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of the  
**Legislative Assembly of Manitoba**  
**DEBATES**  
**and**  
**PROCEEDINGS**

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

**Members, Constituencies and Political Affiliation**

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Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Brian</b>	Ellice	NDP
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<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
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<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertslad	NDP
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<b>WALDING, Hon. D. James</b>	St. Vital	NDP

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, 20 April, 1983.

Time — 2:00 p.m.

### OPENING PRAYER by Mr. Speaker.

**MR. SPEAKER, Hon. J. Walding:** Presenting Petitions . . . Reading and Receiving Petitions . . .

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

**MR. SPEAKER:** The Honourable Member for River East.

**MR. P. EYLER:** Mr. Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again. I move, seconded by the Member for Radisson, that the report of the committee be received.

**MOTION presented and carried.**

### MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MR. SPEAKER:** The Honourable Minister of Northern Affairs.

**HON. J. COWAN:** Mr. Speaker, I have a statement on a Clean Environment Commission Order for Simplot. There are copies being distributed.

While it is not usual to indicate that orders have been issued by a Ministerial Statement, because the Member for Turtle Mountain requested information on this last year and at that time I indicated in the House that a public hearing would be held, I felt that it would be appropriate in this instance to announce the results of the public hearing and the Clean Environment Commission and the appeals which have been made after that to the House by way of this statement.

I would like to inform the House that I have directed the Clean Environment Commission to issue a new environmental control order to regulate emissions to the air from Simplot Chemical Company Limited of Brandon. Notification letters were hand delivered today to all parties affected by the order. I have also had an opportunity to speak directly to a number of the parties affected by the order over the lunch hour.

This new order requires the company to limit downwind concentrations of ammonia to two parts per million when averaged over a one-hour period. Exceptions to this restriction will be allowed only in the case of equipment breakdown, process upset, plant shutdown, start-up or power failure.

The order is a result of public hearings last July and September which were held in response to complaints from local residents about ammonia emissions. Recommendations were then forwarded to the government for review and appeals to several of these recommendations were received from Simplot, the

Brandon Industrial Commission and Atom-Jet Industries Limited at Brandon.

I have carefully considered these appeals, especially with regard to the two parts per million limit for ammonia. I do not anticipate that this limit will have a detrimental impact on the economic viability of the company and at the same time, I am confident that it will provide adequate protection against nuisance odours for nearby residents.

In order to ensure compliance with this requirement, Simplot has been instructed to install a continuously operating monitoring station by January 1, 1984. Data from this station will be forwarded to my department on a monthly basis and will complement data we are already receiving from our air monitoring station at Assiniboine Community College. In addition, Simplot is required to install a scrubber, flare system or implement abatement measures to collect and control ammonia gas emissions from a number of sources from the plant.

The new order also limits the emission of nitrogen dioxide, sulfur dioxide and solid particulate matter. It requires Simplot to notify my department as well as the City of Brandon if accidental circumstances result in the emission of these or other contaminants above the prescribed limits.

I'd also like to mention that I have directed the Clean Environment Commission to hold further public hearings in July and October of 1983 to review the company's progress in achieving compliance with the new order.

In addition, at the October hearing the commission has been asked specifically to review Simplot's ability to meet the upper level for the emissions affecting residential areas, that of course being the two parts per million limit.

Mr. Speaker, I'm certain this new order will assist in solving the problems experienced with ammonia emissions to the satisfaction of all concerned.

Thank you.

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Speaker, there may be others who would not share the same confidence the Minister has in hoping that this will solve the problem to the satisfaction of all concerned. Indeed, it is to be hoped that is the case, but from my knowledge of the situation there may be some serious concern as to whether or not Simplot can indeed meet these restrictions being placed upon them. I'm glad to see, therefore, that the Minister is going to hold further hearings to see whether in fact Simplot is able to meet these requirements, but it is to be hoped that the process of pollution control, necessary as it may be, does not progress to the point where the balance is tipped in favour of maintaining an environmental quality that is so high that people therefore begin to lose their jobs as a consequence of that. So I would hope that Simplot will be able to meet these standards without resulting in the layoff of people

at a time when there are so many people unemployed in this province, Mr. Speaker.

**MR. SPEAKER:** The Honourable Minister of Natural Resources.

**HON. A. MACKLING:** Yes, Mr. Speaker, this is a report from the Water Resources Branch as to spring runoff conditions and prospects as of April 20th.

The Assiniboine River: River levels have risen about one foot upstream of Virden since yesterday due to the snowmelt of the past few days. Downstream of Virden, river levels are declining. With normal weather conditions the peak is expected at Brandon on April 30th.

The Souris River: River levels are declining very slowly. With normal weather conditions they will continue to decline slowly. Agricultural flooding will likely continue from the International Boundary to Hartney until late in May.

The West Lake-Dauphin-Swan River Area: Most streams are just beginning to flow. Rapid increases in river levels are expected during the next few days. Peaks on most streams are expected to occur between April 23rd and April 25th. The runoff potential of the area has been somewhat reduced due to very favourable weather conditions since April 1st. Latest predictions call for possible minor flooding on only the Valley and Wilson Rivers. Localized flooding is possible on most streams if ice jamming occurs. This is based on the present weather forecast of no significant precipitation and normal temperatures for the next three to four days.

Weather: The weather pattern is essentially stable. Sunny, mild weather is expected to continue for the next three or four days. Temperatures in snow covered areas around Dauphin, Swan River, and Yorkton should reach 10 to 12 degrees celcius for the next few days, with overnight lows of 0 degrees to plus 2 degrees celcius. Winds will be light; this will reduce the melt rate somewhat, particularly in dense tree covered areas. The melt rate in western Manitoba and eastern Saskatchewan will likely be somewhat above normal and similar to that of 1974 and 1979.

**MR. SPEAKER:** The Honourable Minister of Highways.

**HON. S. USKIW:** Mr. Speaker, at this time I would like to simply mention that I will be tabling the Instruction Program of the department while we're in the House, since we are going into committee in about half-an-hour, so we will have the distribution in the House.

**MR. SPEAKER:** Notices of Motion . . . Introduction of Bills . . .

## INTRODUCTION OF GUESTS

**MR. SPEAKER:** Before we reach Oral Questions may I direct of honourable members to the gallery where we have 60 students of Grade 11 standing from the Warren Collegiate under the direction of Mr. Shadlock and Mr. Wiebe. The school is in the constituency of the Honourable Member for Lakeside.

There are 70 students of Grade 5 standing from the Chancellor School under the direction of Mrs. Bankier.

The school is in the constituency of the Honourable Member for Fort Garry.

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

## ORAL QUESTIONS

### Jobs Fund - federal funding

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**HON. S. LYON:** Mr. Speaker, I have a question for the First Minister with respect to the Jobs Fund and the attempts by this government to create jobs for the 54,000 people in Manitoba who are unemployed at the present time.

Mr. Speaker, last night in the Budget delivered by the Minister of Finance in Ottawa, we heard word of a \$4.8 billion Job Creation Fund, which by rough mathematics, if one works it out proportionately for Manitoba, it would seem to indicate on the capital side that there would be available to Manitoba something like only maybe \$30 million. If the figure is higher, I'm sure we would be pleased. But given that would be the rough ballpark area of about \$30 million available to Manitoba in the first of the four years for this fund, given the fact that my colleague, the Member for Turtle Mountain, has indicated that there is only \$18 million of Manitoba budgetary money in the so-called \$200 million Jobs Fund that the Government of Manitoba has put up; can the First Minister give some indication to us, first of all, as to whether or not he's had any indication as to whether this is the extent of the federal joint participation with the province in job creation for this year?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I thank the Leader of the Opposition for his question. We have not had any indication as to what kind of announcement, the nature of the announcement, the nature of the projects that the Federal Government has in mind insofar as Manitoba. It would be my understanding that the Minister responsible for Manpower would be making an announcement, as the regional minister, within - I don't know whether there has been a precise announcement, as to the date of his announcement, but we'll have to wait for his announcement as to precise detail.

**HON. S. LYON:** Well, Mr. Speaker, given the Budget constraints that appear to be applying to Manitoba as a result of the Federal Budget of last evening, can the First Minister indicate to us at this stage how many of the projects on his Wish List that he filed at the time he announced the Jobs Fund, how many of those projects can we expect sharing upon with the Federal Government, if any at all?

**HON. H. PAWLEY:** Mr. Speaker, probably I could assist the Leader of the Opposition by mentioning that every province in Canada submitted a so-called "wish list" with the exception of the Government of Alberta, to

the Federal Government; that it is not only Manitoba but each government in Canada with as I say the exception of the Government of Alberta, at the request of the Finance Minister, Mr. Lalonde.

We will have to await the announcement by the Minister as to whether or not any of the proposals that were outlined in the list as requested by them have indeed been accepted.

**HON. S. LYON:** Mr. Speaker, a second supplementary on that same point. In view of the fact, Sir, that there was no overt reference at least that I picked up in my monitoring of the Budget Address last evening, to sharing in job creation with the provinces on the scale that the First Minister is speaking about - and I hasten to add that it is a scale I think that all members of the House would tend to support - in view of the fact that there was no such overt mention in the Budget, to my recollection, what will be the nature of the response that we could expect from the Minister of Immigration and Manpower on Friday or Monday next, in view of the fact that there was hardly any mention at all about joint sharing on job creation in the Budget last evening?

**HON. H. PAWLEY:** Mr. Speaker, I would like to first remind the Leader of the Opposition that the Federal Minister of Finance did commend those provinces that had launched some job creation programs of their own. I'm sure that the Minister of Finance at the federal level had in mind Manitoba as one of those provinces that had provided that kind of initiative.

Mr. Speaker, I am somewhat hesitant to comment as to the results from the Budget insofar as Manitobans who have given the regional Minister an opportunity to make his announcement. I am hopeful, Mr. Speaker, that there will be substantial commitment insofar as Manitoba is concerned. I think, insofar as the overall nature of the Budget, that I share with the Leader of the Opposition, disappointment that there is not an overall greater commitment as to the job creation that is necessary in order to ensure that there is restoration of consumer confidence so that we can proceed then to a climate of greater investor expansion; disappointed to that extent overall. But I'm not yet prepared to say that I'm disappointed where Manitoba is concerned because I think it's only fair and right that we await the announcement by the regional Minister.

**HON. S. LYON:** Mr. Speaker, a further question to the First Minister on job creation and joint projects. This morning the Minister of Immigration and Manpower, Mr. Axworthy, was heard to say on a local radio program that with respect to Manfor at The Pas, when he was questioned about that, that negotiations had been under way with respect to the sale of the company to private interests and that he couldn't respond any further because this was in the field of the Federal Department of Forestry.

Can the First Minister give us any indication, either arising out of last night's Budget, or otherwise, as to whether or not there is any progress to report with respect to large capital injections into Manfor with federal participation and private money being involved as well, a continuation of the kinds of negotiations that were going on in 1980 and 1981?

**HON. H. PAWLEY:** Mr. Speaker, there had been discussions with the Federal Government insofar as a co-operative effort between the Federal and the Provincial Governments insofar as monies required to modernize the Manfor operations. Also, as the Leader of the Opposition is aware, we are anxious indeed to encourage any private investor partnership insofar as the Manfor operation. Those options are options that we are seeking. Insofar as further detail, I think it would be more fitting in order to give a more comprehensive answer to take the details of that question as notice on behalf of the Minister responsible.

### Federal Budget tax changes

**HON. S. LYON:** Mr. Speaker, a question to the Minister of Finance. Last evening the Federal Minister of Finance announced the number of tax deductions which I'm sure would be welcomed by most Canadians. My question to the Minister of Finance of Manitoba is whether or not his department has worked out any preliminary estimates as to how these tax deductions announced last evening in the Federal Budget will affect the revenues of the Province of Manitoba in the current fiscal year?

**MR. SPEAKER:** The Honourable Minister of Finance.

**HON. V. SCHROEDER:** I thank the Leader of the Opposition for that question. Last night, in fact, my officials were indicating to me that there were no changes, and this morning after working through the numbers, they have told me that there are indeed changes. They relate to such items as the right of individual taxpayers to deduct child care expenses and that sort of thing. There a number of those kinds and other deductions which will, according to the Estimates of the department, cost us approximately \$10 million in provincial revenue.

On the other side, however, they feel that there's an approximate similar offset in increased taxation. For instance, they point out with respect to the investment tax credits, people will take advantage of them to reduce their federal tax liability and in the immediate years following those decisions, they will probably not take capital cost allowance, thereby they will increase their provincial income tax payable. So they view the two as offsets and in addition, of course, if the Federal Budget is stimulative, then there would be additional income taxes, sales taxes, etc., recovered as a result of that portion of the Budget.

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**HON. S. LYON:** Mr. Speaker, we thank the Minister of Finance for that preliminary review of the impact of the Budget and we appreciate, on this side of the House as I know his staff appreciate, that it's difficult in 24 hours to get anything but an estimate. But could the Minister of Finance, Mr. Speaker, undertake to give us notice as and when his department has had more opportunity to review the large number of changes that were proposed in terms of individual corporate tax incentives and tax deductions, could he give us the

undertaking that as and when firmer figures come out from that review, that he could make them known to the House so that we would be in a position as we continue with the Estimates of expenditure of this government, to have a running total so to speak, with respect to the deficit for the Province of Manitoba which is already in the area of \$580 million?

**HON. V. SCHROEDER:** Mr. Speaker, yes, when I have updated information with respect to the effects on provincial revenue of the Budget, I would be pleased to present it to the House.

### Federal Budget - Housing starts

**MR. SPEAKER:** The Honourable Member for Tuxedo.

**MR. G. FILMON:** Thank you, Mr. Speaker. My question is for the Honourable Minister of Housing.

In view of the announcement in last evening's Federal Budget of a one-month extension to the \$3,000 grant for new home construction, and in view of the statement last week by the President of the Manitoba Home Builders' Association, that despite a major increase in housing starts in Manitoba in the first quarter of this year, they are still expecting the overall annual starts to be well below the normal annual average, is the Minister expecting to bring forward any announcement of additional provincial assistance for new home construction?

**MR. SPEAKER:** The Honourable Minister of Housing.

**HON. J. STORIE:** Thank you, Mr. Speaker. First, with respect to the member's comments about the housing starts being below the average. I'm of the understanding that the present housing starts are the second best in the last 10 years for this time of year.

With respect to the second part of his question, staff is currently reviewing the situation, trying to determine what effect the extension for one month - the extra \$30 million - will have in the long term for the construction industry. Clearly there are a number of builders out there who have continued to put in foundations on the basis of the assumption that this program was going to continue on at somewhat greater length than what has been announced, and it certainly would be the province's position that it would have been a desirable thing.

However, we will be analyzing the situation and trying to assess what impact that short extension is going to have and how it will affect the overall impact of the Affordable New Home Section of the Homes in Manitoba Program.

**MR. G. FILMON:** Thank you, Mr. Speaker. Would the Minister not agree that the major increase in starts for the first three months of this year is due primarily to the fact that the \$3,000 grant was available; and in view of the fact that it's not going to be available beyond the end of May, is the Minister not prepared to give some commitment to bring forward some additional provincial assistance?

