



Legislative Assembly of Manitoba

DEBATES
and
PROCEEDINGS

Speaker

The Honourable Peter Fox



Vol. XXIII No. 123 2:30 p.m., Tuesday, May 25th, 1976. Third Session, 30th Legislature.

Electoral Division	Name	Political Affiliation	Address	Postal Code
ARTHUR	J. Douglas Watt	P.C.	Reston, Man.	ROM 1X0
ASSINIBOIA	Steve Patrick	Lib.	10 Red Robin Place, Wpg.	R3J 3LB
BIRTLE-RUSSELL	Harry E. Graham	P.C.	Binscarth, Man.	ROJ 0G0
BRANDON EAST	Hon. Leonard S. Evans	NDP	Legislative Bldg., Winnipeg	R3C 0VB
BRANDON WEST	Edward McGill	P.C.	2228 Princess Ave., Brandon	R7B 0H9
BURROWS	Hon. Ben Hanuschak	NDP	Legislative Bldg., Winnipeg	R3C 0VB
CHARLESWOOD	Arthur Moug	P.C.	29 Willow Ridge Rd., Winnipeg	R3R 1L5
CHURCHILL	Les Osland	NDP	66 Radisson Blvd., Churchill	ROB 0E0
CRESCENTWOOD	Warren Steen	P.C.	410 Borebank St., Winnipeg	R3N 1E7
DAUPHIN	Hon. Peter Burtniak	NDP	Legislative Bldg., Winnipeg	R3C 0VB
ELMWOOD	Hon. Russell J. Doern	NDP	Legislative Bldg., Winnipeg	R3C 0V8
EMERSON	Steve Derewianchuk	NDP	Vita, Manitoba	ROA 2K0
FLIN FLON	Thomas Barrow	NDP	Cranberry Portage, Man.	ROB 0H0
FORT GARRY	L.R. (Bud) Sherman	P.C.	86 Niagara St., Winnipeg	R3N 0T9
FORT ROUGE	Lloyd Axworthy	Lib.	140 Roslyn Road, Winnipeg	R3L 0G8
GIMLI	John C. Gottfried	NDP	44 - 3rd Ave., Gimli, Man.	ROC 1B0
GLADSTONE	James R. Ferguson	P.C.	Gladstone, Man.	ROJ 0T0
INKSTER	Hon. Sidney Green, Q.C.	NDP	Legislative Bldg., Winnipeg	R3C 0V8
KILDONAN	Hon. Peter Fox	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAC DU BONNET	Hon. Sam Uskiw	NDP	Legislative Bldg., Winnipeg	R3C 0V8
LAKESIDE	Harry J. Enns	P.C.	Woodlands, Man.	ROC 3H0
LA VERENDRYE	Bob Banman	P.C.	Steinbach, Man.	ROA 2A0
LOGAN	William Jenkins	NDP	1294 Erin St., Winnipeg	R3E 2S6
MINNEDOSA	David Blake	P.C.	Minnedosa, Man.	ROJ 1E0
MORRIS	Warner H. Jorgenson	P.C.	Morris, Man.	ROG 1K0
OSBORNE	Hon. Ian Turnbull	NDP	Legislative Bldg., Winnipeg	R3C 0V8
PEMBINA	George Henderson	P.C.	Manitou, Man.	ROG 1G0
POINT DOUGLAS	Donald Malinowski	NDP	23 Coralberry Ave., Winnipeg	R2V 2P2
PORTAGE LA PRAIRIE	Gordon E. Johnston	Lib.	Box 112, Portage la Prairie, Manitoba	R1N 3B2
RADISSON	Harry Shafransky	NDP	4 Maplehurst Rd., Winnipeg	R2J 1WB
RHINELAND	Arnold Brown	P.C.	Winkler, Man.	ROG 2X0
RIEL	Donald W. Craik	P.C.	3 River Lane, Winnipeg	R2M 3YB
RIVER HEIGHTS	Sidney Spivak, Q.C.	P.C.	2518 - 160 Hargrave St., Wpg.	R3C 3H3
ROBLIN	J. Wally McKenzie	P.C.	Inglis, Man.	ROJ 0X0
ROCK LAKE	Henry J. Einarson	P.C.	Glenboro, Man.	ROK 0X0
ROSSMERE	Hon. Ed. Schreyer	NDP	Legislative Bldg., Winnipeg	R3C 0VB
RUPERTSLAND	Hon. Harvey Bostrom	NDP	Legislative Bldg., Winnipeg	R3C 0VB
ST. BONIFACE	Hon. L.L. Desjardins	NDP	200 - 185 Carlton St., Wpg.	R3C 1P3
ST. GEORGE	Hon. Bill Uruski	NDP	10th flr., 330 Portage Ave., Wpg.	R3C 0C4
ST. JAMES	George Minaker	P.C.	318 Ronald St., Winnipeg	R3J 3JB
ST. JOHNS	Saul Cherniack, Q.C.	NDP	333 St. Johns Ave., Winnipeg	R2W 1H2
ST. MATTHEWS	Wally Johannson	NDP	418 Home St., Winnipeg	R3G 1X4
ST. VITAL	D.J. Walding	NDP	26 Hemlock Place, Winnipeg	R2H 1L7
STE. ROSE	A.R. (Pete) Adam	NDP	Ste. Rose du Lac, Man.	ROL 1S0
SELKIRK	Hon. Howard Pawley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SEVEN OAKS	Hon. Saul A. Miller	NDP	Legislative Bldg., Winnipeg	R3C 0V8
SOURIS KILLARNEY	Earl McKellar	P.C.	Nesbitt, Man.	ROK 1P0
SPRINGFIELD	Hon. René E. Toupin	NDP	Legislative Bldg., Winnipeg	R3C 0V8
STURGEON CREEK	J. Frank Johnston	P.C.	310 Overdale St., Winnipeg	R3J 2G3
SWAN RIVER	James H. Bilton	P.C.	Swan River, Man.	ROL 1Z0
THE PAS	Hon. Ron McBryde	NDP	Legislative Bldg., Winnipeg	R3C 0V8
THOMPSON	Ken Dillen	NDP	24 - 1 Public Rd., Thompson	R8N 0M3
TRANSCONA	Hon. Russell Paulley	NDP	Legislative Bldg., Winnipeg	R3C 0V8
VIRDEN	Morris McGregor	P.C.	Kenton, Man.	ROM 0Z0
WELLINGTON	Philip M. Petursson	NDP	681 Banning St., Winnipeg	R3G 2G3
WINNIPEG CENTRE	Hon. J.R. (Bud) Boyce	NDP	Legislative Bldg., Winnipeg	R3C 0V8
WOLSELEY	R.G. (Bob) Wilson	P.C.	2 Middlegate, Winnipeg	R3C 2C4

THE LEGISLATIVE ASSEMBLY OF MANITOBA
2:30 p.m., Tuesday, May 25, 1976

Opening Prayer by Mr. Speaker.

INTRODUCTION OF GUESTS

MR. SPEAKER: Before we proceed I should like to direct the attention of the honourable members to the gallery where we have 110 students, Grade 4 standing of the Morden Elementary School under the direction of Mrs. Lois Anderson. This school is located in the constituency of the Honourable Member for Pembina.

Also 30 students, Grade 5 standing of the Riverview School under the direction of Mrs. Polseen. This school is located in the constituency of the Honourable Member for Osborne, the Minister of Consumer, Corporate and Internal Services.

Twenty-five students, Grade 6 standing of the Columbus School under the direction of Mrs. Ruth Breckman from the constituency of the Honourable Member for Assiniboia.

Ninety students, Grade 6 standing of the Winkler Collegiate under the direction of Mrs. Anne Wiebe from the constituency of the Honourable Member for Rhineland.

And 40 students Grade 4 standing, Fisher Branch School under the direction of Mrs. V. Zembik. This school is located in the constituency of the Honourable Member for St. George, the Minister in charge of Manitoba Public Insurance Corporation.

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

Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for Minnedosa.

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. DAVID BLAKE (Minnedosa): Mr. Speaker, I beg to present the first report of the Committee on Public Accounts.

MR. CLERK: Your Committee met on Tuesday, March 23, 1976, for organization, and appointed Mr. Blake as Chairman. Your Committee agreed that for the remainder of the Session the Quorum of this Committee shall consist of seven (7) members.

Your Committee also met on Tuesday, May 25, 1976, and considered the Annual Report of the Provincial Auditor for the fiscal year which ended the 31st day of March, 1975.

Having received all information requested by any member of the Committee, the Annual Report of the Provincial Auditor for the fiscal year ending March 31, 1975, was adopted.

All of which is respectfully submitted.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Speaker, I move, seconded by the Honourable Member for Birtle-Russell, that the Report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: Ministerial Statements and Tabling of Reports; Notices of Motion; Introduction of Bills. The Honourable Minister of Agriculture.

INTRODUCTION OF BILLS

HON. SAMUEL USKIW (Minister of Agriculture)(Lac du Bonnet) introduced Bill 81, The Milk Control Act. (Recommended by His Honour the Lieutenant-Governor)

MR. SPEAKER: The Honourable Minister of Labour.

INTRODUCTION OF BILLS

HON. RUSSELL PAULLEY (Minister of Labour)(Transcona) introduced Bill 83, The Workplace Safety and Health Act. (Recommended by His Honour the Lieutenant-Governor)

MR. SPEAKER: The Honourable Minister of Highways.

HON. PETER BURTNIAK (Minister of Highways) (Dauphin) introduced Bill 82, an Act to amend The Highway Traffic Act (2).

MR. SPEAKER: The Honourable Minister of Consumer, Corporate and Internal Services.

HON. IAN TURNBULL (Minister of Consumer, Corporate and Internal Services) (Osborne) introduced Bill 84, an Act to amend The Real Estate Brokers Act.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY introduced Bill 85, an Act to amend The Employment Standards Act (2).

ORAL QUESTIONS

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. DONALD W. CRAIK (Leader of the Official Opposition) (Riel): Mr. Speaker, I direct a question to the First Minister or his designate. I wonder if he can advise whether the government is taking action against the infestation of forest tent caterpillars that are proving to be an increasing menace right across the Province of Manitoba.

MR. SPEAKER: The Honourable Minister of Agriculture.

MR. USKIW: Mr. Speaker, I would have assumed that by now the Acting Leader of the Opposition would have been aware of the extensive publicity campaign that has been carried out by the Department of Agriculture advising urban and rural people as to how they might be able to handle the situation, and indeed providing for a supply of chemical through the municipal office system. That has been well under way and I have no knowledge of any particular difficulty at this point in time.

MR. CRAIK: Mr. Speaker, I direct a question to the Minister and ask him, in view of the increasing seriousness of the problem whether a group such as EMO could not be brought in to assist the Minister's Department in making sure that distribution and instructions are brought, where necessary, to the municipalities and the private groups in the province.

MR. USKIW: Mr. Speaker, again I would like to inform the Acting Leader of the Opposition that over the winter months, extensive meetings were held throughout Manitoba for that very purpose. We have attempted, at least to a large degree, to inform all municipalities wherein the infestation is expected and to help them prepare for the outbreak and also to help arrange for aerial applicators and whatever else might be necessary from time to time. But it's through the local municipal offices that that is being programmed. The department has undertaken the massive publicity that has been under way for two or three months.

MR. CRAIK: Mr. Speaker, a further question to the Minister. I wonder if he could indicate whether the department is doing a day-to-day assessment to determine the level of the infestation and if so, can he advise what the situation is now from his people's technical point of view.

MR. USKIW: Mr. Speaker, it was several months ago that the entomologists indicated fairly precisely, at least according to them, where the infestations would take place throughout the province and I believe that their predictions are accurate and we are witnessing now the infestations in those particular locations which have been publicized.

Obviously it does require day-to-day monitoring and the Entomology Section of my Department is aware of the situation and if anyone requires additional information they certainly can phone the Enquiry Office or any municipal office for whatever additional information is necessary.

I might add that as of a couple of weeks ago, as a result of the publicity that

ORAL QUESTIONS

(MR. USKIW cont'd) was undertaken, we had somewhere in the order of 1,500 calls through our Enquiry Office.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SIDNEY SPIVAK, Q.C. (River Heights): Mr. Speaker, my question is to the First Minister. Several months ago questions were asked of the government and of the First Minister concerning a review or a special audit by the Provincial Auditor with respect to Flyer Coach Industries. As a result of the information furnished today by the Provincial Auditor, I wonder if he could now indicate whether his government has made a calculation of the loss that will occur on the buses to be delivered by Flyer Coach Industries made under contracts in which there would appear to have been no cost accounting procedures.

MR. SPEAKER: Order please. Order please. The honourable gentleman is placing a number of assumptions which makes the question hypothetical. Will he rephrase it.

MR. SPIVAK: Mr. Speaker, the assumptions are not hypothetical. The information of the Provincial Auditor was that there was not cost accounting procedures. --(Interjection)-- Well they were nil. Mr. Speaker, I ask the First Minister whether he can indicate to the House whether his government has determined approximately how much the people of Manitoba will have to absorb in fulfilling the contracts that Flyer Coach Industries made for delivery of buses. In other words what will the loss be and what will the taxpayer have to pay?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Mr. Speaker, the matter of opinion as to whether or not Flyer Coach had adequate cost accounting relating to cost of production is of course a matter of opinion. I should also point out that with respect to the time period, in the second half of 1973 and all of 1974 manufacturing concerns all over North America experienced considerable difficulty in the light of rising costs and also extreme delays in meeting delivery date by suppliers of components. This was true of farm machinery manufacturers, of bus manufacturers, of automobile manufacturers and the like. Therefore it is a matter of opinion as to whether or not in that context the operating experience of Flyer Coach at that point in time was unduly different and deviating from the pattern which obtained generally to manufacturing at that period of time.

