowadays. It does not matter what type of tax we talk about, we always seem to come forth with some very strong opinions. We have noticed that recently in the budget brought down by the honourable Minister of Finance (Mr. Manness), in taxes, the priority of taxes and where taxes should be headed, where taxes should be allocated and the fact that taxes form a very strong base, in fact it is the only base of expenditures and monies available for this government.

In talking about taxes, we have to recognize too that there is only really one taxpayer and there is only one pocket that it comes out of.

Right now when we look at the amount of needs and the amount of pressures that are put on the people here in Manitoba, the efficient use of taxes and the money that is generated from that has to come in the best possible and best use that we can allocate.

The allocation of tax money, Mr. Speaker, is something that is of strong and high priority to get the best available use and the best return, if you

want to call it, for the investment that we have, because here in Manitoba one of the strongest investments we have is in our people. Our people have always been of prime concern and prime importance with this government, and the use and the allocation of taxes can reinforce a lot of our programs.

In looking at the resolution of the member for Osborne (Mr. Alcock), we are reminded that sales tax here in Manitoba accounts for a very large portion of our revenue. When we look at the 7 percent that is brought in by the sales tax on the amount of goods that are purchased and the fact that the taxes are collected by all retailers on behalf of the government for reporting back, it amounts to an awful lot of money.

The collection of sales tax is done on a monthly basis, with the remittance coming due every month on or about the 15th of the month. Sales tax is charged on, as was mentioned by the previous speakers, the goods that are purchased and remitted as such by the retailer. The retailer is paid a certain percentage for this collection and for the handling of monies, and the remainder is then remitted to the Minister of Finance.

As was pointed out, where a problem has occurred is in particular in the carpeting industry, as was brought forth by the member for Osborne. When the retailer was making out the estimate for a job done, he included the whole package, which included the materials, it included the workmanship, and it also included the labour, and then the sales tax was charged on the total estimate work. In essence, what tax should be charged on is the materials and not the labour involved.

There was a situation that was brought forth by the member for Osborne which needed correcting and looking after and looking into by this government. As was pointed out, there is a problem and there is a concern in the fact that the member has stated in his resolution that the government has shown an unwillingness to collect these monies but, at the same time, there must be a recognition that there is not an unwillingness. It is just that at the present there does not seem to be the authority to comply with this situation. There needs to be a review and a looking into, if you want to call it, by the government as to how and when something like this can be rectified. The retail sales tax can amount to an awful lot of money regarding the two items. In looking at it, the government in its present position

cannot be forced to rebate the monies back to the retailer or in particular back to the end user who was the customer who paid for the contract or the services and the material that was rendered.

The item that is mentioned by the member for Osborne (Mr. Alcock) is saying that they refused to disclose the names of the offenders. One of the things that is very, very primary in taxation and the collection of taxation is the fact of confidentiality. Confidentiality in tax matters is something that this government, and I guess all governments have prided themselves in the fact that the confidentiality and the rights of the individual must be protected. The fact of releasing, publishing or making known offenders to this is, in essence, going against the retail sales tax legislation as it is now in place.

One of the things that was pointed out, too, is the fact that if there is to be a resolving or a looking into this situation that there should be information brought forth to the various retailers and to the various users of services and goods, in essence, trying to make the public more aware, not only the public, but also the retailers and the people who are involved with the collection and the remittance of tax.

The conditions and the guidelines should be spelled out, and there should be an awareness. There should be a constant reminder as to the obligations. There is the indication that the Department of Consumer and Corporate Affairs did produce a guideline and a brochure which was sent out to the various retailers and to various purveyors of goods and services to let them know of their responsibilities and to outline in the terms of compliance as to what is taxed and what is nontaxed under the retail sales tax.

The information that is supplied actually, as was pointed out earlier, is granted privacy under The Retail Sales Tax Act section, subsection 12(4), so that there is the knowledge that any information regarding collection and remittance of taxes is highly confidential.

\* (1750)

The resolution that is brought forth by the member: "that the Legislative Assembly recommend that the Department of Finance be required to review and revise its policies" is something that is on an ongoing basis in regard to taxation because of the fact that taxation and the availability of taxation as a source of revenue is

constantly brought forth as an item of public awareness—the public awareness as to how it can be best implemented, who can get the best benefits from the taxes and the dollars that are collected from the government, and the fact that any type of change like this has a very profound effect as it ripples through the system.