**A MEMBER:** He's not prepared to do anything.

**HON. J. STORIE:** Mr. Speaker, of course we're going to look at it. What I was suggesting is, I assume that the Federal Government is of the opinion that there is enough impetus out there in the building, and particularly the home building industry, to carry on beyond the May 30th deadline. What we're trying to do now is to assess the final results of that to the cutback in that grant, and to determine what action if any is required on the part of the Provincial Government to ensure that the home building industry maintains its impetus over the next nine to twelve months.

**MR. G. FILMON:** Mr. Speaker, I would hope that the Minister would take a longer-term view than just looking and complimenting himself for the first three-month increase because I would remind him that during times in the past - and I can recall one year during the time that I was Minister - that we had a 643 percent increase month over month for one month of the year.

**MR. SPEAKER:** Does the honourable member have a question?

**MR. G. FILMON:** So this is a long-term problem. So, is the Minister prepared to look at it and assess it as he says? More than that, is he prepared to take some action, if indeed action is warranted on this matter?

**HON. J. STORIE:** Mr. Speaker, that is exactly what I had indicated to the member would happen. I said we were assessing the situation and that implies that action will be taken if it's required. Mr. Speaker, I recognize the point that the member is making. It is indeed true that the construction industry is an important indicator of how well our economy as a whole, is doing. We are very cognizant of the fact that we want a strong house building industry in the province and I can assure the honourable members opposite that we will be doing whatever is necessary to ensure that that's maintained.

### Deer Lodge Hospital - takeover

**MR. SPEAKER:** The Honourable Member for Fort Garry.

**MR. L. SHERMAN:** Thank you, Mr. Speaker. In view of the absence of the Honourable Minister of Health, whom I understand is ill and certainly we regret that situation, and in view of the absence of the Acting Minister of Health, I direct my question to the Honourable First Minister.

I would ask him whether, in the wake of its takeover by the province from the Federal Government, he can confirm that Deer Lodge Hospital is now experiencing serious considerable and very painful staff difficulties and very serious problems of staff morale.

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I'll take that question as notice.

### Employment - seniority

**MR. L. SHERMAN:** I appreciate that, Mr. Speaker, and because of the conditions that I outlined in the

introduction of my question, I would like to ask the First Minister a number of questions which he may want to take as notice at the same time.

I'd like to ask him whether he can confirm that people with as much as 10 to 17 years experience are being forced out of their jobs. I would like to ask him whether he can confirm that people with as little as one and two years experience are being placed in top and next to top level jobs, supervisory and assistant supervisory positions.

I would like to ask him whether he can confirm that this is a design to keep the budgetary costs of the hospital low? And whether that reflects much consideration from a so-called labour-oriented government for workers who have put in 10, 12, and 15 years in their positions?

I'd like to ask him whether elderly veterans in the geriatric wards of the hospital - and essentially it is, as the First Minister knows, a geriatric facility - are being forced now to adjust to new nursing staff, and the nursing staff itself is being forced to adjust to new situations because one- and two-year personnel have been put into jobs in the geriatric sections of the hospital that have been in the past occupied by senior experienced nursing personnel?

There are a range of questions of that nature, Mr. Speaker. In fact, the basic question remains: Can the First Minister confirm that staffing problems are in turmoil at Deer Lodge Hospital, and that the morale of staff and patients is very, very seriously disrupted in the wake of the provincial takeover?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I appreciate the questions that the Member for Fort Garry has posed to me and in order to provide an appropriate response, I will have to take those questions as notice. I encourage the member that if he has any further questions to certainly not hesitate to contact me in the absence of the Minister of Health.

### Consumer Price Index

**MR. SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Mr. Speaker, in view of the absence of the Minister for Consumer Affairs I'll place my question to the First Minister.

In view of the drop in consumer prices in March of this year, Mr. Speaker, across Canada from 7.4 percent to 7.2 percent, while the prices in Winnipeg rose by 1.5 points to 7.3 percent, which is above the national average, can the First Minister assure the people of Manitoba that consumer prices will be reduced and that we will return once again, in the City of Winnipeg, to having the lowest price index increase, as we did in 1981 under the Progressive Conservative Government?

**HON. H. PAWLEY:** Mr. Speaker, I don't have the data in respect to 1982, but it's my understanding that we compare very, very favourably with other centres in '82 as well, insofar as '82 over '81. Mr. Speaker, one has

to of course take these calculations on a year-by-year basis.

**MR. G. MERCIER:** Well, Mr. Speaker, going on a year-by-year basis the article refers to the fact that the increase in the sales tax by the government to 6 percent, also higher prices for other articles such as gasoline and tobacco products brought in by the Budget of this government are the main factors in the very significant increase, putting the City of Winnipeg above the national average in consumer price increases. Can the First Minister advise what action he has taken in order to reduce the impact of government action, which is the major factor in contributing to the high increase in consumer prices in Winnipeg, particularly in view of the fact that consumers in Manitoba very shortly will be facing an increase in Manitoba Hydro rates brought in by this government and an increase in Manitoba Telephone System rates?

**HON. H. PAWLEY:** Mr. Speaker, I thank the Honourable Member for St. Norbert for that question. It gives me an opportunity to point out that the Budget in Manitoba was introduced prior to any other provincial budget being introduced in Canada. No other budget as of the first of March had been introduced in Canada with the exception of the Manitoba Budget.

Mr. Speaker, it would be interesting to note just what changes take place insofar as consumer price index in other provinces subsequent to their budgets. For example, insofar as Alberta is concerned with the implementation of their \$20 per diem charge in respect to hospital beds and 50 percent increase insofar as medicare premiums are concerned in the Province of Alberta, it would be interesting to note the upward influence that those measures will impose upon the Alberta CPI.

It would be interesting, Mr. Speaker, to check insofar as the upward pressures that are brought to bear in the Nova Scotia CPI as a result of a cut in assistance to the municipalities in the Province of Nova Scotia by some 25 percent, or indeed, Mr. Speaker, insofar as the pressures that are brought to bear as a result of very nominal increase, 2 or 3 percent by way of assistance to universities, to school divisions and municipalities in the Province of Saskatchewan.

In summation, Mr. Speaker, there was a budget that was introduced in Manitoba, the first Budget in Canada; the other provincial budgets are now forthcoming, Mr. Speaker, subsequent to the Manitoba Budget so that . . .

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

**MR. SPEAKER:** Order please.  
The Honourable First Minister.

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

**MR. SPEAKER:** Order please. If members wish the question period to proceed, they perhaps should listen to the answer that is being given.

The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, the point that I'm making spells out the reason very, very clearly for

calendar-year by calendar-year comparisons when all the factors consistent and in a controlled fashion in relationship to any comparison of CPI.

**MR. G. MERCIER:** Mr. Speaker, is the First Minister promising and guaranteeing to the people of Manitoba, as he did in the fall of 1981 when he made a number of promises, that in this particular area Manitobans can rest assured that under this government we will return once again to having in the City of Winnipeg, in Manitoba, the lowest CPI increase as we did in 1981? Is he making that promise, Mr. Speaker?

**HON. H. PAWLEY:** Mr. Speaker, the honourable member can rest assured that this Manitoba Government will do all that is possible within its jurisdiction and with its financial wherewithal to insure:

(a) That the consumer price index is kept on a very favourable basis insofar as all other parts of Canada;

(b) Mr. Speaker, that we do, indeed as we have succeeded, in reducing the level of unemployment, despite these hard difficult times for all Canadians, in relationship to other parts of Canada, and that we've reduced the unemployment rate from the third lowest to the second lowest in Canada, unlike the situation under the previous Conservative administration in Manitoba.

### Unemployment rate

**MR. G. MERCIER:** Mr. Speaker, I wasn't going to ask another question, but in view of that answer I wonder how the First Minister can make that kind of statement when we have more than 30,000 more unemployed people in Manitoba than we did in the fall of 1981, and when we have the consumer price index in the City of Winnipeg above the national average, when we're the lowest in Canada in 1981, Mr. Speaker. Those facts themselves speak more about the First Minister's statement than any answer he's made so far.

**HON. H. PAWLEY:** Mr. Speaker, the Member for St. Norbert attempts to examine the Manitoba situation in isolation from that which occurs throughout Canada.

**HON. S. LYON:** That's what you did for four years.

**MR. SPEAKER:** Order please.

**HON. H. PAWLEY:** Mr. Speaker, we have called repeatedly on this side for clear and decisive policies, Federal Government-wise. We have undertaken policies on our part, Mr. Speaker, insofar as Manitoba is concerned; policies that have been clear and have been consistent in regard to fighting unemployment in this province, despite the tough situation throughout, by the extent of the increase in capital construction, 1982 over 1981; by the extent of increase re hospital, personal care home construction in Manitoba, 1982 as compared to 1981; insofar as the job creation effort is concerned in the Province of Manitoba.

Mr. Speaker, despite the tough times, there is not a moment that passes by that my colleagues and I share concern insofar as the unemployment situation in Manitoba, and that is why we have left no stone

unturned, insofar as policies relating to employment and relating to the reduction of unemployment in our midst. Mr. Speaker, I think that can be credited with some of the reason for the fact that we have reduced the unemployment through combined effort from the third to the second lowest . . .

**HON. S. LYON:** You have increased the unemployment rate. There are 30,000 more unemployed. Who are you trying to hoodwink now?

**MR. SPEAKER:** Order please. The Honourable First Minister.

**HON. H. PAWLEY:** . . . Mr. Speaker, that we were able to enjoy the second-best job retention in 1982 of any province in Canada. I think it also contributes to the fact that, according to Statistics Canada projections, Manitoba will have the third-best record insofar as total investment in Canada of all provinces, 1983 over 1982.

### Loan Guarantee Program

**MR. SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Speaker. In the absence of the Minister of Agriculture, I would ask the First Minister a question that I posed to the Minister of Agriculture some three weeks ago. I asked the Minister of Agriculture if he could provide the House with the method by which the \$100-million Loan Guarantee Program will be used by the lending institutions who may have to collect on the 12.5 percent guaranteed by the government. Will the banks be allowed to collect only on a prorated base on an individually failed loan, or will the entire loan value be covered by the 12.5 percent guarantee of MACC?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, if the honourable member has asked that question and the Minister of Agriculture accepted the question as notice, then I'm sure the Minister of Agriculture will be responding.

**MR. D. ORCHARD:** Mr. Speaker, the reason I am raising this issue with the First Minister is obviously because we have a financial crisis looming with certain farmers in rural Manitoba who are depending on that program. Surely the First Minister would be able to direct and instruct his Minister of Agriculture to find out how his program works.

The program was announced two months ago. Three weeks ago, I posed the question; I still haven't received an answer. Now, if the Minister of Agriculture and the First Minister's government are doing so well and know so much about what they are doing, why can they not answer a simple question like that which was posed three weeks ago?

**HON. H. PAWLEY:** Mr. Speaker, I am wondering if that was a question or a speech by the Honourable Member for Pembina. I don't know what your assessment, Mr. Speaker, of that would be, as to whether that is a political speech relating to the Minister of Agriculture as a question being directed to the First Minister.

Mr. Speaker, I am indeed fortunate, as First Minister in Manitoba, in having a Minister of Agriculture who does not require instruction from anyone; a Minister of Agriculture who is moved by his own sense of commitment to the farmers of Manitoba to do all he can within his powers, jurisdictionally and financially, to assist the farmers of this province during their difficult time. Mr. Speaker, I do not need to instruct my Minister of Agriculture in that respect.

**HON. S. LYON:** He doesn't know much about farming.

### **British Columbia election**

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Speaker, my question is for the First Minister. During recent days, there seems to have been fewer people in the halls of the Legislative Building. Could I ask the First Minister how many people on the payroll of the Government of Manitoba have gone to British Columbia to participate in the election?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, no one that is paid through public funds, on public expense, is in B.C. There may indeed be — (Interjection) — Mr. Speaker, there are I am sure, a number of New Democrats in different levels of service, whether it be government or private enterprise, who are going to participate in the election in B.C. on their own expense, on their vacation time or on leave of absence.

**MR. B. RANSOM:** A further question to the First Minister. From how many levels of government are there NDP employees participating in the election in British Columbia?

**HON. H. PAWLEY:** Mr. Speaker, I don't know what the member is referring to. I do know that much of the Davis machine apparently is in the Province of British Columbia assisting the efforts of the Bennett Government to assume re-election.

**HON. S. LYON:** Probably some of Andropov's machine is out there as well.

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

**MR. SPEAKER:** Order please, order please.  
The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** A final supplementary to the First Minister. Could he confirm that he is Premier of the Province of Manitoba?

**MR. SPEAKER:** The Honourable Member for Elmwood.

**MR. R. DOERN:** Mr. Speaker, I would like to direct a question to the First Minister and ask him whether it's true that the members of the Progressive Conservative Party of Manitoba were specifically requested to stay away from the election in British Columbia.

**HON. H. PAWLEY:** Mr. Speaker, I gained the impression when I was in British Columbia, yes, some three weeks ago to participate in an election rally that there was a sense in British Columbia that the Government of B.C. was in some difficulty and that situation could only be worsened in British Columbia by the attendance of any Conservatives from the Province of Manitoba.

**MR. SPEAKER:** The Honourable Member for Arthur.

**MR. J. DOWNEY:** Mr. Speaker, a question to the First Minister. Is it true that the only competition he had to become the Leader of the New Democratic Party was the Member for Elmwood?

**MR. SPEAKER:** Order please. May I remind all members on both sides of the House that questions . . .

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

**MR. SPEAKER:** Order please. I remind all members on both sides of the House, questions should be concerning matters that are within the administrative competence of the government.

Oral Questions - the Honourable Member for Arthur.

### **Bankruptcies - farmers**

**MR. J. DOWNEY:** Mr. Speaker, I have a question to the Minister of Finance in absence of the Minister of Agriculture. Yesterday, it was an admission by the Minister of Agriculture that he was depending on the Federal Government to introduce measures that would help the farm community. What measures in last night's Federal Budget will help Manitoba farmers, Mr. Speaker?

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

**HON. V. SCHROEDER:** I'll take that question as notice for the Minister of Agriculture.

**MR. J. DOWNEY:** Mr. Speaker, in view of the fact that yesterday's admission by the Minister of Agriculture that while in excess of 100 farmers were facing bankruptcy or receivership, how many of those farmers will be helped by the Federal Budget of last night?

**HON. V. SCHROEDER:** Thank you, Mr. Speaker. I'll take that question as notice for the Minister of Agriculture.

### **Seat belt legislation**

**MR. SPEAKER:** The Honourable Member for La Verendrye.

**MR. R. BANMAN:** Thank you, Mr. Speaker. I direct my question to the First Minister and would ask him, in light of the fact that many Manitobans feel strongly that the wearing of seat belts and helmets should be left up to the individual choice, will the Premier allow his backbench and his Cabinet colleague to vote according to and in the manner that their constituents

would wish that they would? In other words, will he allow a free vote on the seat-belt and helmet legislation?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** The legislation that will be introduced is a government bill.

**MR. R. BANMAN:** So, Mr. Speaker, despite the concern that several of the NDP members have expressed with regard to their own problems in their constituencies that they will not be representing the real concern of their constituency, even despite that, the Premier will not allow a free vote on this issue. Is that correct?