Insofar as the suggestion is concerned by the Auditor that consideration be given to the hiring of a consulting firm - I think Stothert Engineering was mentioned as a specific example - that was indeed considered. It was considered as well by the Board of Directors of Flyer Coach and felt to be not a necessary application of expenditures or funds in that context so there the matter is. I believe this will be appearing before the Standing Committee on Thursday next, this coming Thursday, and I will leave it to those who have more direct responsibility for the operations of Flyer Coach to indicate at that time why it wasn't felt prudent and necessary in the circumstance to accept the suggestion that was made.

MR. SPIVAK: Mr. Speaker, I wonder if the First Minister can indicate to the House how much money the people of Manitoba are going to have to pay for the buses to be delivered by Flyer?

MR. SCHREYER: Mr. Speaker, that question can be asked on Thursday as well. My honourable friend might as well turn and ask himself how much the people of the province have to pay as a result of some of the decisions that my honourable friends made.

MR. SPIVAK: Mr. Speaker, I wonder if the First Minister can confirm that the Provincial Auditor informed the government that there was for all practical purpose no cost accounting with respect to Flyer Coach Industries on the sales of their buses.

MR. SCHREYER: Mr. Speaker, it was suggested that there may have been inadequate cost accounting, I don't believe that it was said that there was no cost accounting and that was incorporated with the suggestion that we consider hiring an engineering firm such as Stothert and Associates which suggestion was considered as requested and it was not accepted.

ORAL QUESTIONS

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. L. R. (Bud) SHERMAN (Fort Garry): Mr. Speaker, my question is to the Honourable, the First Minister. I'd like to ask him, in view of reports of an exodus of residents from Thompson due to uncertainty over the Anti-Inflation Board's ultimate decision with respect to the Inco wage contract, can the First Minister advise the House of the current prevailing situation and whether in fact such an exodus to his knowledge is taking place.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, the Province of Manitoba does not have administrative purview in connection with this matter. The province was in a position to make its views known to the Government of Canada in this regard and we have. I'm advised that the Anti-Inflation Board has given a commitment to the company and to the union and to the general community's representatives that met with the Anti-Inflation Board representatives that there would be a formal and definitive re-examination of this matter and that it would be brought to a definitive head before the end of the month. I presume therefore that it means that some time this week, there should be - some time in the next 10 days, less than that - a statement emanating from the Anti-Inflation Board.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. STEVE PATRICK (Assiniboia): Thank you, Mr. Speaker. I have a question for the Honourable Minister of Tourism and Recreation. Can the Minister indicate to the House if the department or the government has any plans to replace some of the docks that have been taken out at the Whiteshell, namely Falcon, White Lake and Nutimik.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HON. RENE TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield): Mr. Chairman, I discussed during the Estimates of the Department of Tourism, Recreation and Cultural Affairs, the existing plans of the Parks Branch in regards to part replacement of the docking facility in Falcon. We will not be able to complete the reconstructions of the dock there this year but whatever is completed will be serviceable. In regard to the other two beaches mentioned there is no immediate plans.

MR. SPEAKER: The Honourable Member for Pembina.

MR. GEORGE HENDERSON (Pembina): Mr. Speaker, my question is for the Minister of Public Works. Has the Minister any explanation as to why there was broadcasting done over certain radio stations that there'd be fireworks carried out, the display carried out, at this building last night and in reality there was none?

MR. SPEAKER: The Honourable Minister of Public Works.

HON. RUSSELL DOERN (Minister of Public Works) (Elmwood): Well, Mr. Speaker, I understand that the error is the responsibility of the radio stations that broadcast it. There was no announced government plan and I would better refer the honourable member to my colleague, the Minister of Tourism and Recreation for a further explanation.

MR. SPEAKER: The Honourable Minister of Tourism.

MR. TOUPIN: Mr. Speaker, I'm not responsible for the lack of fireworks last evening. I'm sorry that the honourable member had to stand out in the chill of the night.

A MEMBER: It was a lovely night.

MR. TOUPIN: We have, Mr. Speaker, taken responsibility for two celebrations, one being the 12th of May and the other one in July, but not for last evening.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Mr. Speaker, my question is to the Honourable the First Minister. In view of the obvious problems being traced by Northern Manitoba Fisheries, I wonder if he can inform the House if he has committed financial assistance to them to provide for some subsidy on their freighting problems.

MR. SPEAKER: The Honourable First Minister.

ORAL QUESTIONS

MR. SCHREYER: Mr. Speaker, there has been an offer or undertaking made by the Province of Manitoba with respect to inland fisheries in the Province of Manitoba and that is to provide up to half of the amount that would be involved in a program of transportation subsidy relating to northern fish product. Since that time there has been follow-up by the fishermen's group with the federal authorities and I believe they reported back last Friday that there is no confirmation to date of the Government of Canada's intention with respect to sharing the cost, by way of 50 percent of the fish transportation program, which is difficult for the province to accept, Mr. Speaker, given that the section of The British North America Act relating to fisheries refers to both coastal and inland fisheries. It has never been amended, Sir, and the Government of Canada's support towards coastal fisheries is 100 percent. We are suggesting that we would put up 50 percent and it is difficult to accept the logic of any argument that it should be 100 percent a provincial burden.

MR. BLAKE: I thank the First Minister for his answer, Mr. Speaker, and I don't want to pose a hypothetical question but I don't know how I can do it otherwise. Should the Federal Government absolutely refuse to share in the costing, will the Provincial Government . . .

MR. SPEAKER: Hypothetical. The Honourable Member for Wolseley.

MR. ROBERT G. WILSON (Wolseley): To the Minister of Public Works. Would the Minister conduct an enquiry - because like the Member from Pembina I was here myself last night together with several thousand people and I wondered if he would conduct an enquiry to find out what went wrong with the fireworks display.

MR. SPEAKER: The Honourable Minister of Public Works.

MR. DOERN: Mr. Speaker, it is quite clear that the province did not announce or indicate that there would be a fireworks display. I would suggest that the honourable member conduct an enquiry of the media who announced that there was one.

MR. WILSON: If the Minister is in charge of security would his staff not know when 2,000 people are sitting at the steps that something is to happen.

MR. SPEAKER: The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Mr. Speaker, I have a question for the Minister of Industry and Commerce. In view of the announced ban on any additional international carriers landing in the Toronto International Airport, will the Minister undertake to determine whether landing rights at Winnipeg International Airport would be granted to additional international carriers.

MR. SPEAKER: The Honourable Minister of Industry and Commerce.

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, I suppose I could make enquiries as the honourable member can also make enquiries. We don't have any control over this function of course but we'll certainly follow it up as we do with all matters of aviation in Manitoba.

MR. AXWORTHY: A supplementary, Mr. Speaker. Is the Minister then prepared to make formal application to the Minister of Transport to determine whether landing rights can be given to the air carriers in such countries as Israel, Spain, Portugal which have asked for landing rights in Canada, whether they would be given those rights in the Winnipeg International Airport seeing as they're no longer given rights in the Toronto International Airport.

MR. EVANS: Mr. Speaker, we could certainly consider that suggestion of the Honourable Member from Fort Rouge. But given our success to date in dealing with the present Minister of Transportation, I wouldn't hold out too much hope that we'll be successful.

MR. AXWORTHY: A supplementary, Mr. Speaker. In view of the fact that everything is subject to change, can the Minister tell us whether in fact he has had any negotiation or discussion with representatives of the different international carriers or foreign airlines which have been trying to secure landing rights in Canada to determine whether they are willing or prepared to arrive at the Winnipeg International Airport as compared to Toronto.

MR. EVANS: Mr. Speaker, for many years we've done our level best to

ORAL QUESTIONS

(MR. EVANS cont'd) increase the amount of international traffic at the Winnipeg Airport. There are many details, facts on the record pertaining to this. We have not been involved in this directly recently but as I indicated we will look into the matter.

MR. SPEAKER: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON (Rock Lake): Mr. Speaker, I direct this question to the First Minister because of the questions posed by some of my colleagues in regards to the fireworks here yesterday. I'm wondering if I understand this government correctly and would ask the Minister if they no longer recognize Queen Victoria Day.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, it has been said many times and it perhaps bears repeating for the benefit of my honourable friend that the Government of the Province of Manitoba is a government which supports the tradition and the utility of the monarchy. Having said that there isn't much more that need be said, Sir.

So far as Queen Victoria is concerned I do not believe that she would be particularly concerned as to whether she was recognized, having been dead since 1901. But she certainly is recognized for her historic role and I don't understand frankly the question. I don't believe that she would have ever insisted on the shooting off of noisy fireworks as being the only way to commemorate her memory.

MR. SPEAKER: The Honourable Member for Minnedosa.

MR. BLAKE: Thank you, Mr. Speaker. I just want to further my question to the First Minister. I wonder if he might inform the House what contingency plans his government has to provide assistance for the northern lakes fishermen.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Well indeed, Mr. Speaker, this was a subject of some discussion on Friday last and is something which hopefully we can bring to some resolution this week. I have not dismissed the possibility that we can get confirmation from Ottawa, that it is a reasonable proposition that they assume half the cost of whatever is involved in the support of an industry which, under The British North America Act, is Federal in nature in terms of jurisdiction, and given the fact as I have already said that with respect to coastal fisheries support is 100 percent Federal.

MR. SPEAKER: The Honourable Member for Birtle-Russell.

MR. HARRY E. GRAHAM (Birtle-Russell): Thank you, Mr. Speaker. My question is to the Minister charged with the responsibility of the Civil Service. I would like to ask the Minister if he has a report to give to the Legislature on the success of the stamping and stroking exercise that was held at the Viscount Gort on Saturday.

MR. SPEAKER: The Honourable Minister in charge of Public Insurance Corporation.

HON. BILLIE URUSKI (Minister for Manitoba Public Insurance Corporation) (St. George): Mr. Chairman, I don't know who the honourable member was stamping and stroking but I'd like him to explain to me what he's really talking about.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: My question is to the First Minister. It's with respect to the capital tax announced in the Budget. I wonder if he can indicate whether it's the government's intention to administer the collection of that tax through the Federal Government in the normal procedures that have been arranged or whether it's the intention of the government to set up a separate section of the Department of Finance to collect the tax.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, given that we will be considering Estimates of the Department of Finance within a matter of a short period of time from now, I would suggest that questions of detailed administrative arrangement would certainly come well at that time.

MR. SPEAKER: The Honourable Member for Rhineland.

MR. ARNOLD BROWN (Rhineland): My question is to the Minister of Health

ORAL QUESTIONS

(MR. BROWN cont'd) and Social Development. The Cabinet has approved an expenditure of \$1.3 million to Community Outreach project. I wonder can the Minister tell this House whether this money is to be used for special projects by community clinics?

MR. SPEAKER: The Honourable Minister of Health.

HON. LAURENT L. DESJARDINS (Minister of Health and Social Development) (St. Boniface): I'll take this question as notice. I'm not too sure what my honourable friend means by it.

MR. SPEAKER: The Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): I'd like to direct a question to the Minister of Tourism and Recreation. I'd like to ask him, is the 24th of May or Queen Victoria's birthday celebrated in the British Isles at this time?

MR. SPEAKER: The Honourable Minister of Tourism.

MR. TOUPIN: Mr. Speaker, I'm informed that the people there celebrate within their heart and not with fireworks.

MR. SPEAKER: The Honourable Member for Wolseley.

MR. WILSON: Mr. Speaker, to the Minister of Health. Can the Minister confirm that while many cultural organizations are having financial problems the Manitoba Lotteries Commission has over two million dollars in a government trust account.

MR. SPEAKER: Orders of the Day. The Honourable Minister of Renewable Resources.

HON. HARVEY BOSTROM (Minister of Renewable Resources and Transportation Services) (Rupertsland): Mr. Speaker, I have an answer to a question I took as notice from the Honourable Member for La Verendrye with respect to the number of deer harvested by Treaty Indians in Manitoba. The Department's estimate for the period June 1, 1975, to April 30, 1976, is approximately 4,500 deer that were harvested by Treaty Indian people.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, my question is for the Minister of Health and Social Development. I thank him for the information furnished to me. I'm wondering if he could indicate whether the commitments that the Federal Government have received for 7-1/2 million inoculations, I guess, of Swine Flu are the only amount to be received by the Federal Government or they only come in from the Federal Government or will they be in a position to at least meet their target of 12 million Swine Flu inoculations. In other words is this just a commitment in process of reaching the total or is there some suggestion now that the Federal Government will not be able to reach their overall commitment to the provinces.

MR. SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, I'm informed that the Federal Government still hopes to reach its commitment. This is just the first phase. I think that they're negotiating and dealing constantly with the White House also.

MR. SPIVAK: I wonder then is the Minister in a position to indicate that the organization for the vaccinations in the province is now in the process of being completed and that target dates will be set sufficient to ensure that the inoculation will take place prior to any epidemic occurring in North America.

MR. DESJARDINS: Mr. Speaker, my honourable friend can rest assured that as soon as we receive the doses of vaccine we'll proceed immediately. There certainly won't be any delay.

MR. SPIVAK: By way of another question then. I wonder if the Minister can indicate approximately when the government hopes to commence the inoculations in the province. What target date are we looking at as the opening of the campaign for inoculation and what time period are we looking at for its completion?

MR. DESJARDINS: Mr. Speaker, the target date would be - providing of course that we receive the vaccine - would be September or October, around October.

MR. SPEAKER: The Honourable Member for Assiniboia.

ORAL QUESTIONS

MR. PATRICK: Thank you, Mr. Speaker. I have a question for the Minister of Renewable Resources. In view of the dry weather in Manitoba can the Minister give us some report on the forest fires in Manitoba and what precautionary measures is the government taking to try to prevent the spreading of fire.

MR. SPEAKER: The Honourable Minister of Renewable Resources.

MR. BOSTROM: Mr. Speaker, the daily reports of the fire damage and fire danger in the province and the number of fires that are burning and are being fought by resources by this department are available to the honourable member. I could supply him with a copy if he desires, but one would be available from the News Service.