The awareness of loopholes, or falling through the cracks, is of paramount concern by the department. Anything that would help to eliminate the problem or to address the problem is something that should be concerned and should be addressed by all members. Bringing forth the resolution by the Member for Osborne (Mr. Alcock), it does show, and it has pointed out an area of concern that the department should be looking at.

The fact that the retail sales tax becomes an item of concern can be related into a retail establishment because the onus that is placed on the employer and his/her employees sometimes has to be recognized. The fact that the overzealousness of a sales clerk and the responsibilities that the employer puts on his sales clerk may not be that clear, and the sales clerk may or may not inadvertently charge the tax on the wrong item, collect the tax on the wrong item. When the employer is remitting his/her retail tax return for that month, they really have no idea as to exactly which items were sold and which taxes were collected upon.

There should be a system of monitoring, and I guess it is a system that the employer should have set up with his employees to make sure that they know exactly what type of items are taxable. Too often you hear the expression, *caveat emptor*, which is the buyer beware; but at the same time, there is a responsibility that all good corporations and all good businesses try to adhere to. In fact, I would think that the majority of businesses, and the high majority may be into—almost totally, all businesses to stay in business nowadays they have to practise good business ethics. They have to be aware of their customers. They have to be aware of their concerns and, at the same time, any type of problems that come up and that they are confronted with.

For a business to survive, they have to be able to provide this type of strong leadership and strong support to their sales people which means information training seminars or some sort of programming for the employees, so that they are made aware as to how and what to do in handling

customers. The customers are the only commodity that the sales clerk has to deal with, because it is the customer who is buying, and it is the customer who they have to satisfy.

If the customer gets the perception that they are not getting value for their products, either because of a lack of a proper pricing policy which the employer has implemented, which shows a lack of understanding of his business; then the employer is penalized for that. At the same time, it should be recognized that possibly it is the employee, himself or herself, that has been negligent in knowing exactly how to address the problem. In any type of situation like this, it places a strong onus on the employer to be aware, but at the same time when you look at a very large department store or large retail operation where they are employing literally hundreds and hundreds of sales clerks, sometimes there is the misrepresentation that can happen. Unfortunately it is usually the misrepresentation that costs the customer money.

In the collection of taxes there are very strong and rigid guidelines, and one of the things is there should not be the abuse of the sales tax criteria that is outlined by The Retail Sales Tax Act. So the employer must be constantly aware of how to educate his or her employees to make sure that this just does not happen. In looking at a lot of the departments that have the service area or labour component involved with their products, it is at that time that the employer must make sure that the sales clerk is aware that if they are doing any type of quotations or quoting on the sales and the installation of a material or, in particular, as was pointed out by the member for Osborne, a carpet installer, then at that time they have to make sure that the sales tax is charged on the material only and not the labour because at that time and at that point, the sales tax act is being contravened and the employer is in essence being in default and is liable.

At the same time if the employee is not aware of that and the employee makes out the contract for the sake of sales or for the sake that his or her job depends on the sales and depends on commission to an extent in some certain instances, then the sales clerk becomes a part to something that the employer is not privy to, so there has to be an awareness of the responsibilities, and the responsibilities that come forth at that time are what have to be recognized. In looking up the total—

**Mr. Speaker:** Order, please. The honourable member's time has expired.

**Mr. Ben Sveinson (La Verendrye):** Mr. Speaker, it is nice to be able to get up and give a few minutes of summation if you will on this resolution that was put forward, somewhat I would say, a little inopportune in a sense. You see, it is quite true that, in fact, the Minister of Finance (Mr. Manness) is looking at ways that he can correct the situation that has been brought forward by the honourable member for Osborne (Mr. Alcock). At the time that he probably wrote this up, he did feel that there were some things dealing with the provincial sales tax that should be disclosed. However, I think at this time, that the member would also admit that there is not probably a need and knowing that the government is going to come forward with something that will correct this.

Retail sales tax, Mr. Speaker, is collected on many different things, and from time to time you will find a situation or a problem that comes up for a number of reasons, one possibly being that a person working within the firm or business might not know or be conscientious enough to keep on top of the different things that the sales tax should be charged on. It does not mean that we should put that firm's name on the front page of the Free Press or something of that nature and, in fact, possibly even ruin that firm's business.

**Mr. Speaker:** Order, please. When this matter is again before the House, the honourable member for La Verendrye will have 13 minutes remaining.

The hour being 6 p.m., I am leaving the Chair with the understanding that the House will reconvene in Committee of Supply at 8 p.m.

# Legislative Assembly of Manitoba

Monday, June 10, 1991

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