**HON. H. PAWLEY:** Mr. Speaker, the principal concern that this government has in regard to the package of measures that will be introduced re the helmet legislation, the seat-belt legislation, the child-restraint legislation is a reduction of the present high levels of death and injury on our highways. Levels of death and injury that are altogether too high, Mr. Speaker; levels, indeed, that cost the taxpayers of the Province of Manitoba millions of dollars that could otherwise be headed off. In view of all these reasons, Mr. Speaker, safety for the cost to the health care system, this is an item that we have to take the bit by the teeth and proceed with.

**MR. R. BANMAN:** Well, Mr. Speaker, in light of the fact that many people feel that the choice whether or not they wear the seat belts or wear the helmets should be left up to the individual, and that the state in all too many instances already controlling and telling people what is best for them, would the Minister not agree that personal habits such as smoking or the use of alcohol is a much larger cost on the provincial purse than many of these other things? Is the Minister saying that he is now going to move into other areas of telling people what's good for them and what they should be doing?

**HON. H. PAWLEY:** Mr. Speaker, it's possible that the member is not aware of the fact that to drive while intoxicated is indeed a criminal offence and is dealt with under the courts of the law of the Province of Manitoba. There are millions of dollars spent through the court system, through the law enforcement system, and through the police in the Province of Manitoba to prevent those that are intoxicated from indeed using the highways of this province, Mr. Speaker.

### Indian land claims

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Speaker, my question is to the Minister of Northern Affairs. Under a formula which had been followed by the Lyon government and by the Schreyer government, there were some 70,000 acres of outstanding claims to Indian bands in Manitoba. The Minister has a report which recommends that those claims be settled on the basis of some 800,000 acres. Can the Minister report what progress he has made to this point in arriving at any settlements?

**MR. SPEAKER:** The Honourable Minister of Northern Affairs.

**HON. J. COWAN:** Mr. Speaker, I have had one formal meeting with Mr. Ray Chenier, of the Federal Government, acting on behalf of the Federal Government, and Chief Jim Bear acting on behalf of the Treaty Land Entitlement Chiefs of Manitoba. We have reviewed that particular issue among other issues and other recommendations of the report which was presented to us. We have not resolved the issue as of yet. We've discussed a number of options and we have indicated to each other that we would hope to be able to bring forward a package which would involve several policies in respect to transfers of land within a six-month period from that meeting, and that would leave us about four months left in which to enter into those discussions and hopefully resolve that outstanding issue.

**MR. SPEAKER:** Order please. The time for Oral Questions having expired, Orders of the Day.

### ORDERS OF THE DAY

**MR. SPEAKER:** The Honourable Government House Leader.

**HON. R. PENNER:** Thank you. I move, seconded by the Minister of Municipal Affairs, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Mr. Speaker, there has been some change in the batting order. We normally would be proceeding with Health Estimates in the House, but we'll be continuing with Finance, to finish, one hopes, Finance today, and they will be followed, at whatever point Finance is finished, by the Estimates of the Minister of Education in the House. As per the order, the Estimates of the Minister of Highways will be proceeding in committee this afternoon.

**MOTION presented and carried** and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for River East in the Chair for the Department Finance, and the Honourable Member for Burrows in the Chair for the Department of Highways and Transportation.

### CONCURRENT COMMITTEES OF SUPPLY

#### SUPPLY - HIGHWAYS AND TRANSPORTATION

**MR. CHAIRMAN, C. Santos:** Will the committee please come to order. The committee is now considering the Budget for the Department of Highways and Transportation. We shall start the proceedings with the traditional opening statement from the Minister responsible for Highways and Transportation.

The Honourable Minister.

**HON. S. USKIW:** Mr. Chairman, members, it's indeed a pleasure to be back introducing the Estimates of the

department, albeit we recognize that times aren't as good as they used to be, given the fact that we are looking at somewhat reduced involvement in terms of departmental spending as a proportion of the provincial spending Estimates for this year.

But before I get into the main text of my comments, I would like at this time to take a few moments to give recognition to Joe Brako, who has been our Deputy Minister for a good number of years, appointed by Premier Schreyer to this department somewhere in the early Seventies.

Joe has been with the Government Service for pretty well most of his working life. I believe he had an interruption only to serve on Canada's behalf in World War II, and of course on coming back completed his education and took on his role within the Government Service, and I believe at that time within the Department of Highways. He's been involved in other departments as well throughout the course of those years, but in the last decade or so, has been with Highways.

I want to make mention of the fact that during the period of Peter Burtniak as Minister, I had the opportunity to work with the department then and certainly with Joe then, so I speak with some degree of background and experience with respect to my appreciation for the fact that Joe has contributed greatly to the efforts of this department over the years. I think it would be wrong in not making mention of that, given the fact that in the wisdom of government we are going to again change his responsibilities as of June 1.

As you know there has been an announcement that there will be some shuffles of Deputy Ministers, effective June 1, and it does involve Joe Brako going over to Government Services, and Government Services of course coming over to Highways. So this is indeed the last opportunity that we have as a committee, to recognize Joe's contribution to the highway system in Manitoba, to the service that it provides to the people of Manitoba and certainly to the many Ministers who served in a number of governments over the years.

I just wanted to express the hope that I share the feeling of all of those who are here, in wishing Joe well in his new ventures in the Department of Government Services after June 1.

Mr. Chairman, the people of Manitoba and indeed the tourists that travel through Manitoba, I am told, take good advantage of our highway system. In fact, it appears that they do about 2.8 billion vehicle miles annually in this province. It gives you some idea of the magnitude as to the use of the highway system. Of course, that is why it's important to continue with our repair, maintenance and reconstruction programming that is designed to keep improving the highway systems in the province in order to provide the public with a better and more convenient means of commuting back and forth from their workplace to home and so on, as well as the touring public that wants to see so much of what we have here in Manitoba.

The highway system is made up of 4,200 miles of paved surface; 2,300 miles of surface treatment and about 5,300 miles of gravel surface roads. That gives you an idea of just where we are in terms of the level of service. One of the aims of the department has been and continues to be the need to reduce the miles of gravel surface. In order to do this, of course, we must improve grades. We must widen highways; highways

that were built under different conditions and with different standards many years ago, and we must strengthen those highways and bridges that cross the various waterways throughout Manitoba. We must strengthen them to a standard that meets the requirements of today and indeed the future. A dollar invested in the highway system today is not invested only for the day or for the year, but indeed is expected to service the public for many, many years to come. I'm told that about 36 percent of the Construction Program is essentially dealing with those aims.

Highways that receive paved surfaces, of course, unfortunately are not able to last forever without a lot of maintenance. Many of our highways are approaching 20 years since they were last surfaced. They can only be brought back to an acceptable condition by reconstruction. About 36 percent of our program is aimed in that direction.

It is also important that the highways facilities which carry large volumes of traffic be modernized to increase safety and reduce delay, and I simply want to refer to ongoing projects such as what we are completing on Nos. 1 and 12, and of course the project that we started a year ago on Highway 75. That has to do with the recognition of the fact that we have to make sure that the funnel highways, if you like, into major urban centres such as Winnipeg, have a high-standard highway system and a safe highway system. Four-laning, of course, is always in that category where you have a high density of traffic.

The work of the Highways Branch is carried out through several divisions and I don't think I need go into them. I'm sure members are familiar with what they are and if they are not, of course, we will have an opportunity to deal with them as we go through the Estimates.

I think we should remind the committee that in 1965 the province entered into an agreement with the municipalities with respect to the road system in Manitoba, where we took over a lot of roads from the municipalities or from their jurisdiction and made them provincial roads. These were the main market roads.

We have some 7,700 miles of P.R.s in total. Of that 7,700 miles - and this is something I think the committee should keep in mind because it has a great bearing on understanding the needs of the department - of the 7,700 miles that were taken over by the province as P.R. roads, 4,100 of those miles of those roads have not been improved upon since they were taken over. So we have in essence, in rural Manitoba, many municipalities which are saying to us, hell, the roads were in better condition when we had them and the Department of Highways did nothing for our communities by taking them over and assuming the responsibility for them. So it gives us an idea that we've got more than half way to go in order to upgrade the roads that we took over away back in 1965 to a reasonable provincial standard, and that certainly is no small undertaking.

There are approximately 1,074 miles of P.T.H.s that are, what we call, in a backlog position. We're going to add another 1,960 miles into that category within the next few years so that we will have about 3,000 miles of P.T.H.s which are already deficient and behind schedule for reconstruction or resurfacing. That also gives you an indication of the problems that we are

running into by piling up a backlog of needed work throughout the highway system in the province.

Now this is not peculiar to Manitoba. Many of you may have witnessed the story on American TV networks where they have shown that they will have to spend trillions of dollars in order to catch up with their highways' upgrading in the United States simply because they have not maintained their spending levels over the many years. So we are very much in the same position as other provinces and indeed as the United States are in with respect to each year falling further behind with minimum requirements of maintaining highway standards.

Perhaps many people, many members of the committee don't appreciate the point, but the assumption on the part of many people is that when you pour concrete, once you have done it you don't have to do it anymore. Or when you lay asphalt, pavement, that once the road is black-surfaced or hard-surfaced, it looks black, that you indeed have a road that will last forever. I simply want to remind you that it used to be that we expected a lifetime of 25 years of service out of concrete pavement at one time, and about 15 years for asphalt pavement. Those figures are coming down with the increased utilization of the road system and we are now looking at asphalt as having a life span of 13 years, after which it is earmarked and slated for resurfacing. That's how we arrive at the backlog of mileage that has to be caught up with at some point in time. The longer that is delayed, of course, the greater and the more critical the problem becomes in the future which means that at some stage, if we are going to catch up with the program, there will have to be massive increases of spending in this department.

Now I don't believe this is a reflection on any one particular government. I believe during the 60s and the 70s there were major thrusts made in highways improvements, but economics changed so quickly and the demand factors have changed so much over those years that we were just not able to keep up with it to the extent that is reasonable and satisfactory. We find that we are going to be running into a very serious problem in the not too distant future.

Asphalt surface treatment, to those who are not familiar, usually has about a 10-year life span, but usually requires a resurfacing about 5 years after original application. So when you see your various construction crews working on AST roads, you know that it's one of those heavy maintenance programs that's under way.

Now AST roads were originally intended to serve as an interim or short-term, in other words, dust-free road system with the expectation that before their life of 10 years has run out, that they in fact would have been by that time surfaced by either concrete or asphalt and that, of course, is also the area that we have fallen behind in more and more each year.

As members are aware, the department has within it the Motor Vehicles Branch and I want to impart some information with respect to its operation with respect to some statistical data that may be of interest to the committee.

The number of drivers within the province has increased by a mere 1.3 percent in 1982. The total of licence suspensions, however, were 21,087 suspensions in 1982, an increase of 6.2 percent. So our suspensions are increasing faster than our total driving public

numbers. That might be of some interest and value for us to know that.

Suspensions are imposed for convictions under the Criminal Code of Canada, for failure to pay fines, cancellation of probationary licences, failure to pay for a licence or insurance premiums, as well as for multiple offences resulting from show cause hearings. During 1982, the Criminal Code of Canada convictions decreased by 12 percent for a total of 5,453 convictions, and that's a good sign. Convictions registered under Section 236 of The Criminal Code of Canada, which is the blood alcohol content of .08 or higher, which annually comprises about 60 percent of the total, declined significantly by 16 percent, so there's a very good measure of progress in that area and perhaps public education is doing something there. I don't know whether the penalties that are imposed play a larger role there or whether it's more public awareness, but certainly a combination of those two factors is bringing down those numbers.

Convictions for offences related to improper operation of a motor vehicle under The Highway Traffic Act decreased by 11.5 percent in 1982, for a total of 106,980 convictions. That figure is of some interest, I'm sure. Speeding offences accounted for 58.6 percent of that total and that indicates one particular area where we still have a problem.

A decrease of 1.1 percent in motor vehicle accidents resulted in 1982, a total of 38,380. The number of fatal accidents decreased a substantial 26.5 percent, from 170 in 1981 to 125 in 1982. The number of lives lost in these fatal accidents decreased by 27.3 percent to 144 from a total of 198 in the previous year, and that's certainly a pleasant piece of information to receive.

Snowmobile accidents decreased by 13.2 percent, from a total of 68 in 1981 to 59 in 1982. The number of injured victims decreased by 11.8 percent to a total of 45 fatalities resulting from snowmobile accidents; it's decreased by 60 percent to a total of 2.

Bicycle accidents increased by 7.7 percent with the total number of accidents recorded being 292. Fatalities resulting from bicycle accidents decreased 87.5 percent from 8 in 1981 to 1 in 1982.

Now, I'm sure everyone is aware that all of this has to do with education, regulations, safety programs, all of which we are very much involved in as a department, along with the Manitoba Safety Council and others.

During 1982, a program introducing personal licence plates for Class A-1 passenger vehicles was initiated in Manitoba. Members might want to know the progress of that particular program. It's a program, by the way, that allows for a combination of alphabetic and numeric characters, according to the vehicle owner's preference, and within guidelines which assure that personalized plates are distinctly different from standard plates. The response to the program has been more than expected. To date, 6,637 applications have been received; a total of 3,233 plates have been approved and manufactured; 2,203 applications are still pending.

Members are also aware of the fact that in the course of the last year, we undertook a major policy review of the motor transportation system in Manitoba - the motor vehicle regulations that the Motor Transport Board must deal with. We have set up a departmental task force to review the role of government and regulation of trucking buses and inter-city delivery.

We have produced a background statistical paper which was issued, I believe, in March. There will be a green paper detailing current regulatory practise, problems being experienced and possible options open to the government will be issued sometime this spring.

Public hearings will then be held and inputs solicited to obtain opinions and recommendations from interested parties. The task force will then synthesize inputs and make a final recommendation to myself, which will eventually lead to the drafting of a white paper and introduction of new legislation. The aim is to have that ready for the next Session of the Legislature.

In that connection, I want to make the point that very helpful to me has been the Chairman of the Motor Transport Board on those issues. He's a member of the task force, but has brought to my attention all of the difficulties that we have inherited because of the dated regulatory system that we function under and the frustrations that are so apparent within the Motor Transport Board itself.

I also want to take a moment to point out that Manitoba played a key role with respect to the transborder trucking issue. The impasse that we were involved with respect to the American freeze on issuing operating authorities, which has been resolved, I believe, to everyone's satisfaction. I want to compliment our Chairman again for playing a vital role at the staff level. Indeed we all were involved, both staff, and ministerial people from across the country, and from the United States were involved in bringing resolution to that issue.

Mr. Kinley is also following up on committees that are overseeing the system in order to prevent a recurrence of that kind of a problem. He's also chairing a national symposium on regulatory reform, which I believe is going to be held next fall.

So there are many things happening with respect to the motor transport industry in Canada, in this province in particular, and I think it's good to note that we have the confidence within this department that has resulted in Manitoba playing a vital and leading role in these issues for the country as a whole and indeed for our international relations.

The task force has just begun - well not just begun - has begun their work as of last December, and we will be reporting our progress as we go along. There's no doubt in my mind that we will have to be mindful in whatever recommendations are brought down of how those recommendations are going to relate to other jurisdictions, and how they may be complementary to other jurisdictions in their application.

In that connection, I would like to point out that every province in Canada either has or is undertaking a review of their regulations at the present time and we really don't know what the end result will be. But whatever it is we believe the timing that our report has, we believe we will be in a position to reflect on what is already taking place in a number of jurisdictions and hope that we can work within a system nationally that complements one province to the other and one country to the other to the extent that that's possible, practical and indeed desirable.