MR. SPEAKER: The Honourable Member for La Verendrye.

MR. BANMAN: Thank you, Mr. Speaker. I direct my question to the Minister of Renewal Resources. In light of the answer he just gave, I wonder if the Minister could inform the House as to what percentage of the total deer population, these 4,500 deer were during that time period.

MR. SPEAKER: The Honourable Minister of Renewable Resources.

MR. BOSTROM: Mr. Speaker, this is 4,500 out of an estimated population of about 63,000 deer that were in that period of time.

MR. BANMAN: Thank you, Mr. Speaker. The 63,000 figure - I think in the Minister's release about a week ago he mentioned that there were 57,000 deer in the province. Has there been a change in that or did he deduct the 4,500 from the 63,000?

MR. BOSTROM: Mr. Speaker, the 57,000 was the best estimate after taking into consideration such things as the Indian harvest and also the winter kill that occurred in the latter months of this year.

MR. SPEAKER: The Honourable Member for Assiniboia.

MR. PATRICK: Thank you, Mr. Speaker. I've another question to the Minister of the Renewable Resources. Can the Minister indicate to the House the present fires that are burning, does that present any danger and what are the present conditions? Can the Minister indicate to the House?

MR. SPEAKER: The Honourable Minister.

MR. BOSTROM: Mr. Speaker, the present condition is quite serious. In most areas of the province the fire danger is quite high. The Department is taking every precaution to ensure that there are no open fires in the campgrounds. These are being policed on a regular basis to ensure that campers are abiding by the laws that have been set down regarding open fires. We are also keeping a very close watch, a surveillance, of all areas of the merchantable forests in the province. We now have a total of I believe it's eight aircraft that are doing a regular aerial check of the entire merchantable area of the provincial forest. Whenever a fire is spotted forces are brought into force to fight the fire.

MR. PATRICK: Are the fires presenting any problem to our resort areas? Can the Minister indicate is he recruiting any more manpower and getting any more equipment as a result of the fires at the present time?

MR. BOSTROM: We have standby crews, Mr. Speaker, that are ready to go at a moment's notice. We also have a number of communities that have traditionally supplied forest firefighters, particularly northern communities, where we can recruit firefighters on a moment's notice. These people are ready to go at any time.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Speaker, I directed a question to the First Minister last Friday with regard to the regulations on The Mineral Stabilization Act. I was wondering if he or his Minister were able to get the replies. The question was regarding whether or not interest on mortgages was going to be allowed as a pass-through cost. --(Interjection)-- Rent Stabilization Act, Mr. Speaker.

MR. SPEAKER: The Honourable Minister of Consumer, Corporate and Internal Services.

MR. TURNBULL: Mr. Speaker, the regulations under The Rent Stabilization Act are public information. One of those regulations provides that the cost of interest for mortgages is not an expense that will be allowed unless there is, under another

ORAL QUESTIONS

(MR. TURNBULL cont'd) provision of the regulations, the possibility of the landlord experiencing hardship in which case interest on such mortgage costs will be allowed. There is also allowance for interest on that portion of mortgage money that is used to pay for taxes.

MR. CRAIK: Mr. Speaker, I wonder if the Minister would clarify. The regulations, I believe read "interest charges" not "increased interest charges", but straight "interest charges". I wonder if he could indicate whether mortgages coming due this year under this five-year term that is prevalent in the business, whether the increased interest costs where mortgages are going roughly from 9-1/2 percent to 12 percent whether that increase of 2-1/2, or whatever it is, percent will be regarded as a pass-through cost?

MR. TURNBULL: Mr. Speaker, in terms of the sentence in the regulations I would think not. But I will check this particular interpretation of this question with the members of the board and see if that would be the intent, that is to allow the increase in the cost of money as a pass-through.

MR. SPEAKER: The Honourable Member for River Heights.

MR. SPIVAK: Mr. Speaker, my question is to the First Minister. I wonder if he can indicate why his government has taken the position that increase in interest costs are not a legitimate expense to be passed through with respect to the Rent Stabilization Bill, the justification in principle of why that should not be included.

MR. SPEAKER: The Honourable First Minister.

MR. SCHREYER: Mr. Speaker, that is a matter which the Minister of Consumer Affairs has just finished indicating is under scrutiny. By and large my attitude with respect to the rent legislation was that we should have all of the standard provisions as they obtain in all of the provinces across Canada. There is a uniformity of treatment with respect to the matter of interest as well. I don't assume that we want to deviate from standard treatment in that regard.

MR. SPIVAK: Mr. Speaker, I wonder if the First Minister will acknowledge the retroactivity with respect to the timing for when rent control was to start varied in other provinces and that one cannot in fact make a judgement . . .

MR. SPEAKER: Order please. The question is becoming argumentative and that's one of our rules.

MR. SPIVAK: I'll then ask the First Minister: will he confirm that other provinces have enacted legislation in which the retroactivity of the legislation is different than that which was proposed for the Province of Manitoba; and further, which allowed cost pass-through of additional expenses up until the time of the announcement of the Anti-Inflationary Guidelines by the Federal Government.

MR. SCHREYER: Mr. Speaker, I'd be happy to read my honourable friend's question. It has assumption in it which I do not believe to be factually correct.

ORDERS OF THE DAY - ORDERS FOR RETURN

MR. SPEAKER: Orders of the Day. Orders for Return. The Honourable Member for Roblin.

MR. J. WALLY MCKENZIE (Roblin): Mr. Speaker, I beg the indulgence of the House to have this Order withdrawn. (Agreed)

GOVERNMENT BILLS - THIRD READING

MR. SPEAKER: Adjourned debate on the report stage of Bill 51 and the proposed amendment thereto by the Honourable Attorney-General. The Honourable Member for Birtle-Russell.

MR. GRAHAM: Mr. Speaker, the use of the term "valid" or "invalid" was just a slip of the pen and I see nothing wrong with letting that bill proceed.

QUESTION put on the amendment to Bill 51, MOTION carried.

BILL NO. 51 was read a third time and passed.

GOVERNMENT BILLS - SECOND READINGS
BILL 54 - AN ACT TO AMEND THE TEACHERS' PENSIONS ACT

MR. SPEAKER: The Honourable Member for Brandon West.

MR. EDWARD MCGILL (Brandon West): Mr. Speaker, Bill 54, an Act to amend the Teachers' Pensions Act, was introduced for second reading with the explanations of the Minister on Tuesday last. As the Minister has indicated there are a number of amendments to The Teachers' Pensions Act contained in the bill and they are difficult to deal with at second reading because they do not really involve a matter of principle. I think they may well be dealt with more expeditiously at the committee stage. There were such things as the practice of providing supplementary allowances to persons on pensions or disability allowances based on changes in the consumer price index and giving to the Teachers' Retirement Allowance Fund Board corporate status and other amendments of that nature. Mr. Speaker, I think we may well have some comments to make on one or more of these amendments but they can be provided and dealt with at the committee stage.

Mr. Speaker, there is one matter that this bill includes which I think should be discussed in some detail at this time. That is the matter of providing some relief for teachers who accumulated war service but who, because of the wording of The Teachers' Pensions Act, were not eligible immediately for inclusion under the terms of the Act and therefore up to this time have not been able to count those years of war service as pensionable time. This matter has been the subject of concern and of discussion since the 1950s I'm told when the Teachers' Society and the teachers generally brought the problem to the attention of the then government and indicated that it was their desire to find some equitable solution. Mr. Speaker, I think we should bear in mind that we are concerned here with a group of teachers, if they haven't already reached retirement age are just about to reach that age. They number, according to the Minister of Education, less than 50 and I think they might be defined in closer limits as somewhere between 20 and 30 teachers.

We should also bear in mind when these people in the World War II years decided to join the Services they were not concerned about the subject of pensions since no Pension Act I think existed. That was perhaps the last thing in their minds when they decided that the proper thing to do was to join the armed forces and make their contribution.

We should also bear in mind that the Act was written to be effective retroactively and the wording was designed to the best ability of the people who drew up the Act. But certainly it was not possible to include every such special case, where difficulties arose or where technicalities arose that made the circumstances of these 20 to 30 individual cases different from those which immediately fell into the coverage of the Act. There are a number of cases documented. I believe the Minister's Department did make a study of this problem and documented a number of cases that it was felt would come into the category of those who had war service which could be included for pension purposes had the wording of the Act been somewhat more lenient.

One such case was the case of a teacher who applied for enlistment in the Royal Canadian Air Force in June or July and was told that he would be notified of his date of reporting for service. He then, in September, decided that it would be unfair to his students to sign a contract to teach that full year because he fully expected that he would be receiving his notice to report before that time came.

This I think, Mr. Speaker, was a very responsible decision on the part of the teacher who again was not thinking of pension purposes but probably was thinking of the well-being of those students under his supervision. He felt it would probably be unfair to them if he left in the middle of his term and they were then faced with having another teacher. So he simply did not renew his contract. As it turned out he was not called up for some many months after that, and so as a result when in later years the Act was written it didn't cover his particular case. Mr. Speaker, there are many cases more than 20, that have been documented and where the technicalities are such that the present Act does not include them.

Since the fifties when the Manitoba Teachers' Society brought this to the attention of the government there have been frequent attempts to include this in amendment

BILL 54

(MR. MCGILL cont'd) legislation. One of the most recent was last year's Bill No. 64 which was left on the Order Paper. It came in I believe, I can't recall, but I think rather late in the session and it was decided not to proceed with the bill at that time but the assurance was given by the Minister of Education that he would give his undertaking that none of those affected would suffer as a result of this being delayed, the passage of this legislation being delayed.

I believe that as late as November and December of last year, 1975, the Minister of Education notified the Teachers' Society that he had authority of Cabinet to proceed with the bill which had been introduced last year. That, in essence, was to set up a three-man commission which would have authority to deal with each one of these cases where an application would be made for inclusion of war service in pensionable service and that these cases would be dealt with on an individual basis. It was requested of the Society that they submit a name as their nominee to be a member of the three-man commission.

Mr. Speaker, I believe that the teachers on that basis assumed that when this bill did come to the session for consideration this year that it would be generally a reintroduction of Bill 64 containing that essential provision. Well, Mr. Speaker, that hasn't happened. Quite obviously, without any consultation or further indication to the teachers, the Department of Education under the present Minister and the Government of Manitoba decided to approach this matter in a completely different way. So it was a complete surprise to the teachers when they received the copy of the new bill, Bill No. 54, which we are now dealing with.

Under the terms of Bill 54 the government has a new approach to the problem of these 20 to 30 teachers. They would suggest now that persons who have war service, other than those who have already qualified for credit under Section 55(2) of The Teachers' Pension Act, may purchase credit for that service by making contributions at the rate of 12 percent on the salary at the time of making an arrangement to pay the contributions, or where one is retired, on the rate of salary at the time of retirement. If one is retired or retires before July 1st, 1980 and has not made or completed the required contributions to purchase service there is provision for a teacher to elect to include the war service in the pension calculation, but with any additional pension resulting therefrom being applied first against the required contributions.

Mr. Speaker, the Teachers' Society has not, at any time, supported that kind of a proposal nor have they ever discussed such a proposal with the Minister of Education. Most of the provinces in Canada have made an amendment to their Act to look after those who had a technical problem, after their war service, and few if any have asked that the person involved contribute not only the employee portion of the pension but also the employer portion. Mr. Speaker, this appears to be a very expensive way and offers to those people very little, if any, advantage in proceeding under the kind of proposal that is now being offered to them under Bill 54.

I think the Teachers' Society would have been very pleased if some arrangement had been made where a proportion of the salary which applied, or would have applied, at the time of the teacher's joining the Armed Forces, plus some reasonable interest rate for the accumulated dividend on that contribution up to the present time. This might have been a very reasonable way in which to give recognition to those teachers who had decided to do what they felt was the proper thing by joining the forces in World War II. Mr. Speaker, this proposal as we now have it offers, in my view, really nothing of real value nor does it recognize in any real way the service of these teachers during World War II. I find it extremely difficult to understand how the government would have come to this kind of proposal.

It's true that we had a bill just a week or so ago covering the Manitoba Government Employees' Association and it contained a clause for those who felt that they would like to reinstate or instate war service. They would charge 12 percent of their present earnings and so forth. But I think the Manitoba Government Employees' Association are prepared to speak for themselves on this matter. I understand that this was never a priority in terms of their requests from the government. It has been a priority of the teachers but not of the Manitoba Government Employees' Association. Their instructions,

BILL 54

(MR. MCGILL cont'd) I believe, to the government were, "Yes, we'd like to have some kind of clause that would provide for this purchase of time but we don't want it to become a charge in any way on the funds of our Retirement Fund."

Well, Mr. Speaker, the teachers have never suggested to the government that they didn't want it to become a charge on their Retirement Fund. To my knowledge they have never asked the government to move in and protect the Retirement Fund set up for teachers' pensions against the claims which might now be made by this small group, this non-recurring group of teachers who have war service which has not been accredited to them. It seems to me that the government is attempting - and says in their explanations of this bill - that they're attempting to have some conformity in these pension fund terms and that this would be the proper thing to carry out.

Well there is no real conformity in the terms of these pension funds and one example is the case of teachers who withdraw from the fund. They receive back their contributions in total. But those who withdraw from the Manitoba Government Employees' Association receive their contributions in total plus 3 percent. So there is an obvious difference between the two plans. If one considers those who withdrew from the teachers' plan in 1974, it amounted to \$1.5 million roughly and if they had received also the 3 percent that the MGEA employees get, there would have been an additional \$45,000 which would have been about seven times the cost of including the teachers under the Teachers' Pension Plan on terms much more favourable than those which are now being proposed by this bill.

Mr. Speaker, I feel it's not unreasonable for teachers to make a contribution. I think they are prepared to do that and perhaps to make it on a basis of something like six percent of the cost or whatever the employee's share would have been. But I think it's also fair to expect that the government would recognize the service of these former members of the military forces during World War II and make some contribution in their favour. This bill does not do that. It simply says, if you want it you'll pay the full shot and the question of whether or not it's a good investment you'll have to decide. Many of them would look at it and say, "It doesn't look like a very good investment to me." Under the terms which are now being proposed to them, the great majority of them would say, "We wouldn't even want this bill to proceed on that basis because we don't think it answers in any way the problem, nor does it recognize in any way our period of service in the Armed Forces."

Mr. Speaker, this approach by the Department of Education to say the least has been extremely inconsistent. The Minister has changed his direction on it; there have been no explanations or consultations with the teachers as to why; the Department has set itself up to protect the Teachers' Fund from any expense involved in these applications without being invited to do so, so far as I know, by the teachers. The teachers have been concerned and made this an item of priority for many years and the way in which it is now being proposed, in my view, is a very shoddy and inadequate way to deal with this service.

I think the whole bill represents a kind of lack of enthusiasm for people with war service on the part of this government and I'm wondering why. I'm wondering why they are so loathe to recognize and do what so many other provinces have done, to look after these people at a reasonable cost. Not that it should be entirely free as it was for those who qualified immediately under the terms of The Pension Act. The teachers are prepared to contribute on a reasonable basis. But, Mr. Speaker, in our view this is not reasonable. This is not a very fair or proper way in which to treat the Veterans of World War II who are a small group on the verge of retirement - some of them already have retired. We feel that this government should reconsider this matter and introduce an amendment to the bill at the committee stage which would reduce the proposed cost of participating to the teachers who are involved.

MR. SPEAKER: The Honourable Member for Fort Garry. The Honourable Minister wishes to have a question?

HON. BEN HANUSCHAK (Minister of Education) (Burrows): Yes, please.

MR. SPEAKER: The Honourable Minister of Education.

BILL 54

MR. HANUSCHAK: Yes, Mr. Speaker. I believe the Honourable Member for Brandon West mentioned that this appears to be a very expensive way and of little advantage to the teachers. I'm wondering if he could distinguish in what manner this is expensive and of little advantage to the teachers, but a similar provision extended to the civil servants not being expensive and of advantage which I believe his party supported.

MR. SPEAKER: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Speaker, I was attempting to point out to the Minister that the matter of the providing of the war service years as pensionable years for this group of 20 to 30 teachers was a priority item of the Teachers' Society. They wanted it to be done on reasonable terms. They were prepared to bear some of the expense. They didn't ask the government to come in and protect their Fund from all expense.

What the government has done, it has responded to MGEA and they can speak for themselves. Again, I'm not speaking for them, but I understand that their position was this was not a priority item but if it was included they didn't wish it to become any kind of an expense on their pension Fund. So the government has proceeded on the assumption that the teachers felt the same way. They didn't feel the same way and if the Minister had taken the trouble to consult with them, to tell them of his complete change of direction in respect to this bill he would have found that out.

A MEMBER: Any more stupid questions?

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, if no one else wishes to speak at this time, I'm . . .

MR. SPEAKER: Order please. The Honourable Member for St. Johns.

MR. SAUL CHERNIACK, Q.C. (St. Johns): Mr. Speaker, I appreciate the offer by the Honourable Member for Fort Garry to hold back with his motion to adjourn in order to permit others to speak.

I've been cogitating on the issue of the veterans' pension that the Member for Brandon West spent most of his time on and I'm having difficulty with it, Mr. Speaker. I don't see it as black and white as the Member for Brandon West appears to see it.

I must say I had some resentments when I, along I presume with all members of the Legislative Assembly, received a telegram saying that 2,400 teachers think of government treatment of certain war veterans as callous. Now, you know, Mr. Speaker, it's not true. I have spoken not to 2,400 teachers, I've spoken to a few teachers, enough to know that 2,400 were not those who felt the treatment was callous. As a matter of fact - although I accept the statement by the Member for Brandon West that it was set as a priority in their list of suggested legislation - nevertheless I doubt very much if it is true that the vast majority of teachers are really exercised about this proposed enactment.

As a matter of fact the Member for Brandon West indicated that this matter has been with the teachers for a long time. I guess ever since the original Pension Act came in. I wish I were privy to what went on in the caucus of the Conservative Party at the time when they were in government in order to find out what their reasons were not to grant even this modicum of right which is being proposed today. I don't know, I think that the Leader of the Conservative Party - that is the one who sits in this House - having been Minister of Education should tell us why it was that he did not bring forward legislation along the lines that the Member for Brandon West says. Or the former Leader of the Conservative Party, as to why he was not party to seeing to it that there should be this kind of legislation, even this modicum. Or any of the other members present in this House at this time who were members of the caucus of what was formerly the government. I really would like to know. I'd like to know why there was a change in reasoning. I'd like to know why it is that the Conservative caucus has now become that paternalistic in regard to pensions and not those of people who were employees at the time. I really would have thought that the Conservative caucus would have said that those who were not teachers, who were not employees before and after, were not teachers and should have made their provisions for their own protection.

Mr. Speaker, I suppose one of the reasons why these thoughts run through my mind is that there are many veterans that I know, many more that I knew, many

(MR. CHERNIACK cont'd) who gave their lives, many who were permanently crippled during the war, a number of whom are members of this present Legislature, who I have not heard are so incensed at the injustice - and I use the word "callous" in quotation marks because that's the nature of the telegram - about what has been done in relation to those 20 or 30 teachers.

Mr. Speaker, I look across the room and I see veterans who gave of their service. I'd like to know the extent to which they have been in some way protected or made the beneficiaries of a clause such as this entitling them to some sort of pension recognition for the years that they spent in the service. I'd like to know, Mr. Speaker, for my own personal advantage, if I am overlooking some right which maybe I acquired and am not aware of, which would entitle me in some way to buy into a specialized pension plan on the basis of service during the war.

The Member for Brandon West is quite correct. I think there was hardly anyone who joined the Forces in the Second World War, where I met so many of them, who went in with any real fixed regard for protection for the future of the years that they were about to lose. I don't think that that was part of their thinking. Neither those who volunteered nor those who were conscripted, I believe, had that much concern at that time about recognition for their years of service. --(Interjection)-- Now the Member for Brandon West calls out, they trusted the government to look after them. Well I wonder if that's true, I really wonder if that's true. I was not a child when I joined the Army, I was about 26 years old. I think I remember well that I was not relying on the government to look after me. I knew from past experience that in the event of death or permanent injury that there would be a form of pension, there would be a form of compensation. But, Mr. Speaker, at no time did anyone that I know of who joined the Forces expect to be fully protected, fully compensated from all the dangers and all the exposure that war service envisions.

Now looking back on it, as I say - I don't know what benefits members opposite who were in the service received for their war service but, you know, when the Member for Brandon West said he had expected the government to look after it, I do recall this. I do remember that there was some sort of legislation that said that anyone who left his employment for war service and returned to the employment for war service, should not lose seniority rights - I remember that - should not lose therefore their right to go back to work in preference to people who became employed subsequent to their employment. In other words, people who replaced someone who left for service would have to be displaced to create a position for that person who came back from the service.

We have legislation that's been on the books for a number of years. Well I can't see from this, but I have no doubt that the legislation was passed by former governments quite a long time ago, which recognized the principle that anyone who had been employed as a teacher within one year prior to enlistment and who came back within two years subsequent to the cessation of service - that last phrase I don't know if that's the exact phrase here - yes, again became or becomes a teacher within two years after or within one year after certain training or other conditions, that this legislation that we already have on the statute books does look after the case of a person who had been a teacher prior to service and became a teacher after service.

Now the Member for Brandon West speaks of a person who apparently, expecting to go into service, did not sign an employment contract never having taught apparently, not having entered the employment of a school board but could have had he signed the contract; not having done so was unable to obtain a pension. Well I understand that, Mr. Speaker, just as I know many people in the professions and in other fields of endeavour who had contemplated going on with or starting a career which was either postponed because of war service or was interrupted by war service. I don't know what government was expected to protect those people. That's my problem, Mr. Speaker. My problem is that in this case it appears that the Conservative caucus believes that there should be special recognition.

Mr. Speaker, I don't like the insinuation by the Member for Brandon West. He doesn't understand this government having a lack of recognition of war service. That's an utterly untrue insinuation. I believe he implied that this government has no

BILL 54

(MR. CHERNIACK cont'd) concern about people who served during any of the war engagements and that is untrue. On the other hand I don't think that there should be any false halos placed around anyone when considering the logic and the applicability of a certain principle.

The fact that there are 20 or 30 people involved is not really a factor. The principle is right or it's wrong. If there are 20 or 30 then it might be an inexpensive thing. On the other hand, if there are 20 or 30 maybe it doesn't warrant a massive piece of legislation, in principle designed to take care of those individual cases of 20 or 30 people. Mr. Speaker, what they are now being allowed, which they never had before, is the right to buy in as expressed by the Member for Brandon West. What really is wrong with that? Had they continued to teach they would have become part of a system which would have provided that the employer, the beneficiary of their services, would be a participant in the pension plan and the employee would have had deductions made from his income in order to create a pension plan which to my knowledge, and my knowledge is quite dated, Mr. Speaker, because I was on the Winnipeg School Board between 1950 and 1954 at which time the pension plan was already in trouble. At that time, as I recall it, it was not a properly funded plan and I believe it was somewhere around that time that the Provincial Government of the day took over responsibility for the pension plan. I may be wrong.

The Honourable Member for Brandon West says that teachers don't expect to be guaranteed that there will be no impact or reduction in the Fund as it is. But of course there will be, whether it's minor or not. I'm under the impression that the government is committed from years back to funding and making a fundable pension plan out of what was really a badly constructed one. Now if the principle of buy in and buy back or whatever you want to call it is accepted then it's only a question of how much and what is the justification of it?

The Honourable Member for Brandon West is suggesting that those who served, who were in the Services over 30 years ago, now have a right to obtain a pension at someone's expense. It has to be at someone's expense because a pension costs money. Should the pension be at the expense of future taxpayers of the province? Should it be at the expense of the colleagues, the teachers who are colleagues of theirs? Or should it be at the expense of the person who will be the beneficiary? I don't know. I'd like to ask members opposite who were in the Armed Services and who did not have the benefit of this kind of a pension whether they would now like to buy in to a pension of that nature. Maybe they would. On the other hand they would have a right not to.

But if it were done, even on the basis mentioned by the Member for Brandon West, on a retroactive calculation at say six percent, then at six percent retroactively for over 30 years that would mean at least 180 percent on top of the deductible portion itself. Because 30 times six, I believe, is still 180. If you compound it, it'll be over 200 percent I am sure. Then of course 30 is the minimum, this being 1976 and the war having ended over 30 years ago, then that would be the absolute minimum. Thirty years of retroactive interest at six percent per annum compounded would be well over 200 percent of the amount payable at that time. Instead of that the suggestion is that a teacher now being given an option should exercise the option either to go into the plan or to stay out of the plan and the option is based on what it costs him.

Now I don't know that that's unfair and that's why, Mr. Speaker, I have these problems in my mind. I just don't see it that clear cut. It may well be that after there are representations and discussions at committee stage that I will understand any proposed changes and I don't know what the Minister himself would think about such changes. But I would really have to be convinced that there is a callous treatment, which callous treatment is one that apparently is shared by all my colleagues in this House over the vast number of years that we were all serving in this capacity. This callous approach. I just don't understand it. I don't accept that attack. I don't accept it on behalf of members of the former government or of its caucus, I don't think that it can be said they're callous. I do reject and I would even wish that the Member for Brandon West would have refrained from making some innuendo that this government has no concern for veterans. I think it does not dignify the position that he took. I just think that there

BILL 54

(MR. CHERNIACK cont'd) should be a little bit more of an argument presented and possibly there will be.

I must say that the fact that teachers place it high on their list of priorities does not necessarily make it right. I still think we ought to approach this objectively not emotionally, that we ought to understand it and we ought to realize that according to the Member for Brandon West this is a correction of a misunderstanding. Well I don't know. It so happens that I have heard from a teacher who served in the war years, later went to school and acquired-Normal School, I believe it was -and acquired the right to teach and became a teacher. Now that person never could qualify for a pension under the old or the present. Should he be entitled to it? --(Interjection)-- Or under this one of course. Should he be entitled to it? Is it conceivable that the Member for Brandon West would say that he and I could now become teachers - and I'm sure we can, I'm sure we could pass the necessary exams - and then be able to apply our war service years to a pension?

I really think we ought to understand what it is that we're being asked to do and why it is so apparently right to do it when since the Act was brought in it was not considered necessary to do it. I think that every time you pass legislation you must have certain parameters within which you recognize some special service. In this case the parameters are within one year prior to service you had to have been a teacher and within two years subsequent to service you had to become again a teacher. That's a pretty wide range. Whenever you pass some kind of law or regulation you pretty well have to accept certain restraints, certain boundaries within which you could operate.

Would it be right for the Honourable Member for Brandon West to propose that we also include anyone who could have but didn't happen to have signed a contract of employment even though he hadn't taught at all. Would that be one of the parameters he would suggest? I don't think so. I don't think so. --(Interjection)-- And of course members here say, why lose it to teachers? Well the answer apparently is that there is a teachers' pension fund of which the government is a participant - at least I believe it is - so you need legislation.

But maybe we ought to legislate that every person who is now employed in an industry where there is a pension shall get recognition for those years of service which he spent whether or not he had been employed prior and subsequent to that employment which means to me that - well maybe all members of this Legislature who put in years of service should be able to tack on to our legislative pension a period of time relating to the years of war service where, had they not occurred, we might have been in this Legislative Assembly that many years earlier. Or let us say that there is an employee of one of the people in agriculture in this Assembly, someone who works for a man who operates a farm and has worked for some time. We don't even have a pension for that person. But should we say that if there was a pension, then he's entitled to be paid by that employer a pension including the years of service which he gave. I don't know. It's an idea, it's been suggested. It's not that illogical to discuss this aspect. It is not so remote to broaden it so that anybody who spent years in service should be recognized in any pension which he has acquired due to subsequent years of service.