Members opposite and members of the government, of course, do not have to be reminded of the current status of the statutory grain rate question and I'm not going to dwell on it at this time. We all know where

we are at and hopefully through the involvement of Western Canadian farmers and Western Canadian governments we might bring some resolution to that issue in the very near future.

With respect to freight policy, the province is preparing a multidepartmental proposal for an action program to stimulate economic activity at Churchill. The province is prepared, of course, to cost-share this program and of course is inviting the Federal Government to participate. I might mention in that connection that John Rea's Shop has been doing excellent work in that connection and in many other fields. It's an arm of government that is not only beneficial to this department but indeed to the whole government system. We have a very capable team of people in that department and we're very proud that they were able to put out for us for our consideration the necessary policy initiatives based on very in-depth studies and analyses over the past year.

With respect to the transfer of costs to the province resulting from branch line abandonment we've had some indication, although it's verbal I believe from the Federal Minister, that they are willing to seriously consider the issue and maybe revise some of their thinking with respect to how we are going to handle that question.

Here we have to deal with the question of different modes and this is where John Rea's Shop can play a very important role for us. We believe that trucks and trains should be complimenting each other rather than competing with each other and hopefully out of dialogue with the Government of Canada and their Transportation Department, that we might come up with a more rational approach to the question of how we handle the transportation of bulk commodities and in particular, the off main line areas.

We are also involved with the question of minimum compensatory rates for shipping of canola products. That's an issue that's been with us for a good number of years, at least as far back as I can recall, and the department is working closely with the canola crushing industry in order to negotiate an equitable rate for shipping canola products in the context of federal proposals re grain equivalent rates to Thunder Bay and commercial rates beyond.

We are also very much involved with branch line abandonment hearings. The department will be continuing its involvement with respect to the Inwood (phonetic) Subdivision and we may be making appeals relative to Inwood and Winnipegos.

Now I did distribute before the commencement of our meeting this afternoon - I think you all have a copy of the press statement - with respect to rail bus and I want to first of all in that connection note that it's not an omission on my part but the problem of having not much choice, I would have preferred to make mention of that in the Assembly, but because of the question period and the availability of press, it was awkward to do it in that way knowing that I had to be here at 2:45. We did hold a conference at 1:30 which announced developments in the area of developing a rail bus mode for northern transportation and you might be interested in perusing that press statement.

We have become involved in that area about two years ago as a result of VIA Rail's application to terminate passenger service in the whole of Northern

Manitoba and I have to give full marks to again the Transportation Division for having seized on that particular chapter of our history and promoted the idea of an alternate mode. We are at the stage now where that initiative is bearing some fruit, where we've got a series of committees working, representative of industry, communities, Federal Government, Transport Commission in the Province of Manitoba toward the implementation of a pilot project. The rail bus service is in the area of Thompson, Thicket Portage, Pikwitonei, and then ultimately to Gillam hopefully, if the model proves itself and then the line from Lynn Lake back to Flin Flon and The Pas.

Certainly the technology is there for it. We believe that the Government of Canada is going to look favourably on that. They are most interested and we were impressed with the fact that they are very much involved in this process at this time.

We also appreciate the fact that local industry is looking at it. We have a major local industry, the Motor Coach Industries in Manitoba which, if this development takes place, could be the supplier of the rail bus, it would be the maintenance facility that we use and indeed could branch out into a much wider use of this system throughout Canada, Northwest Territories and even beyond this country. We're hopeful that this will take place as a result of this pilot. So, there may be very significant economic ramifications from this initiative and I'm sure everyone agrees that it would be a major achievement for Manitoba.

Alberta and Ontario are also in on these discussions to display their interest because they have very similar problems in their respective provinces.

We, of course, are going to continue our vigilance to the role that VIA Rail plays in Manitoba and for the benefit of Manitoba commuters and travellers. That's a role we have been involved in all along in the past and we are expressing some concerns about what is happening with respect to service to some areas that are of key interest to Manitobans and that process will continue.

Members will also recall that a few years ago we introduced - I believe the previous government began that program if you like - the Transportation Assistance Program for the handicapped. We are continuing with that at a level that is meeting the needs of communities in Manitoba. This year funds from the Urban Transportation Assistance Program have also been used, or are being used to supplement that effort.

As you know the Medical Review Committee was established last November. We believe we are now on track with the problems in that area. Total applications that have been received to date by the Review Committee are 74. Of that, 6 were cancelled; 19 were approved; 16 were denied; 6 were deferred for additional medical reports; and 15 are scheduled for hearings; 12 are in the process at the moment. We think we brought things to a reasonable level of expectation in that area.

The Manitoba Safety Council, of course, is a recipient of grants from this department. They have had a relatively active period during 1982. They have introduced several new programs concerned with highway safety, which included their Fifty-five Alive Mature Driver's Course, School Bus Safety Course and, of course, the Seat Belt Survivors' Club. We believe

that all of these efforts, of course, are part of the reason why our statistics are improving in the area of injuries or fatalities.

Continued success of our Defensive Driving Course Seminars is, of course, illustrated by the fact that in 1982, 3,583 persons graduated from the course of which 3,008 were referred from the Motor Vehicles Branch and comprised of 161 separate defensive course seminars. That compares with 2,314 and 123 seminars in 1981.

Professional Driver Improvement Course was again conducted in 1982 with 467 graduates from 23 separate Professional Driver Improvement Course seminars, as compared with 304 graduates from 21 seminars in 1981. The total number of graduates from all these classroom driving courses was the highest since 1976 and at present indications are that the 1983 total will be even higher.

During 1982, the Manitoba Safety Council Motorcycle Training Program was completely re-organized and, despite the delay caused by the re-organization, the Council was still able to conduct 14 courses in Winnipeg, Virden and the Shilo-Brandon area from which 278 students graduated, as compared with 287 students in 1981. The course is, of course, being continued for 1983, and will be offered at two additional centres to be established in Beausejour and Portage la Prairie.

The Performance Driving Course has not proven as successful as had been anticipated, but is still available should it be desired.

The Seat Belt Survivors' Club which was formed towards the end of 1982 is well under way and presentations of membership for persons who have substantiated their claims to be survivors of accidents by use of seat belts will be made shortly. To belong to this organization, you must have been involved in an accident, so I'm not sure that all of us would want to readily qualify. It does indicate to you that the department and indeed the general public is very much aware of the need for education and total public awareness of the hazards involved with respect to the use of the highway system with the use of motorized power.

Mr. Chairman, there are many other areas that I could go into. I think I've gone into a fairly comprehensive list of items that the department is involved in. I would want to end on one note which I'm sure members will want to dwell on at some point in the course of the Estimates, and that is that the Estimates do reflect a reduction of highway construction programming for this year of some \$10 million from the figure that we had last year. Adding the inflation component, I think that you can appreciate that there is a fairly substantial reduction in construction dollars this year, based on the need for constraints that have been imposed on the government because of deficit financing requirements and the fact that we are so locked in in other major departments for additional spending.

That, of course, will result no doubt - and I don't want to skip that issue because it would be unfair to do so - that will result in reduction of staffing requirements, both within the department and indeed out in the field, because of a substantial reduction in construction activity. So that apart from departmental staff who will have to be redeployed - we say, redeployed, because of the agreement that has been

entered into with the MGEA - we will have to find alternate work activities for some departmental staff. I'm talking about permanent staff.

With respect to what we refer to as departmentals out in the field, those are the people that are hired for specific construction projects. Logically, not as many will be called back to work this year as we had last year, and there will be substantial reductions there, proportionate to the reduction of millions of dollars in the construction program.

I am sure that all of the members are probably going to want to dwell on the fact of reduced programming, but that is a reality of our economic times that we must deal with. I put it on the table forthrightly, Mr. Chairman, because we are not interested in a dialogue around this table that tends to gloss over that particular issue. It is there and we recognize it for what it is.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** In accordance with procedural practice in this section of the Committee of Supply, the members of the committee are now ready to hear the replier's statement from the leading opposition critic.

The Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Chairman. Might I begin by offering to the Deputy Minister, Mr. Joe Brako, on behalf of the members of the opposition, our sincere thanks for the number of years that Joe Brako has been a part of the Department of Highways.

I had the opportunity of working with Joe as my Deputy Minister for some two years and I think I can say without question that Joe Brako is probably about as well-known a person throughout the Province of Manitoba and the Government of Manitoba as I know. I don't think anyone has had more contacts with the City of Winnipeg, other departments, the industry with which the Highways Department is closely associated. I think over the years of service that he has put in with the Highways Department as its Deputy Minister that he has gained the mutual respect of many of those people with whom he has had very long and very straightforward dealings. I certainly want to thank him for his efforts on behalf of the driving public in Manitoba that have been well-served by his stewardship of the department as Deputy Minister for the past number of years. I wish him success when he moves on to his Deputy Minister post in Government Services.

Mr. Chairman, the Minister made a number of comments in his opening remarks and I detected a certain amount of pride that the Minister had in terms of a couple of particular groups that have helped the Minister enormously over the past year with a number of very complex problems, the Transportation Division being one of them and, of course, the Chairman of the Motor Transport Board.

I must say, Mr. Chairman, that I'm pleased to hear that because I had the opportunity - when I was Minister - of having the Transportation Division brought over to the Department of Highways from Economic Development. I think that the move has proved very beneficial for the Province of Manitoba because their services, I think, are being utilized much more efficiently now and certainly they have provided, with a very small department, probably some of the major new thrusts

coming out of the Department of Highways and Transportation. It gives me no small amount of pride to have initiated that move over, and particularly with the Minister's announcement today about the rail bus experiment in Northern Manitoba.

I can recall very vividly the hearings on the VIA Rail abandonment in Northern Manitoba that were taking place, I believe, in the fall of 1981. The Transportation Division staff certainly put together a lot of work and I still can visualize the picture they brought to my attention of about a 40 or 45 year old rail bus that had been in service, I believe, out to the Lake of the Woods. They pursued that at the time and we made the recommendation to VIA Rail that they should undertake a study and I'm certainly pleased that the efforts of the department have now come two years later with this rail bus experiment becoming a reality and I think they deserve a lot of credit for spearheading that.

In terms of the Chairman of the Motor Transport Board, I have a great deal of confidence in his abilities and what he can do for the Minister. I know from discussions with the trucking industry, that he was extremely valuable in the dispute with our friend and neighbour to the south, over operating authorities and I think played, no doubt, a major role in having that successfully resolved without, I don't believe, any animosity and any lingering side effects. I know that is to his credit and to the Minister's credit that it was resolved with Manitoba being the spearhead province in that effort.

Mr. Chairman, I think it might be interesting to do an historical perspective right now on the Highways Department and highways in the Province of Manitoba. I think it's fair to say that during the decade of the '60s, that the Province of Manitoba emerged from that decade with probably the best Provincial Road system in the Prairies. It was certainly better than Saskatchewan's or Alberta's at that time.

The road system, and here the Minister will certainly and others will accuse me of being highly political, but I think the road system didn't receive from the Schreyer administration, during their eight years, the kind of attention that it needed to maintain its status as the Minister has so diligently tried to point out to us, the needs today. That was probably one of the major faults of the Schreyer administration, in that they didn't pay attention to the highway system in Manitoba during their eight years. They lived on the banked equity that was put in place during the '60s and they were able to get by for a good part of their eight-year term without a major noticeable deterioration. But that certainly was coming upon them fast during the latter part of their second term.

It was interesting to note that in the last four budgets of the Schreyer administration, that over one-quarter of their construction budget was provided by federal funding and that was the stage it was at when we took over the Government of Manitoba in the fall of 1977; our first budget had approximately 25 percent federal funding. But over a two-year period, that federal funding declined to zero where it sits today.

I am pleased to be able to say that during the four years we were government, that we put a conscientious effort into rebuilding the highway system of Manitoba to bring it back to the standard that it had been at - or tried to bring it close to the standard it had been

at - in 1969. We did that by increasing the funding at the same time provincial funding was going down, and that was a drain on the resources and money was not easy to come by from '77 through to '81. But we did that and we did it for three major reasons.

The first reason, of course, was the condition of the system. The road system was, in a lot of cases, deteriorating. The Provincial Road system that the Minister referred to in his remarks had largely been untouched since 1966 when it was taken over by the province. It remains more than half in original condition, even today, and a big failure that I think is common knowledge, was that the construction dollar spending in the Highway Department saw very little road construction take place south of No. 1 Highway and west of the Red River and the system had deteriorated in that area, particularly.

Now, the second reason that we spent money on roads during our term was, it was part of our economic development strategy. Our thrust was to try and balance development throughout the province - industry to relocate outside of the City of Winnipeg, or outside of the City of Brandon, requires an excellent road transportation system - an all-weather road system that will not be restricted in the spring so that access to markets cannot be undertaken by truck transportation while spring restrictions are on. We made a number of efforts to attempt to bring our major communities onstream with all-weather, unrestricted, year-round roads. I think my colleague, the MLA for Roblin-Russell, will attest to the satisfaction there is in Roblin at having an unrestricted road into that community for the first time.

**A MEMBER:** And the Yellowhead.

**MR. D. ORCHARD:** And the Yellowhead route was part of our spending thrust as well.

The third reason that we spent money on roads, of course, was that we didn't use the fanfare that maybe we should have, but road construction quite frankly employs people. If the government is going to be involved in a strategy of using government spending to create jobs to help the economy, we saw the road construction industry as being one which was a major employer. It had a concentration of major and good contractors in this province who rely on a number of suppliers of machinery and equipment and all of those sectors benefited from the increased funding of Manitoba taxpayer dollars that we put toward the road construction system. It was our contribution to government-funded job creation, if you will, for the four years we were government.

I think what we are finding, unfortunately again, with the return of a New Democratic Government in Manitoba, is that they once again are going to neglect the road system. They are changing their priorities away from highway construction into other areas. It appears as if they are once again, willing to let the roads go to pot, or should I say, to potholes and that is unfortunate.

I have to take some interest in the Minister lecturing us about the necessity to continue a Construction Funding Program to maintain the roads, to upgrade them. I wish the Minister had spent that time lecturing

his Cabinet and his caucus, who obviously were instrumental in seeing his construction budget decreased around the Cabinet table and around the caucus table. If the Minister had spent his time lobbying them and lecturing them into the needs, maybe we wouldn't be looking at a reduced construction budget this year.

On this side of the House in the Progressive Conservative Party, we recognize the need for a strong road program in the Province of Manitoba, not only to maintain the system but as a method of employing Manitobans in the construction industry, in keeping the service and supply industry that rely on road construction in a healthy condition.

It's going to be interesting to watch this government over the next two Budgets that they will probably bring in to see if they continue the downward trend in funding towards the Highways Program. It's not going to be interesting from the standpoint that when we inherit the government two or three years from now, whenever the election is called, that once again we're going to have to inherit a deteriorated road system that's going to take some attention, at a time when I suspect we're not going to have that great of a fiscal capacity in the province. But necessity is going to dictate that kind of expenditures and this government, by ducking their responsibilities today, are going to load the taxpayers with even more expenditures two, three, and four years down the road. It's a deferred expenditure that they are foisting upon the people of Manitoba.