Mr. Speaker, I feel very strongly about the years of service that I gave - and I was never in any great danger except by possibly from the gun that was operated by one of the members in this Legislature - but other than that, Mr. Speaker, I was fortunate for my own health and security that I was not in an arena of war. Nevertheless, Mr. Speaker, that was the fate of some of us in the service that we were not assigned to theatres of war, others were in the theatres of war. I feel very strongly that one should not in any way minimize that kind of service, even those who were conscripted, but certainly of those who voluntarily agreed to serve their country at a time when there was a world holocaust going on and where so many people were involved with the endangerment of the democratic system. I don't like to think that there is even the slightest suggestion that we are not recognizing those who did agree to serve and those who sacrificed, forget those who sacrificed their life and limb.

Let's talk about those who sacrificed the opportunity to improve or advance their chosen profession or their chosen occupation because of the years which they gave to

BILL 54

(MR. CHERNIACK cont'd) service. Only the Permanent Force soldiers were doing, in the war years, those jobs which they had undertaken to do prior or subsequent to service; the rest of the veterans today are people who gave up years of their lives and probably the most fruitful years, or the most potentially strong years of building their lives in the future; and they were certainly held back.

Now let us not try to pass that off by saying, 'Okay, pay 6 percent instead of 12 percent and then everything will have been done to right a wrong.' Mr. Speaker, it was, I believe unfair. Maybe that's why I rose to speak, when there was even the slightest suggestion by the Member for Brandon West that some people may lack the need or the desire to recognize war service. That was unfair. I reject it. I think I have a right to reject it, and I think we should more apply ourselves to the justice of the principle involved in this bill. The principle involved in this bill goes beyond that which the Federal Government did to protect the time the people who were in the services were to lose in relation to job security. That was important. But to relate it in this way I think is unfair. It's not helpful. I think we should look at it logically. We should look at it also from a business standpoint. We should look at it from the standpoint of the costs, the benefits. All the teachers that we are talking about, all 20 or 30 or 50, or how many there are, are people who will be in receipt of a pension, and are people obviously who have been in the teaching profession for a very large number of years, otherwise they could not be involved in this kind of a formula. If they've been teachers for a very long period of time, which I believe is true, then they are not going to be destitute when they leave their work at this time or about this time. Since they are not going to be destitute then the question is, how much more should they get and at whose expense?

That to me is the question which possibly will be clarified because as I say I propose to vote in favour of this bill and we will hear what will be said at committee stage. Possibly there'll be something said either in this House or at committee which will make me understand the rationale for the change other than the emotional one, and when that happens, well I don't know, but I'd certainly hope that the attempts to convince us will not be reference to the service, apart from service to the employer, or reference to this being something teachers want, therefore one should give it to them; or reference that MGEA didn't care so much, so it's not that much of a concern, because the Member for Brandon West seemed to imply that the formula in the Civil Service Superannuation Plan is an adequate one, he's not objecting to that, and he also says this formula is similar.

So these reasons that he had given were not convincing to me, and in my effort to try to be objective about it, because I'm not committed, I'm hoping that I will get greater help from proponents of change who will give us a more logical presentation and a business presentation, which I think we have a right to expect from the opposition, to understand just what should be a correct formula.

MR. SPEAKER: The Honourable Member for Fort Garry.

MR. SHERMAN: Mr. Speaker, I move, seconded by the Honourable Member for Morris, that debate be adjourned.

MOTION presented and carried.

MR. SPEAKER: Bill No. 56.

MR. PAULLEY: I wonder if we could change the order and go into Supply at this time and by-pass the next two items.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: Therefore I would move, Mr. Speaker, seconded by the Honourable, the Minister of Education that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider the Supply to be granted to Her Majesty. The Honourable Member for Morris.

MR. WARNER H. JORGENSON (Morris): Mr. Speaker, before we go into Supply I wonder if we could get one matter straightened out. There is only one item on the Order Paper dealing with Private Members' business and my understanding is the Member for St. Matthews is holding that for the First Minister. If it is not his intention to proceed with that bill in Private Members', then there's no point in going through the

(MR. JORGENSEN cont'd) formality of going into Private Members' Hour and we just continue on in Estimates. If we can have that agreed now then we'll know precisely what we're going to do.

MR. SPEAKER: The Honourable Minister of Labour.

MR. PAULLEY: I think it would be understood if we continue right into Supply starting with Finance and we will not touch that item in the Private Members' Resolutions.

MR. SPEAKER: Very well.

MOTION presented and carried and the House resolved itself into a Committee of Supply with the Honourable Member for Logan in the Chair.

COMMITTEE OF SUPPLY - DEPARTMENT OF FINANCE

MR. CHAIRMAN: I refer honourable members to Page 21 of their Estimates Book. Resolution 51 - The Executive Division (a) Minister's Compensation - Salary and Representation Allowance. The Honourable Minister of Finance.

MR. SCHREYER: Mr. Chairman, I take it that you are really opening onto the matter of the Estimates of the Department of Finance, not Executive Council, and accordingly I would like just a few moments to make a very brief introductory statement with respect to the Estimates of the Department of Finance.

First of all I should point out that the Estimates of the Department are to a very large extent similar to what was presented to the House last year. Then, too, several months ago I announced a limited restructuring within the department to separate the basic treasury functions from those of the central accounting or controlling functions. The intention here was to provide additional support to cash management, debt management, banking functions and sinking fund management, and to similarly provide a strong central accounting group under a comptroller, to concentrate on improvements to the overall accounting capacity.

Some of these changes in structure really do flow in part from some of the suggestions made by the Provincial Auditor's office. As a consequence this would include training of new accounting staff, looking after government disbursements and financial accounting systems. Part of the reason for this is induced, as I say, by the Provincial Auditor's office, particularly given the fact that the quantum of accounting involved is growing larger; part of the reason for that has to do with some of the emphasis with respect to many different ad hoc northern Manitoba programs of one kind or another which have problems attaching to them of an accounting nature out of proportion to the size of the program.

For some period of time the Department of Finance has been involved in developing a computerized combined payroll personnel management information retrieval system. The costs being reflected this year are heavier when compared to last year, since this is the year of commencement of implementation. This year we will have additional program development costs of \$590,000, plus the cost of running both payroll systems on a parallel basis. It is a phenomenon which I rather wish we could avoid but which I'm advised is imprudent to do otherwise, and that is, during the initial period of implementation of a new computer system it is advised that it is prudent to run parallel track with the old system for several months in order to ensure that the chances of - to use a colloquial expression, well perhaps I shouldn't use that expression - but in order to reduce the possibility of a real foul-up, a snag, that we have to run parallel, manual and computer, Mr. Chairman, and that does seem like a pity, but that's the realities of administrative life, when going over to a computer system.

It will be necessary to employ term staff in this implementation period, which it is estimated will cost an additional \$110,000. At issue as well is \$126,000 for additional computer program operating costs, while other parts of the Estimates of this department have to do with statutory items and have to do with programs that have passed in this House on earlier occasions and in the Estimates of other departments.

Property tax credit and the cost of living tax credit is administratively domiciled in this department and provision is made for the expansion of those programs as well. Mr. Chairman, I thank you.

MR. CHAIRMAN: I refer honourable members to Resolution 51(b) Administrative Salaries, \$54,900--pass. The Honourable Member for River Heights.

SUPPLY - FINANCE

MR. SPIVAK: Mr. Chairman, to the First Minister. My assumption here is the reduction of the Administrative Salaries is simply the fact that they have been allocated in another area, but in effect what has happened is that in terms of budgetary items it's a small amount but in principle I don't think there's any way in which we can make a comparison obviously based on what he's said. There is a partial administrative reorganization that occurred and in all probability certain administrative aspects have been either charged to other portions of the Estimates or allocated in a different way, and I just would like that clarified.

MR. CHAIRMAN: The First Minister.

MR. SCHREYER: Mr. Chairman, the greater part of the difference that my honourable friend notices is due to the fact that provision was carried in the Estimates last year for an Executive Assistant I and a Secretary II, neither of which are being asked for in the current year's Estimates. Beyond that there is no other significant item that is a deviation from last year's provision. Just the deletion of those two positions.

MR. CHAIRMAN: 51(b)--pass; 51(c) Other Expenditures, \$13,700--pass; Resolution 52, Budget, Finance and Administration Division, Administration (1), Salaries, \$42,800. The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, under this particular item I notice that the government has just announced that it is issuing \$25 million roughly in provincial bonds at 9½ percent, bearing 9½ interest. It states in the same analysis that they also intend to borrow substantially in the European market, in either I think it's in Swiss francs, at a rate of 7½ or 7¼ percent, and I wonder if the First Minister could indicate what rationale is used when it's decided to pursue two different avenues such as that? It would appear on the surface that the European borrowing at this point is substantially cheaper than the borrowing on the local market, and could he indicate what is used to arrive at decisions such as this in this particular case?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I suppose I should admit that it may seem quite unusual, if not mysterious, that at about the same time of the year that we are talking in terms of doing an issue in the European money market at what seems to be a comparatively favourable interest rate, we should be talking at the same time of a Manitoba Savings Bond issue. But really the whole credit and debt management of the province is predicated on a good and judicious mix of sources, and the matter of the Manitoba Savings Bond has been under consideration for some time. I think if the Honourable the Leader of the Opposition were to check back over the past decade and more, he would find that there is from time to time a local issue that is made even though the terms in relation to the world money markets are not necessarily favourable, as long as they are not unfavourable, we tend to do them from time to time.

Now, I should also point out that the issue in Europe is limited and while the terms I think - we're talking in terms of 7-3/8 - but we are limited there as to the amount that we would want to issue at this time. We'd feel it's good public policy, the timing is about right to attempt a Manitoba Savings Bond issue as well.

MR. CRAIK: Mr. Chairman, could the First Minister indicate, are there, with the distinct advantage of a 2 percent spread between local market and the European market, is there in going to the European market a danger or at least the unknown quantity of the value of the mark changing and that in fact turning out to be something quite different than 7½ percent when you come to pay for it. Is that a consideration when these issues are taken on?

MR. SCHREYER: Yes, the answer is yes, Mr. Chairman, and that is why we would not like to put all our eggs in one basket, there is always the offsetting consideration that even though a European issue may have relatively attractive interest coupon, there is a certain element of gambling with foreign exchange, foreign exchange rates, and they move up and down. That is why the favourable spread to the borrower on a foreign issue has to be significant in order to offset the gambling that is inherent in any foreign bond issue.

MR. CRAIK: One further question on this bond issue, Mr. Chairman. What

SUPPLY - FINANCE

(MR. CRAIK cont'd) particular advantage is there in restricting the sale of the bonds to Manitoba residents only? Why, if a person lived in Canada but outside of Manitoba, would it really make any difference to the Provincial Government where the money came from as long as it's Canadian money.

MR. SCHREYER: I would think, Mr. Chairman, there are two reasons: One is if we are prepared through a savings bond issue to take up investment capital from other parts of the country, then we might as well make an attempt at it on the conventional Canadian money market. The other point is, I am advised that if a province were to make a habit of it, of encouraging out-of-province capital funds taking up our provincial debentures on a savings bond issue of this kind, that it would invite some negative reaction from sister provinces in Canada.

MR. CHAIRMAN: 52(a)(1)--pass; 52(a)(2) Other Expenditures - \$3,600. The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, I was going to ask more of a general question. I don't know whether it'd be in order. When the First Minister talked about the computer system that they have now in operation and the \$110,000, I'm wondering if I'm in order on this. I know this is Other Expenditures but can it come under the heading - it's generalized here under the main heading of Resolution 52.

MR. SCHREYER: If I may, Mr. Chairman, I would refer the honourable member that this can be discussed under Resolution 52.

MR. CHAIRMAN: We're on Resolution 52.

MR. SCHREYER: Oh, fine.

MR. EINARSON: Mr. Chairman, I would like to bring to the attention of the First Minister that in parks where people rent space they bring out their trailers or their campers, and it has been and, say last year, where the attendant would issue a receipt for the fees charged, whereas now they have to have a computer card that they have to fill out and it's all coded and the coding has to be done accurately and if it's not done accurately then they run into real problems. And the people who are employed by the government are wondering why they are changing this service say from the more simplistic way. And I can sympathize with the First Minister when he indicated that there's an additional cost here of \$110,000 to provide help in order to overcome this problem. But as I'm given to understand in many of the park areas where they merely give a receipt for money received for parking areas of their campers. It's a simple form, and I'm wondering why the government is still embarking on the computer system in this area. I can understand maybe there are many areas where the computer system would be working well, and so on. But this is one example, and I'm wondering if they find, and I think it's being brought to the attention, . . . with the Minister of Tourism in this particular case. I can understand every department will be having certain areas of the department run by the computer system. I wonder if the Minister would give us an explanation of that.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I will try to but in order for me to do so I will in effect have to ask for further information from the Honourable Member from Rock Lake. Is he referring to a particular method of payment and showing of receipt for Parks Branch activities, camper fees and receipts? Neither the deputy nor I have immediate awareness of that and we will have to check that with the Parks Branch, and I will do so and try to have reply tomorrow.

MR. CHAIRMAN: 52(a)(2)--pass; 52(b) Financial Administration Branch. (1) Salaries - \$379,000--pass; Other Expenditures - \$144,200--pass; (3) Insurance Premiums - \$1,500. The Honourable First Minister.

MR. SCHREYER: . . . give more information to the Honourable the Leader of the Opposition when he was wondering as to what provision is made for currency devaluation - we're still on the same resolution - and I would indicate that for example when dealing in Swiss francs simply because the Swiss franc and the German mark are considered to be hard currencies and in some danger of revaluation as opposed to devaluation, in relation to most currencies of the world, including our own, that is why on a European

SUPPLY - FINANCE

(MR. SCHREYER cont'd) issue one would not be very prudent in doing a European issue in Swiss francs if the interest rate, the coupon rate was something comparable with the North American. But let us say, for example, if the coupon rate is in the order of 7-3/8ths, and that compares let us say for discussion sake with about 9-3/8ths in North America, that 2 percentage points on the coupon would have an equivalency of about a 15 percent Canadian dollar devaluation, or conversely a Swiss franc revaluation and still come out even. So that's the offsetting calculations involved.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, on (b)(3), it's not a major item but I see your insurance premiums in this section have reduced from \$9,000 to \$1,500. Is there some explanation for that?

MR. SCHREYER: . . . item did you say?

MR. CRAIK: Well this item 52(b)(3) and (b)(4) is insurance as well, but the question was, why the reduction here of this size?

MR. SCHREYER: Mr. Speaker, that is merely format change. The reason that it shows a decrease is that that part which relates to buying insurance coverage with respect to term employees is now voted under the Civil Service Commission, so that's really an internal transfer.

MR. CHAIRMAN: (b)(3)--pass.

MR. CRAIK: . . . in insurance premiums I presume that the valid amounts here would not be the place where you would budget for insurance on government buildings. But can the First Minister indicate what the government policy is with regard to their insurance on their buildings and insurance on different buildings that are operated by Crown corporations and school divisions? I recall that at the time of the introduction of the Manitoba Public Insurance Corporation going into property, fire and other lines of insurance, that it was stated in the House at that time that hospitals and schools, some others would be left on the open market for competition. In the last year it's been indicated that some government buildings would be not open to competition but would be assigned directly to the Manitoba Public Insurance Corporation for insurance. Can the First Minister indicate what breakdown and what the government policy is in all of these areas?

MR. SCHREYER: Mr. Chairman, the item here (b)(4) does not relate to the insurance of public buildings. The item here covers the bonding, I guess, is the one word to sum it up. The \$19,000 is required to buy bonding insurance to cover employees' fidelity, robbery, safe burglary, theft and misplacement of money or securities, counterfeit currency, this is all hypothetical.

Now the larger question that the honourable member raises. The policy over the past many years I think perhaps 15 years has been one of self insurance by the Crown on public buildings. Up to \$500,000, and over and above that amount the Manitoba Public Insurance Corporation will provide coverage for another ten times. In other words, \$5 million worth, and there is a premium involved, although this isn't the place where we're voting it but for information the premium is in the order of \$50,000 per year to MPIC for Crown building coverage in excess of 500,000.

MR. CRAIK: Mr. Chairman, might I ask the First Minister, if in the past the government has self-insured and only considered a limit of half a million dollars as being adequate, why they would bring in an additional \$5 million?

MR. SCHREYER: Mr. Chairman, that I'm sure must have been done on advice, but just who the advice came from offhand I cannot say without going back to Cabinet minutes. I don't have that information at my fingertips here because it is not relating to the Estimates of this department.

MR. CHAIRMAN: Resolution 52(b)(4)--pass; (b)(5) Refunds - \$1,100,000--pass; (b)(6) Payment re Soldiers Taxation Relief. The Honourable Member for Rock Lake.

MR. ENARSON: Mr. Chairman, this is a small figure when we look at all the others that we were dealing with this afternoon, but Payments re Soldiers Taxation Relief, I wonder if the Minister would mind explaining just what is meant by that.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, this is, as I'm sure the honourable member

SUPPLY - FINANCE

(MR. SCHREYER cont'd) will appreciate, a very longstanding provision which is really a statutory obligation. It has to do with statutes of Manitoba, Chapter 180. The note is very terse simply because it's a statutory obligation. If my honourable friend wishes to pursue some particular aspect of it, we would try and provide him with further information.

MR. EINARSON: I was just wondering, Mr. Chairman, what area in which the relief is granted. Are applications made? What type of relief have the cases been in the past? That's the point that really interests me.

MR. SCHREYER: Mr. Chairman, the most accurate way to answer that really would be to obtain the statutes. I've sent for the statute to be brought in. I would think that this is the sort of residual commitment remaining with the Crown pursuant to that Act. I dare say that it was much higher in the after-war years and with each passing year it probably diminishes, but I cannot be precise. I am advised that this probably has to do with the statutory obligations relating to surviving spouses and dependants of veterans. It's \$8,000 was voted last year and again this year, and presumably it is not voted just pro forma, because we wouldn't vote it every year pro forma in that fashion, so it must be a continuing disbursement each year. And perhaps I could simply refer this to my honourable friend the Member for Rock Lake and it does summarize just what the nature of the obligation is.

"An Act respecting the relief of soldiers' property from taxation and properties defined as it is under the Municipal Act." So it has to do with the amelioration of taxation of a real property nature at the municipal level in cases of hardship and in cases of surviving dependants and spouses. Perhaps the honourable member would like to peruse this.

MR. EINARSON: Well then, Mr. Chairman, I think I probably understand. It's sort of a book figure and it's an amount of money that is there just in case it is needed then I would presume.

MR. SCHREYER: Well yes, but I do point out that it is not merely a book entry it must actually be drawn down on in each year otherwise we would not be replenishing this with annual authority requested of this House.

MR. CHAIRMAN: 52(b)(6)--pass; 52(c) Provincial Accounting. (1) Salaries - \$917,700. The Honourable Member for St. Vital. The Leader of the Opposition.

MR. CRAIK: Mr. Chairman, there's a most substantial growth in this particular branch of Finance, close to 50 percent increase in what would appear to be in the staff cost of the Accounting Branch. Can the First Minister indicate whether this is as a result or renewed effort to provide more accounting services in the government and more accountability for grants to bodies outside of the direct control of the government, and is it as a result of the recommendations made by the Provincial Auditor which we dealt with earlier today?

MR. SCHREYER: Mr. Chairman, I could indicate to the Honourable Leader of the Opposition that this is the branch of the department and of the government that has the onerous day-to-day continuing task of provincial accounting. This is the branch that is responsible for implementing improved accounting procedures for the entire central accounting system of the government and for reviewing and approving or rejecting requested changes in government line departments and agencies with respect to cash flow accounting. This branch drafts and issues Department of Finance accounting directives. It is also responsible for liaison with all of the line departments to ensure that intended legislative regulatory and executive procedures are properly implemented. It is responsible for making disbursements of provincial funds from the Revenue, Capital, Trust and Special divisions, all four divisions of the Consolidated Fund, and for the custody and control of all cheque stocks used for making provincial disbursements. It really goes on in quite some detail. It is responsible, for example, for the collection of all payroll deductions required by law and the remittance of same to the appropriate authorized recipients. So in the nutshell, it is responsible for the entire payroll management of the operations of the Crown and its employees and is responsible for the record keeping, the filing, the storage and accessing of current and previous year accounting records and supporting documents.

SUPPLY - FINANCE

(MR. SCHREYER cont'd)

Now in that context, that being its sort of main terms of reference, certain changes in procedure, in beefing up of its operations were recommended by the Provincial Auditor, many of which - I think I could say most of which - have been accepted and that necessitates really in our opinion somewhat of a restructuring of the department so as to provide additional support to cash management and banking and sinking fund management, etc.

Now in addition to that we are computerizing and while we are computerizing we have to maintain a double track system of manual as well, manual capability. So that if something were to go amuck with the transition period of computerization we would not be in a hopeless impasse. I think the Leader of the Opposition will well appreciate that if, as sometimes happens, computerization transition is not a smooth one then the entire payroll system would be in jeopardy for a period of time and with all of the disgruntlement that would attach to that. We hear incidents from time to time, whether it be in respect to university exams or with respect to motor vehicle registration where computer systems have not worked too well in the initial transition period and we have to guard against this. So admittedly there is a doubling of a certain proportion of the cost here, just for insurance or prudence sake.

MR. CRAIK: Mr. Chairman, I think the general belief about computers, the reason for them is that they bring about some reduction in people hours in the operation of the department. If the result of the increased staff is as a result of computerization it's running counter to the intent of getting into computers which, as I say, is usually the case. The argument for it is to reduce the number of people hours spent on bookkeeping type of activities. --(Interjection)-- Well, that's perhaps true, that it's not true of the first year.

Could the First Minister indicate the change in the numbers? The largest jump here is actually in Other Expenditures, but could he indicate under 1(c)(1) the change in staff numbers from last year to this year.

MR. SCHREYER: Mr. Chairman, there is a very concise answer to that question of the increase, and it is admittedly a significant increase of some \$729,000. Almost all of that, Mr. Chairman, like literally 95 percent of that is due to two items: computer programmer fees is an increase of \$590,000 and \$126,000 is for computer utilization charges. That means really the renting of the computer time or the cost of the computer time, and then the computer programming. The two items together account for \$716,000 roughly out of the total \$729,000.

MR. CRAIK: Regarding computer time, Mr. Chairman, is the government now shifting over to use Manitoba Data as its prime computer source?

MR. SCHREYER: Yes, Mr. Chairman, that's the MDS.

SUPPLY - FINANCE

MR. CHAIRMAN: The Honourable Member for Brandon West.

MR. MCGILL: Mr. Chairman, with the discussions we've had in the past about the changes and benefits which might come to pass as a result of computerizing the Public Accounts and the Provincial Accounts, I wonder if the Minister can indicate if there is now any hope of some reduction in the time lag between the production of public accounts and the current accounts which we're dealing with in Estimates. We discussed this, I know, a year ago and I think should it come about, to be able to deal with public accounts on a more current basis would be one of the real benefits that would accrue for computerizing the whole system.

The other thing would be some jurisdictions, I know, have quarterly reports available now because of the ability to produce them on a more current basis. I wonder if the Department of Finance, if any thought has been given to this kind of presentation.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Well in that regard, Mr. Chairman, there is good news although it's perhaps modest in degree. The time lag reduction that should be possible as a result of this system would be three months, without overstating it, so that whatever the time lag is now it would be three months less.

MR. MCGILL: I wonder if the First Minister would comment on the possibility of quarterly reports being available on Public Accounts rather than the present system, with the computer ability available.

MR. SCHREYER: Mr. Chairman, that is something which I certainly would be imprudent in acceding to just on the spur of the moment. While it seems on surface to be a reasonable enough suggestion, that there be the issuing of quarterly reports rather than annual reports and in that way have the reports more current, one of the problems with finance of the Crown - I suppose it would apply to corporate finance as well - is that the books on the operating year, be it fiscal or calendar, really you need the whole year's picture in order to avoid coming to hasty and erroneous conclusions. I would invite the Member for Brandon West to articulate at greater length some time just what the main virtues would be of quarterly reports as opposed to the annual report, assuming the latter can be brought forward three months earlier and how would he propose to overcome the inherent danger of bandying and discussing and debating and arguing reports which are for only a fraction of a full operating year.

MR. CHAIRMAN: The Honourable Member for River Heights.

MR. SPIVAK: Just on the last point, to the First Minister. He wasn't aware of the Provincial Auditor's recommendation to the Committee but I should point out that the Provincial Auditor again suggested to the committee that the Committee of Public Accounts be a Standing Committee that would operate during the period of time in between sessions. I think that recommendation is a valid one and I think that that would give us the opportunity for more current information. While I think that the argument to be advanced is a valid one with respect to updating information, it may be that quarterly reports may in practical terms not be the answer but certainly something much better than what we have now. I'm not sure that the three-month shortening of the time will in effect solve the problems that we in the Legislature - and I say we, not just in the opposition, but we in the Legislature, all of us, have in understanding what is taking place. Therefore I would recommend that very serious consideration be given to his recommendation today. That was his recommendation, that in effect the Committee on Public Accounts be a Standing Committee meeting on a regular basis. Then I think the kind of articulation that the First Minister is asking for would take place because I think he would then be in a position to meet the answers of the Committee and be in a position to indicate what in fact could be accomplished.

Mr. Chairman, the problem I have here with this item is that we are on Salaries but the First Minister has also dealt with Other Expenditures, because it more or less indicated additional computer costs both in rental charges and salary ranges. I wonder if he could indicate now because I think it would be important and it would be under Other Expenditures but it's related to the whole question of numbers, what cost is projected for professional fees under item (c)? What cost for professional fees and the breakdown of those costs.

SUPPLY - FINANCE

MR. SCHREYER: Mr. Chairman, while that is being sought, the professional fees and the breakout of that, I would merely respond to the Honourable Member for River Heights by saying that this is a relatively recent suggestion or recommendation of the Provincial Auditor. I'm not saying that we are adverse to it, it's just that quite frankly we have not had opportunity in Cabinet, in Executive Council, to consider that particular recommendation. We shall no doubt be doing so in the course of the current fiscal year.

I might add too - and I say this with some bemusement - that one of the recommendations of the Provincial Auditor which we did move to implement on a pilot basis was the printing of the format of the Estimates starting with two departments on a programmatic basis rather than the kind of format we are traditionally used to in this House. I believe that last year the Department of Tourism and the Department of Agriculture came forward with Estimates in this new recommended or suggested format. I don't believe I'm being unfair when I say that the members of Her Majesty's Opposition weren't particularly impressed with the new format. Frankly I wasn't either but it was something that we thought we should do just on a trial basis. There has been no strong representation that we continue this new format. We are quite open on it. We are prepared to do it next year on the new basis or on the traditional basis. If we hear persuasive argument of request it would be helpful to us in knowing in which format to prepare the Estimates next year. We haven't received a single representation saying that the new format is worthwhile and that it's worth any extra cost or effort.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I'd like to come back to the question of the cost of the computerization of the payroll salary and refer the First Minister to the hearings of the Public Utilities Board when they were examining the Data Processing program of MTS. In that particular set of hearings, a Mr. Loewen of Comchea Services Limited made representation to the committee to the effect that the telephone system would have to spend close to \$200,000 to develop a payroll system, something that he could do in the order of \$35,000. Then the Public Utilities Board went on to comment that, and I quote, "It does appear that at least in the case of some programs or portions of programs there can be large disparities between the cost of ready-made or packaged programs or systems and the cost of developing one's own tailor-made one."