I know the Ministers' problem. Capital construction dollars are the easiest ones to cut out of a Budget. It's even easier when you don't have strong representation around the Cabinet table from rural Manitoba that will defend the road system and the road building program, and defend the Minister of Highways.

When you've got an urban-oriented Cabinet that doesn't get past the Perimeter Highway, it's pretty easy to cut 10, 12, 14 million out of the Highway Construction Budget. That's not in the best interests of the people of Manitoba, and it won't be in the best interest of this government. I hope that next year we'll see an improvement in the level of funding on highway construction.

Now, it's unfortunate that the Minister did lose the fight around the Cabinet table on funding for highway construction. That's bad enough, but if we look at the other battle that this Minister lost, it is a double insult to the Manitoba driving public, because not only are they going to be driving on fewer reconstructed and improved roads, but because of this government they're going to be paying more to do it.

Gasoline tax is up. Diesel fuel tax is up. As a matter of fact in the Estimate of Revenues that were tabled with the Budget the province intends to take 10.25 percent more revenue from gasoline taxation in the next year; they intend to take 17.8 percent more diesel fuel taxation revenue; other departmental charges and costs are going to remain approximately the same; Drivers licence fees have increased; the user fees in the highway system are going up at a time when spending on road construction is going down.

The total construction and maintenance budget as lumped together in the presentation of the Estimates total \$153,328,400.00. That's the total for construction and maintenance. At the same time, I want to point

out to members of the committee and particularly members in the government just what the level of user fees are in the Highways Department. The Highways Department plans on collecting \$94.7 million in gasoline tax this year; they plan on collecting \$39 million worth of diesel fuel taxation this year; they are going to collect \$36,467,000 in other fees and related charges from the Department of Highways; and this year they are projecting revenues of \$1,602,000 from the Federal Government in cost-shared programs. The total revenues from the users of the Highway Transportation System in Manitoba are going to total \$171,769,000 this year. That's a full \$18 million over what you're spending on maintaining and reconstructing highways in the Province of Manitoba.

The users of the system are paying more than the reconstruction and maintenance costs are of the highway system. That \$18 million is exactly what it would have taken in the construction budget, when you factor in inflation, to keep the program even with last year.

This government, this Cabinet, and the caucus of the New Democratic Party have decided to make the users pay more than their fair share in the department and have chosen not to put the money of the users of the highways back into development of the highway system. That is the double slap in the face that this government has delivered to the driving public in Manitoba. First of all, you cut the service and then you increase the costs of that service.

If you want to do some additional calculations in the Department of Highways and Transportation Estimates, and if you take out the funding for the Air Division, the Government Air Division, and if you take out the funding for the Marine Division, and if you take out the funding for Northern and Remote Airports, because they're not directly related per se to the road system in the Province of Manitoba. If you take those three areas of funding out, you will find that a full 91 percent of the departmental costs are being carried by user fees of fuel taxation, other fees and charges, and licensing fees. Only 9 percent of the total budget of the department is being paid by general taxpayer revenues. As I say, \$18 million of the user fees are going, not towards reconstruction of the road that people expect they are paying gasoline tax to achieve. That is sad commentary on the priorities of this government.

I would suggest that at the very least what this Minister and this government should be doing is reinvesting the user fees in the highways and transportation system, that should be the very least that they're doing. They should be spending on maintenance and construction of highways, at the very least, the \$171 million that they're collecting in user fees. That is not the case as I've said, they are spending 18 million less than that.

Now, one has to ask a government who prides itself on having a \$200 million Jobs Fund, which is already in vast dispute as to whether it's really there or whether it's simply a transfer from other departments, and that indeed the \$200 million is really not there. One has to ask this government and this Minister what another \$18 million of construction dollar funding would do for job creation in the Province of Manitoba? How many people would be working in the construction industry this summer with \$18 million additional in road contracts going out this year? I would suggest quite a number,

and I would also suggest that a lot of those people reside in New Democratic MLAs' constituencies.

When the layoffs hit this summer from the construction industry because the road program is decreased in real terms, as well as in inflationary terms, that you should be getting some phone calls from unemployed highway construction workers in the private sector who are losing this jobs because you are cutting money from the road construction budget, and cutting money that is there. There is \$170 almost \$171 million of user fees that could be spent on highway construction in the Province of Manitoba. You, as a New Democratic Government, has chosen to take 18 million out of that. Your constituents are going to be the ones that are unemployed this summer, and I'm going to have some constituents that are unemployed this summer because of that.

Yet at the same time you will talk about a Job Creation Fund; you'll talk about having people mow grass and paint fences; and you'll pass up a real job creation opportunity in the highway construction budget that will employ people in long term jobs in the industry and give Manitobans a usable asset at the end of the year. Your priorities are wrong; your priorities are screwed up; you are not doing a good job of governing the people of Manitoba when you allow this to happen.

I'd like to know where the Minister of Municipal Affairs was around the Cabinet table when this Minister was forced to cut his construction budget, when that Minister of Municipal Affairs represents a rural constituency, and it may be fine that his constituency is getting some roads because he happens to sit around the Cabinet table, but there is an awful big chunk of Manitoba that is not going to get roads because of your decision and you allowing Cabinet to cut that kind of money out of the road construction budget. There should be a few other embarrassed rural MLAs in the New Democratic Party that have allowed that to happen.

Obviously, this Minister does have a problem. He doesn't have any support around that Cabinet table, obviously, to undertake a real job creation program in highway construction, but yet he has a Minister of Finance that's going to push through additional user fees in gasoline and diesel fuel taxation. I urge my honourable friend, the Minister of Municipal Affairs, not to let it happen next year, to use his power in that Cabinet and give this Minister some needed backup in Cabinet, so that he cannot repeat this next year, so that he can increase the funding next year and get on with providing a road system for the people of Manitoba that they want, they need and they are paying for. We're not asking for something that Manitobans are not paying for. They are paying for it right now in user fees. It's not a "freebie" we're asking.

I want to point out to the Minister that he has got a problem looming and that problem is looming in southwest Manitoba. One of the only things this government has been able to brag about as an area of real economic growth in the Province of Manitoba has been the oil exploration activity and the new production of oil in southwest Manitoba. That was something that was starting up when we were government and we recognized that oil industry development was going to cause a lot of additional traffic in southwest Manitoba on our roads. Those roads are going to take a tremendous beating because of

the oil industry activity. That area of the province is going to need special attention in the reconstruction of provincial roads and the provincial trunk highways. It cannot be neglected and it cannot be ignored.

Once again, Mr. Chairman, I point out that this government has the oil exploration and production as one of its major bright lights in the province. There is no other industry that's growing faster in the Province of Manitoba. This government loves the revenue that's coming from the new oil production and I only ask them not to forget that there are real costs to the citizens living in that area in terms of deteriorating road conditions. Those citizens in southwest Manitoba deserve some special attention in road construction over the next several years. If the government is going to take the money out of the oil revenues, then the government is going to have to provide the infrastructure that the industry needs, and that means reconstructed roads.

I haven't had an opportunity to look through the Highway Construction Program to see whether there is any special attention in here for southwest Manitoba, but I indeed hope that the Minister has seen that as a problem and has addressed it in this road construction budget.

Mr. Chairman, you signalled five minutes, I didn't believe there was a limit on time.

**MR. CHAIRMAN:** There is a limit of 30 minutes.

**MR. D. ORCHARD:** Well, then I'll have to finish my remarks after I ask a question then.

Now, the main problem that was created in the presentation of these Estimates is that when you take the year-over-year, the print-over-print calculations on what was spent last year and what is proposed to be spent this year, you will find that the total departmental spending is down 3.4 percent, or down almost \$7 million. But here's the real problem, Mr. Chairman, at the time when the overall departmental expenditures are down 7 million or 3.4 percent overall, you'll find that on average salaries within the department are up 17.6 percent, well over \$5.5 million. Other expenditures related to the Salary categories are only up 2.5 percent for the department or some \$800,000 and here's where the money is coming from for those additional salaries. It's coming out of Item No. 7. Expenditures Related to Capital Assets, where that is down a full 6.9 percent, well over \$11 million reduction in that department alone, and the largest component of reduction in that is in the actual construction component which the Minister has indicated is down over \$10 million or 10 percent last year.

This Minister, because of the renegotiated MGEA contract, is saddled with salary costs that are going up; he is saddled with having to make up those salary costs elsewhere in the department, so he's had to reduce programming.

Now in a normal operation you would expect that as your salaries go up and you reduce your programming that it would take fewer people to accomplish the job, but this Minister's hands were tied; not only is he reducing programs, but the MGEA renegotiated contract said he must keep all his staff in place. That leads to another problem that the Minister

has, he's got over 17 percent increase in salaries this year over last and only 2.5 percent more expenditures for that staff to work with.

Now, to me, I cannot see how the various divisions and departments of this Highways' Department are going to be able to maintain the same level of activity in Planning and Design, or any of the other groups that are in that department, with only a 2.5 increase in the expenditures that they can undertake. They still have to run vehicles on the road to take core samples. The cost of gasoline is up; the cost of vehicle replacement is up, but yet, their operating expenses are down. That indicates to me that the Minister is fully recognizing that the department is going to have a lesser level of activity this year. But he's been saddled with a major component of increase in his salaries because of the renegotiated MGEA contract.

He talks about redeployment of staff. Redeployment to do what? They're certainly not going to be building more highways, because you've got a 10 percent reduction in the budget. Factor in inflation of approximately 8 to 9 percent and you've got almost a 20 percent reduction in the volume of work that's going to be undertaken this year. So, what are you going to redeploy the staff to do?

**MR. W. MCKENZIE:** Play cards.

**MR. CHAIRMAN:** Is it the wish of the members of the committee to give leave to the Member for Pembina to continue his reply? (Agreed) So proceed.

**MR. D. ORCHARD:** Now, that has to be causing a management headache for the departmental heads, the district office, the district engineers, because they've got staff that have to be paid, have to be employed and less program for them to work on. It's a joke around the coffee shops in Carman and Morden that the latest joke is that the instruction has come out from the boss - this is a joke among the Highway's employees that are in for coffee - that the word has come out from the boss that if they're going to play cards to get the hell down into the basement so nobody can see them playing cards. They haven't got anything else to do. So, the Minister's got some problems that he's got to address in this area.

I suppose the real pity in this is that while staff levels are being maintained in the Department of Highways because of the MGEA contract, the no-layoff provision of the renegotiated contract, the Minister and his government have been forced to transfer those layoffs to the private sector, because he had to get the money from somewhere and he took it out of the construction budget. That is a direct transfer of layoffs from the government to the private sector and it's going to happen, it is already happening and it will continue to happen. All you have to do is talk to any of the people in the construction industry and they are not going to be employing their normal complement of staff because they don't have the volume of work to undertake.

Now is that an action of a caring government, where they'll transfer layoffs from government directly to the private sector? I think it is not a good action of this government. It will not fare them well with the citizens of Manitoba and, particularly, will not fare them well

with those members and those workers in the private sector who are going to find themselves laid off prematurely this summer because there are no road contracts that they're going to be working on.

You know, Mr. Chairman, it's kind of ironic that, at this stage of the game, the NDP Government would decide to cut back their construction funding. I followed very closely in 1980-81, when volume of work in other construction areas was decreasing and indeed volumes in Saskatchewan and Alberta were not as high, the competitiveness of that private sector industry in bidding was very, very keen. In the summer of 1981, we were getting bid prices on dirt contracts to rebuild our provincial roads that were below the 1977-78 bid prices. Four years later, they were bidding at a better price. That situation exists today and the government could get very good value for additional construction dollars, and I think the Minister knows that. This is your best time to be putting extra money towards highway construction. You will get more miles of regrading or upgrading of provincial roads today than probably in the last two or three years. The value is there. I can think of no better investment in the future.

This government keeps talking about wanting to protect the basic structure of our economy so that when the recovery comes, we can take off from this maintained level of infrastructure and participate in the upturn in the economy. This is certainly one area that the government is not doing what they say they're doing, because they're neglecting the highways system in Manitoba. They're neglecting it at a time when they couldn't get a better value for the taxpayer dollar. They couldn't get a bigger bang for the buck than they can this summer, because there is slack capacity that could be used and would be bid competitively if the volume of work was there.

So I look forward to discussing line-by-line on the Estimates, and finding out what new initiatives are taking place in the Department of Highways, but I have to register, Mr. Chairman, with you, Mr. Minister, the disappointment we have in that you have lost the battle around the Cabinet table; that you have not been able to at least maintain your program which would have taken, I suggest, probably \$108 million or \$109 million of construction budget; that you have, in fact, gone the other way; that you have actually lost dollars.

This just goes to kind of reinforce the opinion that keeps getting voiced to myself that my colleagues and I have, no doubt, voiced to the Minister and his colleagues in the government. People are saying today, well, you know, we've got a \$500 million deficit; we've got a \$600 million deficit coming up. And they're saying, what are we getting to show for it? If we saw a new road being built or if we saw some new drainage ditches being constructed, we could see that at least our deficit was going to give us something in the long run, but they're not seeing that happen. With this Budget and this level of funding, they're certainly not going to see it happen again this year. So we're going to have this \$600 million deficit and no apparent perceived advantage in terms of real tangible assets that the people of Manitoba have bought with the taxes they've paid, and are going to have to pay for as they pay the deficit in future years. That's kind of disconcerting to the people I talked to. It may not be disconcerting to all Manitobans, but a number of people voiced the concern to me that, what are we getting for our deficits?

So, Mr. Chairman, I thank you for your indulgence in allowing me leave to go beyond my 30 minutes, but I wanted to put those remarks on the record because I think that this department is a very instrumental and key department in carrying out the government's proclaimed objectives of job creation, of maintaining the infrastructure and the base of the Manitoba economy so that we can participate in the recovery. This department is probably the one that could do that and contribute more to that than any other department.

It is interesting to note that, with the government telling us that's what their spending programs are going to do for Manitobans, that the department that can deliver it was not given the ability to do that. Instead of the ability to provide jobs in the private sector through highway construction, the construction budget was cut down. Instead of providing an infrastructure base throughout Manitoba to the towns and communities that want to participate in the recovery when it comes by having a good, reliable, all-weather, year-round road system, some of those communities aren't going to have that because this government has not put the money to it.

The government says, it's going to try to redirect money to needed areas. This department would offer it the opportunity to do that. Manitobans don't like paying new taxes, but they are willing to bear their fair share providing the dollars are being used wisely. Once again, the Minister and this government have decided to tax Manitobans more, as users of the road system, and give them less. That's a failing of a commitment that this government has made that they were going to repriorize and redirect the funds to where they would do the most good.

They've taken more money, as I've said. The figures are right in front of us: 10.25 percent more money out of gasoline tax; 17.8 percent more money out of diesel fuel tax and, at the same time, they've cut by \$10 million the amount of money they're going to put into road construction.

This is the department that could deliver some of the government's commitments and this is the department that is not doing it. It's a sad commentary on the government. I don't fault the Minister. I like to fault him and I like to get into little scraps with my honourable friend, the Minister of Highways, but I know that he recognizes the importance of maintaining the highway construction budget but he couldn't sell the rest of the government on it. That's, in part, a reflection on him, but it is a greater and more serious reflection on the kind of understanding that this New Democratic Government has of what is needed in the Province of Manitoba.