What I'd like to ask the First Minister in this case is, that considering the fairly heavy cost, was there any cost comparison done between the use of the MDS cost processing system which again amounted, according to these Estimates, to several hundreds of thousands of dollars as compared to developing a payroll system that had already been designed or packaged by some of the private payroll firms, computer firms, that do this work and have done it for a long period of time. According to the cost comparisons that Mr. Loewen gave it would be a saving in this case of \$175,000 between it. Now I can't judge in terms of the exact nature of the two programs but I would be interested to know if the government did do their cost comparison or put the program out for some form of tender and let the MDS bid for it the same as anyone else or whether it was a direct contract with no alternatives being suggested.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, to respond first now to the Member for River Heights and then the Member from Fort Rouge. There is no provision here, perhaps beyond a few thousand dollars, but certainly not any substantial or significant amount for consultant fees. What is involved, if I understood the honourable member correctly, for consultant or professional costs? Professional costs I suppose would come under the general heading of computer programmer costs and that is the amount of \$590,000. That is payable to the MDS who in turn actually hire and have these people on their payroll, on their staff. So while they are not retained by the Department of Finance, the service for the central accounting on computerization is provided by the MDS upon payment for service and then the professional requirements to carry out that program are provided by professionals in the employ, computer programmer professionals in the employ of MDS.

Now with respect to the question raised by the Member for Fort Rouge I could only say that in a sense we are proceeding here by extension on an arrangement that

SUPPLY - FINANCE

(MR. SCHREYER cont'd) existed before. Because prior to last year computer services for the Crown generally, to the extent that it was computerized, was provided by not the MDS but its predecessor, the Government Central Computer System which was in existence for, I guess, a decade or more and which grew by accretion. I have no quarrel with that, Mr. Chairman. I have received no advice from anyone in the Crown to the effect that it would work better or that it would be more manageable to have some of the vital and critical computerization services necessary for the Crown's operation to be provided from outside. This can be done from time to time on an occasional ad hoc basis but not for vital ongoing requirements.

I'm also advised on checking with other jurisdictions and provinces and even states of the union that the kind of arrangement they have for their vital ongoing computer requirements is pretty well in every case in house. Or if not in house, with a corporation whose continuing existence is guaranteed or virtually so. That is one of the problems that we would have in attempting to call bids from time to time and have it performed by different firms from time to time. It would be a transitional problem which I believe would be difficult to exaggerate. If the Honourable Member for Fort Rouge has specifics we'd be pleased to look at it, including my colleague the Minister responsible for the MDS. I'm sure we could do a technical evaluation for him.

MR. AXWORTHY: Mr. Chairman, I was just going to ask the First Minister if the continuing of the actual hardware was something they felt should be contained within the Crown. The question I am asking is about the programming, the developmental work of the payroll system. It seems from the indication of the First Minister that some \$500,000 was spent in developing that program that then had to be transferred into MDS and then they would transfer it to the consultants. I would again wonder, based upon the statement made by Mr. Loewen, whether the fact that MDS would almost have to acquire the skills de novo as opposed to obtaining them from already existent firms in Manitoba, would really like to know who the consultants were in this case. It's my understanding that many of them were American based consultants who developed the program. That would be important to know or interesting to know relative to the question of whether we are using this fairly important expenditure of money to support provincial based computer firms who already have a certain amount of knowledge and technical skills to do it. I would be interested to know to what degree this developmental work that went into it was necessary or couldn't it have been contracted out with some of the private firms who are already working in the field.

MR. CHAIRMAN: The Honourable Minister of Consumer Affairs.

MR. TURNBULL: Mr. Chairman, the earlier question raised by the Member for Fort Rouge, where he compared the costs of payroll computer packages of \$35,000 with the cost of the program developed for the government service is one that really perhaps deserves some further comment. It's my understanding that the package proposed at \$35,000 was just that, it was a package, a stripped down model so to speak. Any additional information that the government wanted from the payroll system put on the computer, that additional information of course would cost more, in addition to the package cost. When you get into that kind of development of program it quite often turns out to be more expensive to buy the basic package with additions which cost more for each addition than it does to develop a totally new program, totally new package.

The policy of the government has been in the past - to address myself to the later question of the Member for Fort Rouge - has been generally to develop computer programs in house. The particular payroll package that is involved here of course is a rather large one and the consulting services that are involved there I think could be taken as notice and I will attempt to get what further information that can be got there if the First Minister doesn't have it. But generally it's been in house. Both before and MDS was developed and before the program was transferred over, this program was developed in house.

MR. CHAIRMAN: Resolution 52(c)(1)--pass; (c) (2) Other Expenditures--pass; (c) (3)--pass --(Interjection)-- page by page? 52(d) Budget: (1) Salaries, \$91,300--pass; Other Expenditures, \$19,800--pass; (3) (a) Salaries, Canada-Manitoba FRED Agreement Administration, \$27,100--pass; (b) Other Expenditures, \$5,200--pass; (4) Canada Manitoba

SUPPLY - FINANCE

(MR. CHAIRMAN cont'd)Northlands Agreement (a) Salaries, \$68,400--pass; Other Expenditures, \$2,500--pass. Resolution 52: Resolved that there be granted to Her Majesty a sum not exceeding \$3,747,300 for Finance--pass.

Resolution 53 - Federal-Provincial Relations and Research Division, Administration: (1) Salaries, \$37,500--pass; Other Expenditures, \$11,200--pass; (b) Economic and Federal Provincial Research Branch: (1) Salaries - the Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, I wonder if the First Minister can explain to us the purpose of this group, pretty sizeable here of a quarter of a million dollars \$233,000 in Salaries in Economic and Federal-Provincial Research Branch. It would appear that federal-provincial arrangements are something that are worked out between the Federal and Provincial Government without a quarter of a million dollar staff at the provincial level. I hate to think of the size of the federal budget by comparison if we have to spend a quarter of a million dollars to carry on research with them to determine different ways of taxing people. It strikes me that this is also the item where the First Minister and his party trot the refugees back and forth from British Columbia in and out of this branch as well. If there's any section that's in question it has to be this particular item and I think that the First Minister could do the people of Manitoba a favour by explaining just why we have to spend this size, \$300,000, for Federal-Provincial Research.

MR. SCHREYER: Mr. Chairman, it's ironic that my honourable friend should settle on this particular Appropriation to worry out loud about perhaps excessive staffing and fat provision of support, costly support, and the like. I would say to the Honourable Leader of the Opposition that I rather suspect and I feel rather comfortable in this supposition that we have one of the leanest federal-provincial inter-governmental divisions in all of the provinces of Canada. If the Leader of the Opposition were to see the extent to which the Government of Canada and all of the provinces are geared up with staff support at these Federal-Provincial Conferences, which alas seem to be almost ongoing in recent years, he would gain some appreciation in the extent to which we in Manitoba are running a relatively lean but, in my opinion, competent, very competent, Federal-Provincial Relations and Research Division. The size of our delegations is smaller and therefore the attendant cost for us at these meetings is less. We do not have a large staffing by comparison with other provinces. Indeed some provinces have built a huge phalanx of staff support under the general heading of inter-governmental relations. That's become somewhat of a fad title in recent years. This title here I believe, exists and has existed since the days of the Rowell-Sirois Commission. I am not positive of that but I believe that it dates back to the 1940s.

Really it is this division which provides all of the support for that title in the Executive Council known as Minister responsible for Federal-Provincial Relations as well. So that I'm really at a loss to know where my honourable friend believes that there is perhaps overprovision here. It in comparison to other provinces is really a relatively concentrated and contained operation.

MR. CRAIK: Mr. Chairman, I wonder if the Minister could indicate what sort of numbers of people would be in this Appropriation to look after what appears to be exclusively these matters of a federal-provincial nature.

MR. SCHREYER: Mr. Chairman, what is involved here is the running of book, if I could use a departmental internal expression, on the cash flows as between the Government of Canada and the province. With all of the cost-shared programs, all of the ARDA - FRED Programs, the Western Northlands, etc., well as an example, the post-secondary program. We have discovered that the Federal Government has made a unilateral change in the pace and sequence with which they pay for their share of the post-secondary financial support. It is our Manitoba Division of Federal-Provincial Relations that has uncovered what is unfortunately a growing number of cases where the Government of Canada is arbitrarily trying to change the rules of the game with respect to some of the cost shared programs. As such I feel that this division certainly merits with, not only the voting of funds but with enthusiasm, because they are responsible for

SUPPLY - FINANCE

(MR. SCHREYER cont'd) maintaining a daily check on two things, Mr. Chairman: a) the cash flow as between the two levels of government and b) it is also responsible for researching and anticipating changes in Federal Finance Department, in budgets and in administrative operations of the Federal Department of Finance on a daily basis.

Now as to who is involved, as to how many are involved, there are 15. I have 15 people here, Mr. Chairman, of which 4 are administrative, 10 professional and 1 managerial.

MR. CHAIRMAN: The Honourable Member for Lakeside.

MR. HARRY J. ENNS (Lakeside): Mr. Chairman, I don't take issue with the First Minister with respect to his comments about the ever-changing nature of the type of negotiations that have to take place with the federal authorities in terms of the change of programs, in terms of the change of cost-sharing arrangements for programs. But correct me if I'm wrong, Mr. Chairman, or the First Minister can correct me if I'm wrong. I would tend to believe that if we had pursued perhaps a little bit more diligently the same item in the various departments, the Department of Agriculture, that I would find the kind of appropriations for those kind of ongoing discussions whether it was relative to the FRED or ARDA programs. If I were to pursue the Estimates of the Minister of Northern Affairs, of the Northlands Agreements, he would have a sizeable piece of money in his appropriation for that function; the Minister of Urban Affairs; the Minister of Health; the Minister of all other Departments have this ongoing kind of relationship with the Federal Government for which I think moneys have been appropriated in the departmental Estimates. What I think the Leader of the Opposition was attempting to identify a little bit more clearly here is that this is an appropriation that's tied directly to the executive office at the very senior level, the First Ministers' Conference level if you like, kind of a thing. I know that perhaps the Province of Quebec may well dedicate several millions or several billions of dollars in this appropriation but the Province of Manitoba, you know, recognizing that we have likely a quarter of a million dollars or a hundred or two hundred thousand dollars, I would venture to say in half a dozen departments covering employees that straddle the borderline of federal and provincial responsibilities, I just from memory remember some of the appropriations that I was responsible for when I was Minister of Agriculture in the firming up and the negotiations of, for instance, the FRED and the ARDA program and the Interlake program. Those appropriations came under my jurisdiction as Minister of Agriculture as I'm sure they still are with the present Minister of Agriculture. I'm speaking about FRED staff and the provincial portion of that kind of personnel.

I think what the Leader of the Opposition was trying to focus on was that this seems to be a relatively - I admit, Mr. Chairman, in a budget of a billion dollars not that great of an amount - but it says something when it takes well better than a quarter of a million dollars, \$300,000 to enable to converse with your senior government in Ottawa. I suppose it's a passing comment of our times. But I'm not at all satisfied, Mr. Chairman, that the appropriation that we are now passing covers at all the complete range of our research and the staff that we employ to maintain relations with the Federal Government.

I think what we're really trying to focus in on here is that in that specific department we're talking about paying four people, 8 or 9 people, a quarter of a million dollars to talk to our Federal Government. Maybe we should just be using the free phone privileges that we have with our 13 Members of Parliament in this province and pick up the phone more often.

MR. SCHREYER: Mr. Chairman, I don't think anything I said indicated that I didn't feel that the questions asked by the Leader of the Opposition were not valid. It's just that I was attempting to explain that this division here is the focal point through which all of our financial and fiscal interface, as between the province and the Department of Finance Canada is concerned, takes place. One should not assume that this is a small task. Indeed, for example, just to give one example, all of the cost-shared programs relating to Health and Social Development, post-secondary Education, Western Northlands, the cash flow that is to take place as a consequence of entering into these

SUPPLY - FINANCE

(MR. SCHREYER cont'd) agreements, the cash flow itself from time to time is bizarre and unusual, and sometimes absurd problems arise. It is incumbent upon this particular division to iron it out, to find out the facts, and then to make representation to Ottawa either in written form, but armed with the facts or occasionally face to face. Indeed, as I said, in the past 18-month period partly because perhaps of the Federal Government's desire to arrive at certain numbers of ceiling on its budget, it is resorting to some unusual tactics, such as deciding to change a revenue guarantee formula in mid-stream while the agreement, or contract as I would call it, is still current to change the formula. In order to try and fight, that does require being armed with a good fullness of research facts which means numbers and argumentation as well.

Yet another example is in the field of post-secondary education where, lo and behold, even though they are not arguing about the ultimate payments that have to be transferred to the provinces, they decide unilaterally to slow down the cash flow, which happens to have a \$4 million net negative impact on Manitoba under the post-secondary formula. We are by no means affected the worst. Some other provinces are affected much more adversely under that post-secondary program; again change of ground rules in the middle of the agreement. It is incumbent again on this division to find out all the facts and nuances as to what's happening and what could be done to try and offset it.

One other point I should make to the Honourable Member for Lakeside is that I believe there is a slight administrative change with respect to how we monitor the payment, the cash flow from Ottawa, to the line departments with respect to many of these programs including the ARDA, FRED type programs. We are monitoring it through this one entity here, the Federal-Provincial Relations Division. I don't know if that's a significant change but it is I believe a change nevertheless.