They believe that, because they don't have seats south of No. 1 Highway and west of the Red River, we don't have to spend any money there. Well, they're wrong, because that's the area of very great and sustained economic activity. That also is the area where they have their only bright light, in oil exploration in the southwest corner. It is the area that provides a major contribution to agricultural sales for the Province of Manitoba, and I don't need to remind members of the government that they have consistently said that agriculture has been the major contributor to the gross provincial product over the last couple of years. I only beg of them to come to the understanding that you

can't milk that cow, south of No. 1 Highway and west of the Red River, forever without putting a little feed into it. Roads are a very important part of that area of the province and cannot be neglected as they were in the past New Democratic Government term.

If this government neglects them again, it will be a sad commentary on the objectiveness of their party to govern the province. I only hope that the Minister will take my criticism not personally, but as constructive criticism that he knows that I always give to him. I would hope that some of the members opposite - and we have two of them here, the Minister of Municipal Affairs and the Member for The Pas, who represent rural Manitoba constituencies - that they heed the message I'm saying, because they're getting it from their constituents as well, and they don't allow the city-controlled Cabinet to once again deprive rural Manitobans of spending on highway construction. It's not giveaway dollars, it's dollars that the users have paid for. Just give them what they pay for and this year alone, as I've said earlier, that would mean \$18 million more in the highway construction budget, if you simply matched the user fees and the revenues of the Department of Highways to the construction budget. I don't think that is an inordinate request. It's not one that members opposite can say, well on one hand I want to decrease deficits, and on the other hand I want more spending. I want the spending to go where it was supposed to go, not an unreasonable request, a very fair and equitable one, and one that the New Democratic Party, when they're in government, should heed. They should not repeat the disastrous record of 1969-77 in southern Manitoba. They should have learned the lesson then and they shouldn't repeat it now. I look forward to perusing the construction program to see whether it's being repeated this year.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** The time being almost 4:30 p.m., what is the pleasure of the members of the committee?

**SOME HONOURABLE MEMBERS:** Committee rise.

**MR. CHAIRMAN:** Committee rise for the Private Members' Hour.

## SUPPLY - FINANCE

**MR. CHAIRMAN, P. Eyler:** Committee come to order. We are considering the Estimates of the Department of Finance, Item 5.(a)(1) Federal-Provincial Relations and Research Division, Economic and Federal-Provincial Research Branch: Salaries - the Minister of Finance.

**HON. V. SCHROEDER:** The Member for Turtle Mountain had asked yesterday approximately what percentage of public sector funds went to pay salaries and benefits, and our Estimates are that it is approximately between 45 percent and 50 percent.

**MR. B. RANSOM:** How much was that? 50 percent?

**HON. V. SCHROEDER:** Approximately between 45 percent and 50 percent for salaries and wages.

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

**HON. S. LYON:** Mr. Chairman, this may not be relevant under this heading and I am willing to move to another one, but there are some questions I would like to ask about accounting firms auditing Crown corporations.

**HON. V. SCHROEDER:** Go ahead.

**HON. S. LYON:** I thank the Minister for taking it under this heading.

On the 23rd of September, Mr. Chairman, 1982, the Minister will recall that he turned out a News Service release to the effect that he had sent letters to leading chartered accountancy firms in Manitoba inviting them to submit proposals for the auditing of certain Crown corporations. I won't read the whole release. The Minister would be familiar with it. But he did say that the Crown corporations and agencies had been divided into two categories; "Category I, entities responsible for administrative, supervisory or regulatory services of a governmental or quasi-governmental nature. These will be audited by the Provincial Auditor; and Category II, entities, ordinarily self-sustaining, that are responsible for the management of commercial operations, involving supplying of goods and services to the public. These will be audited by commercial accounting firms."

Then the release went on to say, "Category I corporations and agencies include the Liquor Control Commission, the Manitoba Lotteries Commission, Horse Racing Commission, Leaf Rapids Town Properties Limited, Manitoba Data Services, Manitoba Forestry Resources Limited, Manitoba Housing and Renewal Corporation and Venture Manitoba Tours Limited.

"Category II corporations include Manitoba Hydro, Manitoba Telephone System, Manitoba Public Insurance Corporation, Manitoba Boxing and Wrestling Commission, Workers Compensation Board, Flyer Industries and A.E. McKenzie Company Ltd. and its subsidiaries."

The release then went on to say that the Cabinet had "assigned to the Provincial Auditor the auditing responsibility for four other agencies, once the audits for the past fiscal years had been completed." Those four were the Lotteries Commission, the Horse Racing Commission, MHRC and Manitoba Data Services.

"The ManFor, Liquor Commission, Venture Tours and Lead Rapids audits were assigned earlier to the Provincial Auditor when their previous year's audits were completed."

The release concluded by saying that "a letter inviting accountancy firms to submit proposals was sent out September 15. These proposals are screened by representatives from Finance and the Provincial Auditor's office, and a short list prepared for each audit. Firms on the short list will then be asked to make a more detailed presentation, and recommendations based on these will then go to Cabinet."

Now, Mr. Chairman, there are a number of questions that arise out of this announcement by the Minister. I suppose the first would be that this statement appeared to represent a fundamental change of mind of the Minister and of this government from what it used to propose when it was in opposition and made a great deal of the fact that the then Government of Manitoba

was having private audits done, as they used to say, more as a matter of patronage and so on.

I realize that I am abridging the comments that used to be made by the NDP when they were in opposition and in the early months in government. They used to say that they weren't going to engage in such practices; that they would ensure that the Provincial Auditor did all of the audits. They used to imply that the Provincial Auditor could do them more cheaply which, of course, was a piece of fiction and on and on with various rhetorical flourishes, not all of which I have to repeat for the edification or refreshment of the memory of the Minister of Finance.

So perhaps he could tell us, first of all, what has brought about this fundamental change of view on his part and the part of his government from that of having the Provincial Auditor do all audits, which was the position that they seemed to espouse when they were in opposition and previously in government, from this other position which was announced September 23rd to have certain of the audits done outside and certain done inside? What brought about this change in view on the Minister's personal road to Damascus?

**MR. CHAIRMAN:** Mr. Minister.

**HON. V. SCHROEDER:** Mr. Chairman, I have just asked for the file to be brought into the Chamber and I will answer a little more fully later on, but I have to say the Leader of the Opposition is basically right in what he suggests, that when we were on the other side we were looking at numbers and it appeared to us that it was going to cost money to move from the public sector to the private sector in the area of auditing. Indeed, I recall having been given numbers from the Provincial Auditor's Department that bore that out in the first few months of being in government, and later on there was some indication that those figures didn't include all the costs. That's something that made us reassess the position that we had taken.

I suppose it is an indication that when we discover new facts, all of us can change course. We did change course. We think that what we propose to do and what we are doing now is the best compromise. We are certainly using the services of the Provincial Auditor to a great extent. On the other hand, there are certain areas where we are also using outside firms and we think we've probably come up with the right mix. It nevertheless is under review and we may move in one direction or another in the future.

**HON. S. LYON:** Mr. Chairman, I'm sure that all of us on this side of the House appreciate this personal confession that we have just heard from the Minister about how, when he was apprised of the real facts of the situation, he abandoned his political partisan stance and showed enough flexibility, for which I give him credit to do what, according to his lights, was in the public interest.

I take it, therefore, that all of the silly, nonsensical, errant and stupid comments that were made by him and his colleagues when they were in opposition about the advisability of having outside auditors do work for the government, I take it that all of those now can be taken as having been repudiated by the Minister just a few minutes ago.

**HON. V. SCHROEDER:** No, Mr. Chairman. I think that we could say that maybe both sides were partially correct and partially incorrect. One of the problems when you sort of practically, I shouldn't say practically eliminate, but considerably reduce the size of the Provincial Auditor's staff one time and then turn around and boost it again, you have all kinds of other costs involved there.

As I indicated there were some hidden costs of operating through the Provincial Auditor that we discovered that weren't. As the Leader of the Opposition knows I wasn't the finance critic. It was an area that I was peripherally interested in, but when in opposition I was in charge of other areas in terms of my critic role, so I don't recall the history of the debate as clearly as I'm sure he would. It wasn't in the area that was one that I was most interested in.

**HON. S. LYON:** Well, Mr. Chairman, not to thrash old straw, although we will have to thrash a little bit of it, we won't create too many round bales today.

I would remind the Minister of Finance that it was his then colleague, the Member for St. Johns, who was the finance critic, the person who I believe is now the Chairman of Manitoba Hydro. I believe that person has been used by the Minister of Finance from time to time to receive "financial advice." Given the inaccuracy of the advice that the present Chairman of Manitoba Hydro was giving to his party and to the people of Manitoba with respect to private audits of crown corporations for four years, four long years, when we had to listen to all of the whinings and misstatements by that person, would that not seem, Mr. Speaker, to be a good indication that "the advice" that the Minister presently receives, apparently on overseas loans and commitments that the Province of Manitoba is making, the advice that he receives from the present Chairman of Hydro should be looked at with a great deal of concern, given the degree of error that he found in the quality of the advice on this small topic in which the present Chairman of Hydro persisted in hoodwinking and misleading this House and the people of Manitoba for so many years?

**HON. V. SCHROEDER:** Well, Mr. Chairman, I think we all recognize that none of us is perfect, but I would remind the Leader of the Opposition of one area that demonstrates that there was a need at least to re-examine what was happening.

I'm thinking specifically of Manfor before, where you had a private auditor looking at that particular operation. There didn't appear to be any awareness on the part of government that during the summer of 1981 there was just a massive buildup, there were thousands, and thousands of feet of inventory, lumber piled up there with no real hope of sales in the reasonable future, and an auditor who basically wasn't catching that. I think there were some real problems there that - I don't know whether the Provincial Auditor will catch those things now, but the point I want to make is that it wasn't a perfect system. Maybe we erred on the side of believing that everything should be done by the Provincial Auditor, and maybe the other side erred on the side of thinking that practically nothing should be done there. I believe the compromise that we struck is one that's reasonable.

Now, that doesn't mean that we weren't wrong in some of our criticism. I think the advice that the former Member for St. Johns has given throughout has been generally good advice. There's very few advisors who are 100 percent right on every issue.

**HON. S. LYON:** Mr. Chairman, referring to the categorization that was described in the New Service Bulletin of September 23rd. Category 1, relating to administrative supervisory regulatory services of a governmental or quasi-governmental nature. I think we can appreciate how these categories were arrived at and understand that. For my own part, I was surprised to see the Liquor Control Commission included in that grouping, because while it does have a regulatory and administrative function in terms of an audit, that is by far the least important of its functions. It is the big monopoly seller of liquor in the Province of Manitoba. It's one of the few corporations that generates invariably and without fail, at least up until this present government came along, a huge and growing profit for the people of Manitoba through a chain of stores and outlets in our province. I was at a loss to understand how that Crown corporation, the Commission, which is a separate legal entity, got into Category 1.

**HON. V. SCHROEDER:** Yes, Mr. Chairman, the process was as follows. The Comptroller's Branch of the Department of Finance set up the classes and then there were discussions between the Provincial Auditor and the Comptroller's Department in that there are a number of categories that could fall on either side.

The vegetable marketing, for instance, is also a commercial operation. This one is certainly partially commercial, and I would agree with the honourable member that it would be just as logical at least to have the LCC in Category 2 as in Category 1. It's a matter that I think we could discuss further with the Provincial Auditor in terms of how that does fit in with their current staffing. How it fits in with their timetables and that sort of thing.

**HON. S. LYON:** Mr. Chairman, I appreciate the Minister's willingness to look at that. I was merely expressing to him my - amazement is too strong a word - my surprise that given the categorization, which I think we can all understand, that the LCC was included in Category 1.

Also the question was raised in my mind about Manitoba Forestry Resources Limited, Manfor, because it is an ordinary commercial operation. While it is not ordinarily self-sustaining, which I see is one of the conditions applying to Category 2, would the Minister not agree that it also is something different from the regulatory agencies such as the Horse Racing Commission, etc., that are included in Category 1? Would it not also be a prime candidate for outside audit? Before he answers the question, let me make two points. I think they're clear to the Minister, but I put them on the record.

No. 1, none of this discussion and I know this Minister understands it although his former colleague, the Member for St. Johns, always tried to suggest that our government was implicitly criticizing the Provincial Auditor when we went to outside audits for Crown

corporations and of course, that was just a simple untruth. There is no criticism of the Provincial Auditor implicit or explicit in my comments on the matter today. We are fortunate in Manitoba in having, not only a good Provincial Auditor, but he is fortunate, as well, in having an excellent staff under him. What we were attempting to do was to do what was best in the public interest, in terms of sharing that burden of work, which is a tremendous burden and a growing burden for the Provincial Auditor in his dual categories, so that point to one side.

No. 2, it always seemed sensible and prudent to us, that having outside auditors who had a familiarity with other private sector commercial operations, would be beneficial to management of commercial operations operated by the Crown, in that they could bring their expertise and their exposure to the private sector into a Crown corporation, and thereby there could be a cross-fertilization of information which would be helpful, both to the Auditor and to the Crown corporation, to say nothing of being supportive of the public interest.

I put those two factors on the record merely to indicate that it was the motivation for the utilization of Provincial Auditors, or of outside auditors, which I believe is done in all other provinces across Canada, with the possible exception of the Province of Manitoba, which has now moved back to the normal position.

That leads me in, I hope, one sentence, merely to say that the Member for St. Johns always tried to indicate that having the Provincial Auditor doing everything was normal, and that what we were moving back into, that is, having outside audits done, was abnormal. Well, that was one of his styles of debate. That was one of the ways in which he attempted to hoodwink and mislead people and he must live with his own conscience with respect to that, because I'm sure this Minister doesn't share any of that kind of elusive logic with respect to how he is proceeding with his department.

Could the Minister give some opinion as to whether Manitoba Forestry Resources might be considered as an entity that would be in Category 2?

**MR. CHAIRMAN:** Mr. Minister.

**HON. V. SCHROEDER:** The Leader of the Opposition hit the point right at the beginning of his statement, about why we had chosen to put it in the other category, why the Auditor wanted it in the first category because it's continuously losing money. I certainly would agree that if we can get that operation on a sound financial footing, that at that point there would be logic in having it in the column that it is in.

Until then, at least we know that it will be audited by staff who are knowledgeable about general rulings of the Treasury Board itself and regulations pertaining to government departments, it is being audited in that same fashion. Also the Provincial Auditor's Report itself provides the Legislature with the convenient reporting mechanism should any matters be required to be drawn to the attention of the Legislature. So there is that one component that we do have to keep in mind for now.

**HON. S. LYON:** Mr. Chairman, coming to the reverse proposition, under Category 2 we find the Manitoba

Boxing and Wrestling Commission included as a corporation. If you use the Minister's definition, "Ordinarily self-sustaining, that are responsible for the management of commercial operations involving supplying of goods and services to the public." Try as I may, I haven't been able to deduce how the Manitoba Boxing and Wrestling Commission falls into that categorization.

**HON. V. SCHROEDER:** I'm told the answer is simply that there is no public funding involved with that operation, therefore it would be more appropriate to have a public accountancy firm involved.

**HON. S. LYON:** I can accept that answer, Mr. Chairman. I hope the Minister sees how even-handed I'm trying to be by suggesting categories that the Provincial Auditor might wish to take under his wing, but I can accept the answer that the Minister has just given.

Can we move on for a minute or two, on to the question of how auditors were selected? I understood from the press release that there were to be proposals submitted - a letter went out to all of the accountancy firms and so on - can the Minister describe in his own words how this tendering process worked? Was any attention paid to the fact that existing auditors in place would obviously not have to be engaged in the start-up costs of a new audit? Was that factor taken into account?

Were the firms who were tendering on these audits, were they given an opportunity to do a pre-cost or to do assessments of what their operating costs might be, that is, by way of talking to the Comptroller of the Crown corporation, or whatever? Just in brief, how was it handled? So that ultimately when the two members of the Minister's department had to make recommendations, how could they be satisfied that all bases had been touched, so to speak, with respect to the viability of Firm A or Firm B to carry out the audit for the price which it had tendered, recognizing as we do - and this will be another branch of questions - that the tender was then for a three-year appointment and that it was, in effect, open-ended for the next two years?

**HON. V. SCHROEDER:** Mr. Chairman, first of all, there was a request made to the Institute of Chartered Accountants to arbitrate the process and to give us suggestions as to names of firms. They did decline, so then there was a mailing, as mentioned, to all charter accountancy firms asking for qualifications. The department short-listed the firms for each particular project, and there were bids sent out to approximately six firms for each project that we were asking about, the reason being that to develop a proposal is indeed a costly item and it's time consuming. The Auditor and the Comptroller's Department did the evaluations of the firms, first independently of each other and then together developed a Treasury Board submission with respect to the names of those firms.

There were detailed criteria used by the review team. There were things such as extent of firms' related auditing experience; specific experience of the individual personnel to be assigned to the engagement; the quality and appropriateness of the auditing firm's proposed work plan and assignment of personnel; the anticipated

timeliness of the audit work and resulting reports; quality and appropriateness of the specific audit techniques to be applied; the audit fee - those were sort of the basics on which they went.

In fact, if you like, I could table the request for proposal to carry out a test audit which is a fairly voluminous document. We didn't want to send it out unless we felt that there was at least a half reasonable expectation of a firm getting a contract.

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

**HON. S. LYON:** Mr. Chairman, I think it would be useful if we had that on the record. I don't know if lawyers can understand all of these documents as well as chartered accountants can, but it might be useful if we had that on the record.

I realize that there was an attempt made, which is very difficult to do with professional services, to treat this as a form of tender with the lowest tender getting the work. In fact, did each of the auditing firms that was successful in getting the outside audit, did each firm submit the lowest tender?

**HON. V. SCHROEDER:** No, Mr. Chairman. When I look at Manitoba Hydro-Electric, the lowest firm did get that; on Manitoba Telephone System, again, the lowest got the work. On Workers Compensation Board, the lowest did not get the bid; there was a \$2,000 difference, however, using the rating system that had been set up, the second lowest had received a Provincial Auditor's rating of approximately 14 points below that of the successful bidder and a Department of Finance rating of considerably below that, an average rating of about 20 points behind the successful bidder.

The short answer on that one is that we didn't take the low bidder, but the firm that was the low bidder is the incumbent auditor of Workers and in the audit of Canada's second largest insurance company combined with the fact that they submitted . . . on that one, the lowest bidder ranked fifth in proposal ranking and of course first in cost ranking.

On the Boxing and Wrestling Commission, there was a \$10 discrepancy between the first and second firms and again the one that got it ranked No. 1.

**HON. S. LYON:** Mr. Chairman, I wonder if the Minister would have any objection to letting the committee have copies of these quotations that were made for the various audits? Now that it's a matter of history, I can't see that there would be any harm.

**HON. V. SCHROEDER:** Yes, Mr. Chairman, we will get staff to prepare that and have it tabled and I will table this request for proposal to carry out a test audit. Thank you.

**HON. S. LYON:** Mr. Chairman, in the course of moving into this system of tendering which, as I have already acknowledged and I'm sure the Minister would agree, as would his professional staff, it is very difficult to do tendering on a professional basis because the individual qualities of firms and/or people can vary and in a professional service that, to use an example - and I'm not casting any aspersions on any firm or any chartered

accountant or for that matter any lawyer - but let's talk about lawyers, because we'll keep it away from chartered accountants, they are more delicate, they're not used to being used as examples.

Lawyers vary in capacity, one from the other; they vary in specialities. They come together in large firms and so on and it's known within the profession that X firm or Y firm may be the best firm to go to with respect to real estate matters or that Z firm is the best firm to go to with respect to commercial transactions and so on. What kind of talent, so to speak, for want of a better term, was utilized by the Provincial Auditor and his professional staff, or was that an applicable kind of waiting that had to be taken into consideration in the course of these tendering proposals and the consideration that was given to them?

**HON. V. SCHROEDER:** Mr. Chairman, the criteria I referred to before were each given a point value. The extent of a firm's related auditing experience, as indicated, there are different fields, out of 100 points, maximum total, counted up to a maximum of 20 points, related experience was considered fairly important. Slightly more important was considered specific experience of the individual personnel to be assigned to the engagement at 25, one-quarter; then there were two others that were 20 points. Quality and appropriateness of the auditing firms proposed work plan and assignment of personnel was given up to 20 points. Then the quality and appropriateness of the specific audit techniques to be applied was given up to a maximum of 20 points. The anticipated timeliness of the audit work and resulting reports, will they get things done on time and that sort of thing, was up to 10 points. There are some law firms that are known for being a little slower than others in terms of getting work done and I presume that auditors know who's slow as well. Up to 5 points was initial adherence to the terms of the request for proposal in the first place and that totalled up to 100 points. As I indicated, the auditor's office independently evaluated each firm. The Comptroller's Branch independently evaluated each firm, and then they worked it out as between themselves.

**HON. S. LYON:** Mr. Chairman, was there any input by the competing firms into this waiting or evaluation process? Specifically, if X company was accorded 25 points - just to use a figure out of the air - was X company apprised of that fact and how its categorization was arrived at when the proposal was being considered? Did X company have an opportunity to say to the Provincial Auditor or his staff, we think that you gave us too many points on the first of the criteria, but you didn't give us enough on the other? Was there that kind of scrutiny available to the companies as they were being categorized by the Provincial Auditor?

**HON. V. SCHROEDER:** Mr. Chairman, there was no opportunity for any of the firms to short-circuit the process. They were told that - and this is in fact what happened - their proposals were evaluated strictly on the basis of what they had presented to the auditor and the Comptroller's Division and they were not

apprised of the numbers later on. They were simply told who had been successful, although I understand that between the firms they probably all know what the bids themselves had been, but that was, as I indicated previously, only one portion of the total evaluation.

**HON. S. LYON:** Mr. Chairman, to use the analogy of the lawyers again in a very hypothetical situation, if a firm in submitting a tender for legal work said we have X, Y and Z who are extremely well accomplished in the practice of the criminal law, and the Attorney-General of the day or his Deputy would say, well, now, they make that statement, but you know and I know that X and Y and Z really aren't all that accomplished. They are much better say as state lawyers or whatever. There has to be a value judgment applied and obviously it has to be applied by the Department of Finance and the Provincial Auditor, but what was the guarantee within this value judgment that the firms were being properly judged as to the ability of the firm and or its particular partners or members to do a specific job? I suppose not to put too fine a point on it, who was auditing the auditor when he made the judgment as to the capability of the firms?

**HON. V. SCHROEDER:** Mr. Chairman, as I understand it, the accountants don't gossip quite as much as lawyers, so what they alleged that they have done - of course, let's remember this is only for a maximum of one-fifth of the points that we're talking about - they had, as I indicated previously, first of all, gone to the institute and I can understand why they declined with thanks to get involved in the evaluation.

They then informed all of the firms who were asked to bid, that the people doing the evaluation would attempt to objectively only assess what was on the piece of paper. That is, they would take a look at the experience of John Smith and would say, yes, this person has had related experience and that sort of thing. So it's the CV basically attached that they paid attention to, and I trust they didn't stray from that.

**HON. S. LYON:** Mr. Chairman, during the years from 1977-81, there was some attempt made, I think, in the case of most of the Crown corporations - I wouldn't swear to all of them - to have audit committees formed within the board of the Crown corporations. The Minister will recall that following upon the report that we received in 1978 about the structure of government, the Task Force Report, that we started to move then to restructure the boards into the form in which we find them now, with a chairman who is part-time and present Chief Executive Officer, who is the chief operating officer, and so on. Part of that process, following along with the practice provided in the various corporate private companies now, audit committees were established. Can the Minister tell us to what extent the audit committees of the Crown corporations had input into this process of selecting auditors?

**HON. V. SCHROEDER:** They did not have any input, Mr. Chairman.

**HON. S. LYON:** Would the Minister know, Mr. Chairman, whether the audit committees, or indeed the boards

of the various companies, or the Crown corporations expressed satisfaction with the appointments that were made? I'm not trying to suggest that there was any dissatisfaction. I just wonder if he knows the general knowledge.

**HON. V. SCHROEDER:** Mr. Chairman, we're not aware of any concern within those committees. Basically, staff indicates that there was a general feeling by both the Crown corporations and the auditing firms that took part in this process, that given the limitations - and of course there's always a question of how objective you can be in terms of assessing an individual's qualities - but given the limitations of the criteria, it was a most professional job.

There are firms who can't believe that they are not more competent than firms who got the position and that's certainly understandable. Of course, overall in each case, the successful bidder wound up coming in at a price that was lower than the previous year. So from that perspective, we were happy with the exercise.

**HON. S. LYON:** Does the Minister know whether there were any complaints to him or to his department about the selections that were made by individual firms, or by the institute itself?

**HON. V. SCHROEDER:** I understand through the department that there had been no complaints from the institute; that through the department there was one complaint with respect to one firm that felt that another firm, who had been successful, there was an allegation that that firm has a habit of low-balling bids and then attempts to build up its fees during the lifetime of the contract. They were assured that this firm will be kept to the terms of the agreement and that it will not occur.

I personally did have several smaller firms contact me indicating that - in fact, I'm not even sure whether they were some of the firms who had initially been requested to bid, who are a little concerned that some of the companies who were successful - that we hadn't put any weight on the training of Manitoba auditors in this area. That was received by me directly, I think, from several accountants.

**HON. S. LYON:** In the case of the awards of the auditing contract, was there a common contract that was utilized for the auditing firm that was given the contract for Hydro, Telephones, Workers Compensation, etc., or did the contracts vary with the job?

**HON. V. SCHROEDER:** To date only one of them has been signed. But I'm told that all of them are identical and they're all in the process at some stage or other, of being signed by the three parties.

**HON. S. LYON:** I know it's not possible at this moment, but would it be possible to have copies of those contracts tabled, once they're signed and in existence?

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

**HON. S. LYON:** This question arises partially out of a question I put earlier to the Minister about the Liquor

Control Commission seeming to be in the wrong category. It's my understanding that up until the change of government in November of 1981, a downtown firm was auditing the books of the Liquor Control Commission, and then subsequently that audit was turned over directly to the Provincial Auditor. The Minister then announced in September, the process by which proposals would be called and the same firm that used to do the audit for the Liquor Control Commission, then ended up, on the tendering process, getting the audit for Manitoba Hydro and for the Workers Compensation Board, but it had already given up doing the work for the Liquor Control Commission and took on two new jobs.

Can the Minister understand some of the concern that would exist, I'm sure, within the profession as well certainly as in my mind that that really wasn't a very neat operation and it wasn't too helpful to the public interest to, in effect, disengage a firm from doing an audit - which I take it was satisfactory - on one of the largest corporations, turn that over to the Provincial Auditor then, on proposals, that same firm comes back in and gets not one, but gets two large audits for which it must now train up personnel and so on? Am I wrong in thinking that that was perhaps not the most efficient procedure to have followed, that there was obviously some waste of manpower, time, transition, all of the things that ordinarily occur?

I say this against a background of some knowledge of what happens in the private sector where a corporate auditor stays on year after year after year, usually. It's very unusual for large private sector companies to change their auditors. In fact, it is difficult for them to change their auditors in the private sector. We make laws in this Legislature. The Parliament of Canada makes laws which make it difficult, because one can always imagine that private sector companies, if they didn't like the story that an auditor was giving, for instance, with respect to the size or the value of their inventory, they could say, well, we'll change you if you don't use such and such a figure. That doesn't happen, of course, but the Parliament of Canada and the Legislature of Manitoba have put roadblocks in the way of that kind of thing happening.

Now, if it is useful to have some continuity of professional auditing service for private corporations, why would it not be equally useful to have that same kind of continuity with respect to audits that are done of Crown corporations which do affect all members of the public and do have a responsibility to all members of the public?

**HON. V. SCHROEDER:** Mr. Chairman, we must remember that the firm that the Leader of the Opposition refers to was low on both of those bids. It also is a firm which has quite high, very high qualifications. They came in at a very high level of rating, No. 1 in terms of the two combined on each of those bids. It put us in a position where - you know, when we saw that, I have to admit that I would have been happier if I had seen another firm with the No. 1 position in one or the other of those two bids, but that was not to be. We felt that it would be inappropriate to go to the next firm.

What this has done is, it has decreased the costs to government, rather than increased the costs in the

case, for instance, of MTS. It's from somewhere in the vicinity of \$80,000 to approximately \$60,000, and in all the other instances, it was also down although not as much.

There is a tendency on the part of consumers of professional services, be it legal services or accounting services, to become quite accustomed to the advice of one firm. There was a feeling on the part of some of the Crown corporations that was expressed to staff, that they felt they were being taken advantage of in the sense that here was - the accounting firms in previous years knew that there was no tendering and it was just a matter of jacking up their fees at the end of the year even though they, themselves, were becoming, as the Leader of the Opposition indicates, more familiar with the work in those corporations, but that didn't seem to get to be reflected in the amounts that they would charge to the Crown corporations. Just for example, over a period of four years with one firm, MTS started off at 49,000; then it went to 70,000, then 79,000, then 88,000.

I suppose there is some real advantage in continuity; one cannot dispute that. On the other hand, occasionally it is not a bad idea to bring in someone new. As the Leader of the Opposition mentioned before, with Manfor, that there is some advantage to having accountants or other professionals looking at a Crown corporation operation from the perspective of people who are actively involved in the business world.

**HON. S. LYON:** Mr. Chairman, I'm not disputing the figures that the Minister mentions with respect to the tenders he received, nor am I disputing the fact that some of those figures, perhaps even all of them when we get to see them, will be lower than the amount that was being paid to the previous auditor. The point that I would like him to answer, and this will become apparent when we see the contract, is this. Am I right in my understanding that the tendered cost for the audit upon which the auditor was selected was a first-year cost only and that thereafter, for the balance for the term, that is for the next two years of what I am led to believe is a three-year contract, there is no guarantee that first-year price will be maintained and that indeed one could expect in the ordinary course of events that the auditing firm will be negotiating - with whom, with the audit committee of the Crown corporation, with the Minister of Finance or with whom? - for increased fees? What guarantee have we that those fees will not, if not immediately, gradually slide back to the same level of fees that was being paid before the whole arrangement was disturbed?