Then, too, another example yet is that in the equalization formula as it applies under the Federal-Provincial Fiscal Arrangements Act, there are some 16 or 17 sub-components which go to make up the equalization formula as a whole. Well, it requires monitoring of those 16 or 17 components, not only in our own province, but in all provinces for the simple reason that equalization is determined by running your calculations on the yield of these various sub-components of taxation in each one of the provinces of Canada. I'm sorry, I'm told there are 22 sub-components. I stand corrected. It merely augments the point I'm making, that this is not some kind of passive administrative entity, they are involved in a very ongoing continuing way with their counterparts in the Department of Finance, Ottawa. They also serve for whatever liaison we require with what is known in an increasing number of provinces as Inter-Governmental Affairs Department. We have not established such a department.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I wonder if the Minister under this appropriation could indicate to us the particular state of negotiation that is presently occurring between the federal authorities and the provinces in relation to the re-establishment of federal-provincial agreements in areas such as post-secondary education and health and the other areas which have all been brought forward as being subject to review. Perhaps he could indicate as a result of these 15 people who are churning away all those mounds of paper what we can expect in the way of changes in the fiscal status or the fiscal transfers between the federal authorities and the provincial authorities, and perhaps most importantly has this province offered any specific new strategy or formulas that would be applied to fiscal provincial relations other than just saying, give us more, which is a fairly consistent plaintive cry --(Interjection)-- Well or even don't give us less, could the Minister indicate to what degree have we offered alternative formulas for the financing of universities and health institutions and in the area of manpower training, and so forth, to provide some perhaps more refreshing and innovative approach rather than the normal discourse that goes on?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't know if it was the intention of the Honourable Member from Fort Rouge to become an apologist for the Government of Canada, but I want to tell him that if that is his self-assigned role then he shall be in for a tough time of it here.

SUPPLY - FINANCE

(MR. SCHREYER cont'd)

The fact of the matter is, Mr. Chairman, that I believe it's fair to say that the Province of Manitoba has been just about as fair as any administration in this country in terms of understating rather than overstating criticism of the Government of Canada. But you know, Mr. Chairman, there does come a point when it just becomes insufferable, and what the Government of Canada is proposing to do with respect to the, for example, the post-secondary cost-sharing arrangement with respect to the revenue guarantee arrangement, does certainly the latter - I say this without qualification - the unilateral change they tried to parachute in in the middle of the term of the contract or agreement with respect to the revenue guarantee is in the realm of the unethical - there is no other way to put it - to change a formula that has been agreed to and enshrined in an agreement and then to unilaterally change by simply refusing to pay out the balance, and they are in that superseding or overriding position. Since the cash flow is from their treasury they can make the change just by fiat, by reneging, and in effect, spitting on a formal agreement; and that's what they did with respect to the revenue guarantee. It is almost without precedent in dominion-provincial fiscal and other relations. Fortunately at the eleventh hour that which was all set to go into effect by means of new executive Governor-General-in-Council Orders in Council was after very heated argumentation it was held back, and we do have an undertaking from the Prime Minister that nothing will be done pursuant to that until after the June 14, 15th meeting. Well, at least that was a saving grace and it helps to bring matters back onto a discussible level or a discussible plane again.

But apart from that I have to say in a more general way to the Member for Fort Rouge that we have not been asking for more, with our hand out for more, as he characterizes it. We are fighting a desperate rear-guard action against the prospect of less. That is what we are concerned about. I don't think we are expecting more from the Federal Government under current circumstances, but we face every prospect of less. For some provinces in Canada even more so than for Manitoba this is an unsettling prospect indeed.

Now, more specifically, the Member for Fort Rouge asks about the post-secondary, and there I have to tell him that the widespread misconception is - and everybody repeats it, including members of the provincial governments across the country including our own - that we have a 50-50 cost-sharing on post-secondary education. In fact, Mr. Chairman, it is far from that. With the transfer of the tax points - I've forgotten exactly how many years back - of four and one, the provincial governments across Canada - and I'm not complaining, Mr. Chairman, - the provincial governments across Canada take responsibility for the levying of those points. It is not Canada any longer that is transferring those funds. The tax points have been transferred, and it is perhaps as it should be, the provincial governments have the responsibility and the onus for the levying of those points. So whatever is yielded by those four points cannot be said to be the Federal Government's contribution to post-secondary education.

So when you make that subtraction and when you subtract the amount that will be slowed down in payment to the provinces, because again of the Federal Government's unilateral decision, which to her credit the Member of Parliament from Kingston, Ontario, Miss Flora MacDonald, was questioning the Secretary of State in Ottawa as to how did Canada decide if they were simply going to save, "\$111 million" by holding it back from the provinces? Well, do you know the answer in Hansard was most peculiar in my opinion. The Government of Canada is not questioning the numbers, but they are reserving the right to alter the pace with which they pay the funds out, and that in itself in the dollars involved is like a net subtraction. That I wouldn't say is unethical, it is bordering on the unethical. I think it would be unfair to suggest that it was out and out unethical. But again it was done without consultation and without concurrence; and it was a substantive change in the terms of the federal-provincial agreement on post-secondary, but done in a way that didn't involve both parties to the contract.

So if this answers my honourable friend's question, I'm telling him that we have much negotiating to do in the month of June, and again in July and August and September. In fact 1976 will be known as the year of the Federal-Provincial Fiscal Arrangements' Conferences.

SUPPLY - FINANCE

MR. AXWORTHY: Mr. Chairman, the Minister did not answer the question, rather he exchanged some fairly wide-ranging loose insults, but I think that it does give rise to a couple of questions.

One is on the question of the guarantee that he seemed to get in great umbrage about, and I would like to know exactly what change in the rules did occur, that they seem to me in reading the particular agreements that the conditions were spelled out pretty clearly that it was a five-year program that would be phased out. It was brought in as a result of the Carter Tax Commission recommendations and that it was very clear and very explicit that at a point it would terminate and it would come to an end, that it would be phased out and that the time came to an end. That was the point that it was coming to an end as of 1977. --(Interjection)-- No, not eventually. There was a very specific time, a very specific time, a very specific time frame that was put forward in those agreements and therefore I think that the Minister should elaborate a little bit more because he has been quoted with some degree of pungency in his comments.

But I think perhaps most important, Mr. Chairman, from the point of view of this Legislature is to what degree is our Provincial Government - has it developed any form of proposals to deal with the changing nature of federal-provincial-fiscal relations to the point where we're saying that, as all governments are doing, recognizing the need for restraint and the financing of public service institutions, such things as hospitals and universities and other forms, and I think the Federal Government, subject to the pressure of its own opposition, has acted to restrain its own spending in these areas and I think that it is as incumbent upon the province to do the same.

Now what we're trying to find out from the Minister is to what degree have we put forward proposals about the question of block financing for universities as opposed to a year by year student grant in aids, to what degree are we looking at a different form of revenue sharing, a transfer of tax points. There's a number of alternate ways where you can provide some restraints, and in trying to question the Minister before, we really didn't get any answers. They just simply said, we're thinking about it, we're talking about it, but talking is not particularly of much use until we find out what is the particular philosophy or approach that this government is taking of these negotiations, and what would they like to see in the way of providing that balance between both a continuing support of the need to equalize fiscal resources across the country but at the same time ensure that the fiscal form that we have used I think have engendered in fact an inflationary rise in the expenditure of public service institutions. That the formulas themselves by which we finance the universities, for one example, I think have been inflationary producing in the very way that they're administered in terms of the annual student/teacher ratio type of arrangement simply provided an incentive almost for over expenditures as opposed to an incentive for restraint. And I'd really like to know whether through the auspices of this Research Branch we have developed some answers that we are prepared to propose to the federal authorities and other provincial Ministers of Finance to rectify the situation.

MR. SCHREYER: Mr. Chairman, the Honourable Member for Fort Rouge puts forward a number of points and I really believe, Sir, that I can respond in a specific way to them.

And the first one that I would deal with is his first, and that is where he is suffering a very concrete misapprehension that all that has happened with respect to the revenue guarantee is that it has come to its normal five-year term and it's expired and now the Federal Government has decided to make certain changes. Mr. Chairman, if that were the case I would have no basis for describing their action as unethical. Wrongheaded perhaps, unrealistic perhaps, but not unethical. But that is not what is involved here, Mr. Chairman, because the revenue guarantee runs for a period that ends in the next calendar year and the changes that the Federal Government proposes to make are with respect to 1975 and '76 and X months in 1977. And therefore two points, the changes are : (a) retroactive in large part; and (b) they are all on one side of the ledger. And the loss, the potential loss unless there is some change of heart, or I should say mind in this, for Manitoba alone is in the order of \$25 to \$50 million. And there is no doubt about it, Sir, it has to do with the current agreement.

SUPPLY - FINANCE

(MR. SCHREYER cont'd)

Now then, as to what happens with respect to post-1977, I can only say to the Honourable the Member for Fort Rouge that every province is puzzled and querulous as to what indeed will be put into place with respect to the revenue guarantee post-1977. The only thing we have been able to find, and it has been now mentioned at a number of Dominion-Provincial conferences, and the persons who brought that to attention of Dominion-Provincial meetings is indeed the people who work for the Manitoba Federal-Provincial Relations Division ironically enough, although not so surprisingly, is a statement that has been attributable to the former Minister of Finance, John Turner, in which he did undertake to hold discussions with the provinces for the successor agreement to the current Revenue Guarantee Agreement.

But, Mr. Chairman, there have been no meetings held or convened by the Government of Canada with respect to the successor agreement, and I'm sure that the impression was being deliberately fostered that indeed there wouldn't be any successor agreement. But that wasn't in the mind of Mr. Turner back in 1972 or '3. So there we have it. That replies to one part of my honourable friend's question.

Now with respect to what is Manitoba proposing with respect not to the Revenue Guarantee alone but to the generality of cost-shared programs, I want to say that I agree with him on one point at least, and that is it is so easy for governments to criticize other levels of government as to their support being inadequate. And indeed it is a kind of paradox that at a time when the Government of Canada is trying to bring about some degree of restraint and talks in terms of a 15 percent increment ceiling on some of these cost-shared programs, I think if he checks he will find that I have not been critical of the Federal Government's endeavours to bring about some kind of agreed upon ceiling on the rate of increase or escalation on some of these cost-shared programs. However it's one thing to share a general agreement on or objective, it's another to decide whether or not it is practical in the circumstances.

I want to tell the Member for Fort Rouge that with respect to the post-secondary cost-sharing arrangement, that Manitoba although it will lose, as indeed will all the provinces because of the slowdown, the deliberate slowdown of the cash flow payments under these programs, we will at least not lose as a result of the 15 percent ceiling, which is another part of this, because Manitoba's ceiling that we try to live with happened to work out to 15.0. I think we are either the only province, or one of two provinces of the ten, which has a nil or practically a nil loss as a result of the 15 percent federal ceiling.

I have to admit that one level of government tries to talk in terms of a rational ceiling, the provinces in this case - it's so easy to shoot holes and say it's not enough, but from time to time in a nation's history some ceilings have to be lived with. This may be one of them. Nevertheless, Mr. Chairman, that does not excuse deliberate slowing down of cash payments. That's a separate issue and one that is I feel hard to justify for the Federal Government.

One other and last point perhaps I should make at this juncture is, that Manitoba has indicated at these Federal-Provincial Fiscal Conferences that with respect to mature health programs, the Hospital and Diagnostic Program, the Medical Care Program, that if a consensus builds up among the provinces to attempt to bring those matured cost-shared programs to an end by - not to an end but to change the nature of the financing by going over from a 50-50 basis over to a transfer of equalized tax points, we have said if the tax points are equalized, the transfer tax points are equalized and equalized to the top province or the average of the top two, that we would not oppose. Indeed we felt that there was some merit in making that attempt. But as the Honourable Member for Fort Rouge can appreciate, quite a number of provinces are apprehensive because there is much at stake. The quantum of dollars involved is great and for those provinces that have higher equalization payments per capita, they are afraid of termination of any 50-50 programs.

But how do you square that circle then, Mr. Chairman? On the one hand it is argued that where two levels of government are involved jointly in financing something,

SUPPLY - FINANCE

(MR. SCHREYER cont'd)there is an extra bit of bureaucracy generated. And I'm afraid that to an extent that is true.

Also when two levels of government are involved in cost-sharing, if the constraints are too rigid, what can happen and sometimes does, is that the recipient level of government will sometimes follow more expensive modes of delivery of service if it is cost-shared than to follow a less expensive mode if it is not cost-shared. And I think, Sir, that a number of provinces have admitted to that in recent years by pointing to the fact that in Canada in the 1960s and early '70s we had if anything an over-building of acute care beds and an under-building of alternative care. And the reason for that had to do with the - and everybody regrets it, everybody regards it as a departure from common sense and yet it happened because acute care is cost-shared and the other wasn't. Now it is possible to conceptualize it with the transfer of equalized tax points that it may be possible for provinces to better follow its own priorities and hopefully the taxpayer as a unity will be better off because more economic or less expensive alternatives may be followed than is the case if we continue with the rigid cost-shared type of program.

So that is Manitoba's position. We have always as a province under successive administrations tended to favour federal-provincial cost-sharing on many things, but on mature health programs we feel that perhaps the mainstream of Canadian opinion might be to favour a discontinuation of cost-sharing by means of substitution of equalized tax point transfers, which hopefully will result in some economies being realizable by the provinces. And that's our position.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. CRAIK: Mr. Chairman, just before we rise, during the Education Estimates there was a question came up as to the amount of money that was left over in the secondary vocational education grants from the Federal Government when what originally started out to be a cost-sharing program on vocational schools and it was held over till we got to Finance, and I was just wondering if the First Minister through him to his deputy could perhaps arrive at some figure I think probably it was 1972 or '73 when a block amount of money was given to the province as the final amount due and owing to the province. Could he give us some rough figure as to the total amount that was granted under that?

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Yes, will do, Mr. Chairman. It's 5:30 perhaps we can have that information in the evening.

MR. CHAIRMAN: The hour being 5:30 I am leaving the Chair to return at 8:00 p.m. this evening.