**HON. V. SCHROEDER:** Mr. Chairman, the Leader of the Opposition is absolutely correct in that there can be increases in the second and third year. The contract calls for increases subject to the approval of Treasury Board. The understanding that has been reached with the successful bidders is that account will not be taken of underestimation of work by the people involved. They've gotten all the material. They had the opportunity to ask questions, the bids were in, and so certainly if there are cost increases that's something that would be negotiable; but if there were large increases demanded, then certainly that would put us in a position

where we would have to reassess our position with respect to continuation of the agreement.

**HON. S. LYON:** Mr. Chairman, I realize that this is hypothetical at this stage and that we will all have to await what happens during the course of these three-year contracts, but if an auditing firm finds that, for instance, it didn't take account of the start-up cost, which on a large corporation, I'm told, could be as much as \$10,000-\$15,000, if it didn't take account of that; if it did, to use the Ministers' expression, lowball the bid, and finds after the first year that it is not making money on it, are we not then to face the unfortunate situation of the company then having to go back to a realistic fee which was probably being charged in the first place by the auditing firm that was dismissed, and/or the Minister having to tender again if he will not agree to the increased fees that will be asked by the auditing firm? I'm making the presumption that auditing firms are not in the business of losing money on government audits or any other audit, that they will want to have a return on the manpower and the overhead, and so on, that they devote to the audit. Are we not facing that kind of a situation under this system if, as the Minister indicates, he intends to monitor these, or the Treasury Board intends to monitor these annual fees very closely?

**HON. V. SCHROEDER:** It is a possibility that a firm could come in at the end of the first year and tell us they underestimated and they now want a 20 percent increase. I would think that it would be unfair for us to then simply give them a 20 percent increase. I think that we would then have to take a look at the process and possibly retender. We are not required to enter into new agreements for the second and third year that provide for increases beyond regular cost of living-type increases, and I use that not in a legalistic term, just an approximate term.

**HON. S. LYON:** Well then, Mr. Chairman, I take it that regrettably the Minister is saying that this, what might be described as worst-case scenario, does exist within the tendering system that he has chosen to use and that we could see - I don't say we will; we'll have to wait and see what happens - but we could see situations arising where auditors will either have to quit the job or will have to ask for what the Minister or his advisors might consider to be too large an increase, and with the consequent disruption that could occur to one of the primary functions of a Crown corporation; that is, to have its books in good order and to have its audit in good order in order that this House and the people of Manitoba may know that it is doing its job properly; if the Minister has any words of hope or any amelioration to that worst-case scenario, which I admit is hypothetical at this stage, I would welcome hearing them because I'm afraid that we may inadvertently, or otherwise, because of using this tender process for professional services, the Minister may well have gotten himself into a position in which he has bought the worst of both possible worlds and will not thereby have that continuity of experience and service from these professional firms that, I think, he and all other members of this House would desire.

**HON. V. SCHROEDER:** Well, Mr. Chairman, first of all, when you get the numbers, you will see that the low bidders aren't that much low. They're low - or the successful bidders are low - and indeed in a couple of cases are not the very lowest.

In the instance of the one firm being concerned about a lowball situation, I really would play that down because the allegation was made against one of the very larger firms and for them, certainly, it is not only money, and for the smaller firms for that matter. There is prestige involved in being the accountant, the auditor, for Manitoba Telephones or for any other Crown corporation - Hydro, etc. - and I think that it's not something that's very likely to occur. It may be that at the end of the three years we might see a little more difficulty. If there is any difficulty involved, I would see it coming forward at that point in time rather than at the end of year one or year two.

**HON. S. LYON:** Well, my understanding then is correct, just to have a couple of final words on this point, that the awards of the audits were made on the basis of initial cost only, and that the next two years will be subject to renegotiation unless status quo, of course, is maintained, which in this day and age doesn't happen too often.

**HON. V. SCHROEDER:** Mr. Chairman, I don't have the contract here, but the understanding I have is that it is indeed subject to verifiable increases in costs; not verifiable increases in, for instance, time or manpower required to do the job; so to that extent, there are variables. Although I don't have the contract here, quite frankly, I think that once there is an opener, as the Leader of the Opposition knows, you can open things up and you can discuss probably anything you like. The only thing is that we had an understanding in the beginning that we would only go so far and it would be, as I said earlier, unfair of us to allow someone to come in and then open the door at the end of the first year and bring in a number of other considerations that they weren't concerned about in the first place.

**HON. S. LYON:** In his news service statement of January 12, 1983, the Minister reported the successful tenders on the Hydro, Telephone System, Workers Compensation Board, Boxing and Wrestling Commission.

Can the Minister tell us the dates on which those awards were made? That is, when were the companies notified that they had been named the auditors? Was it on or about that date of January 12th, or can he give a specific date? If he doesn't have the information with him, it would be satisfactory to me if he filed it, you know, in the next day or so.

Mr. Chairman, perhaps while the Minister is looking at his papers, I could ask for the same information with respect to the audit for the Manitoba Public Insurance Corporation. When was that audit awarded to the successful company?

**HON. V. SCHROEDER:** Mr. Chairman, I'll get both pieces of information for the Leader of the Opposition at the earliest opportunity.

**HON. S. LYON:** Mr. Chairman, with respect to the audit of the Manitoba Public Insurance Corporation, an Order

for Return was filed by one of my colleagues concerning the position of one of the partners of the auditing firm, a Mr. Chisvin, who is also Chairman of the Manitoba Liquor Control Commission, asking for certain information about Mr. Chisvin's relationship, first of all, as an auditor, his firm is appointed the auditors for Manitoba Public Insurance Corporation and he's a partner in that firm. He apparently also was or is Chairman of the Board and a Director of Advocate General Insurance, a company which competes with Autopac in the general insurance area. The order to the best of my knowledge hasn't been filed. Can the Minister advise us about what appears prima facie to be a case of conflict of interest possibly in the award of that audit?

**HON. V. SCHROEDER:** Well, Mr. Chairman, I'm not familiar enough with the background of that one to comment with respect to whether there is or is not conflict of interest. In terms of the method of hiring, I'm not sure that the Leader of the Opposition asked about that, but this firm was hired well before. I do have the information now on the other firms - they were notified on January 10th. The letter went out to them on January 10, 1983, advising them that they were successful with respect to the process we've just been referring to.

**HON. S. LYON:** All firms in the January 12th announcement.

**HON. V. SCHROEDER:** That is correct. They were notified by letter on January 10th. The MPIC firm - I don't recall the name of it - but Mr. Chisvin's firm would have been notified, I believe, at least before October of 1982 and it may have been earlier than that. Their next year end is October 31, 1983, and that by the way is - I don't know whether that's a one-year contract, two years or three years. It's at \$50,000 per year. The previous one, the one that had expired on October 31, 1982, at that time we were paying out \$70,000 per year.

**HON. S. LYON:** Was the audit for the Manitoba Public Insurance Corporation tendered as the others were or was this an appointed auditor?

**HON. V. SCHROEDER:** No, Mr. Chairman, this one was not tendered. As I recall the background to it, and possibly the Minister in charge of MPIC might be able to give more information on it, my recollection is that there was a proposal that came in from that firm and a proposal from Burch, Findlay, McFarlane, although I'm not sure of that. I'm not sure that they did propose, although I imagine they would have, and it came to Cabinet. That was before this process was set up and Cabinet approved it without tendering.

**HON. S. LYON:** Was the fee then for that audit, which was awarded to Mr. Chisvin's firm, a negotiated fee or was that a stated fee, or how did it work?

**HON. V. SCHROEDER:** My understanding is, Mr. Chairman, that firm offered to do the audit at \$50,000.00. Now, exactly whether they were asked to submit a bid or what the process was, I don't recollect.

All I know is that we have an agreement for at least a one-year period of \$50,000.00.

**HON. S. LYON:** Can we take it, Mr. Chairman, that in the case of firms that have been appointed by the government, that is, by Order-in-Council or ministerial order, or whatever, will be treated in terms of their ongoing fee that they charge to government in the same way as those firms which have tendered for their services?

**HON. V. SCHROEDER:** Yes, Mr. Chairman, I can assure the Leader of the Opposition that they will be treated in the same fashion, that if they've come in at \$50,000 to get the business and expect to get it at \$90,000 next year, they would be very sadly surprised.

**HON. S. LYON:** Well, it wouldn't be tendered, it would come to Cabinet again, because it was given out by Cabinet, was it not, Mr. Chairman?

**HON. V. SCHROEDER:** Mr. Chairman, I really don't know whether I can answer that question. The understanding we have at the moment is that it was a three-year arrangement. I don't know exactly what the terms of the second and third year were, but I'm sure we can get that for the member.

**HON. S. LYON:** Yes, Mr. Chairman, I'd appreciate it if the Minister could file that contract as well, if indeed it is a contract, or a letter of notification to the firm, or whatever paper passed between the government and Mr. Chisvin's firm.

Can the Minister give some indication as to when he will be in a position? I know that we're reaching near the time when there is some understanding about Estimates finishing. Can he give some indication as to when he'll be able to make some comment to us about what would appear to be, on the face of it, a prima facie case of conflict of interest with respect to Mr. Chisvin because of his position with the firm which received the award of the audit for Manitoba Public Insurance Corporation of which he is a partner, while at the same time in his private capacity, he is chairman of the board and a director of Advocate General Insurance Company, which competes with Autopac, the Crown corporation which his firm is auditing? There may well be some facts that we're not aware of, but can the Minister give some indication to us, as to when he'll be able to make some comment on that unusual situation?

**HON. V. SCHROEDER:** Mr. Chairman, I think it's certainly fair for the Leader of the Opposition to expect an answer. I'm not sure that it should come from me. I am told that the chartered accountants have a system somewhat similar to what the lawyers have. That is, if there's an allegation of conflict of interest against a lawyer, then there are procedures that can be taken by one lawyer against the other, or by a member of the public against the lawyer, through the Law Society.

The Institute of Chartered Accountants is similarly equipped through its by-laws to deal with that kind of an allegation and that might be an avenue which might be open to any who feel that there is anything improper about what Mr. Chisvin is doing.

**HON. S. LYON:** Well, Mr. Chairman, I accept the fact that avenue might be open for allegations or situations where possible conflicts arise in the private sector, but here we are dealing with public companies. Here we are dealing with a monopoly insurance company in Manitoba - the Manitoba Public Insurance Corporation - one of the largest entities for which the province has responsibility. The audit for that company had been carried out, I presume, satisfactorily by a firm of chartered accountants over the past number of years, up until that firm was dismissed, I take it, some time in 1982. A new firm was brought on by the present government, appointed presumably by the Cabinet. One of the partners of that new firm that is brought on to do the audit of MPIC, or a person of the same name, is the chairman and director of a company that is in competition with Autopac.

Now it would seem to me with respect, Mr. Chairman, that the Minister with his legal background would understand that neither he nor anyone else should have to go hieing off to the Institute of Chartered Accountants. The Minister is in a position to call the chartered accountant in question into his office and say, well now, are these situations the fact? Are you in fact the chairman and the director of a company that is competing with Autopac? If so, do you not feel that you should remove yourself from one or the other job so as to ensure me and the public that there is no conflict? Surely the Minister would perhaps acknowledge that it would be one course of action which could be taken and I'm surprised if it hasn't been taken already.

**HON. V. SCHROEDER:** I think this is a matter that at some later date, will be answered by either myself or another Minister.

**MR. CHAIRMAN:** The Member for La Verendrye.

**MR. R. BANMAN:** Thank you, Mr. Chairman. I couldn't let this particular item go by. Having sat in the Legislature during the time when the Member for St. Johns who, I might add, was sort of a dean in this Chamber and had once been the Minister of Finance under the Schreyer administration, day after day kept making accusations at the then government about the appointment of outside auditors. He accused us of having all kinds of different motives and innuendos and the daily carping that we had to put up with from the Member for St. Johns, Mr. Chairman, was something that one had to be there in order to believe what he did.

I must say I believe my Leader, who really was at the brunt of a lot of that, really sort of left the Minister of Finance off kind of easy on this matter, but maybe it's because we all realize that when somebody does say that they have erred and own up to it, that we all become somewhat forgiving. This Minister has done that this afternoon and that makes it very hard, Mr. Chairman, to really chastise him for his previous remarks, because he has now said that it is really good to have outside audits and most of us realized that for many years.

But the Member for St. Johns for crass political reasons, went ahead and really made an issue out of

this in a very slippery and slimy method. I must say to the members opposite, that this opportunity I have right now afforded to me I want to say, really that was sort of the crowning touch to the Member for St. Johns exit from this Chamber. I think when one sits down and reviews a lot of the things that he said in this Chamber, one has to realize that many of them were along the nature of what happened here today, that many of the things that he said were not in keeping of what really should be happening and what was really right.

Now that man is sitting as the Chairman of Manitoba Hydro and I must say that my respect for that particular individual is not very great. I do say to the Minister, I cannot chastise him today because he has at least owned up to the fact that there is some merit in having outside auditors.

**MR. CHAIRMAN:** Mr. Minister.

**HON. V. SCHROEDER:** I know the Member for Turtle Mountain wants to get into this. I just want to disassociate myself from those remarks. I think the Member for St. Johns served this House well and honourably over the years, and the people of Manitoba.

**MR. CHAIRMAN:** Item 5.(a)(1)—pass; 5.(a)(2)—pass; 5.(b)(1)—pass; 5.(b)(2)—pass.

Resolution No. 75: Resolved that there be granted to Her Majesty a sum not exceeding \$1,077,500 for Finance, Federal-Provincial Relations and Research Division, for the fiscal year ending the 31st day of March, 1984—pass.

Item 6. Information Management Division (a) Salaries—pass; 6.(b)—pass; 6.(c)—pass.

Resolution No. 76: Resolved that there be granted to Her Majesty a sum not exceeding \$856,400 for Finance, Information Management Division, for the fiscal year ending the 31st day of March, 1984—pass.

Item 7. Temporary Assignment Program (a) Salaries - the Member for Turtle Mountain.

**MR. B. RANSOM:** Can the Minister tell how many people have been recruited within the government under this program?

**HON. V. SCHROEDER:** Two. Cliff Scotton and Peter Sharess (phonetic).

**MR. CHAIRMAN:** 7.(a)—pass; 7.(b)—pass.

Resolution No. 77: Resolved that there be granted to Her Majesty a sum not exceeding \$65,000 for Finance, Temporary Assignment Program, for the fiscal year ending the 31st day of March, 1984—pass.

Item No. 8. Tax Credit Payments—pass.

Resolution No. 78: Resolved that there be granted to Her Majesty a sum not exceeding \$174,100,000 for Finance, Tax Credit Payments, for the fiscal year ending the 31st day of March, 1984—pass.

Item No. 9. Reciprocal Taxation Agreement—pass.

Resolution No. 79: Resolved that there be granted to Her Majesty a sum not exceeding \$4,100,000 for Finance, Reciprocal Taxation Agreement, for the fiscal year ending the 31st day of March, 1984—pass.

Item 1.(a) Minister's Salary - the Member for Turtle Mountain.

**MR. B. RANSOM:** Mr. Chairman, I ended up having substantially less time than I thought I might. Last year, I had granted the Minister the opportunity to finish up in this slot, but I can't let that go this time. I will have a few question that I'll place to the Minister on a personal basis or in question period subsequently.

I just refer him though, quickly, to the December 10th press release, wherein the Minister will see that indeed he did have knowledge of the \$38 million improvement in personal income tax and had not mentioned at the time how much of it was due to adjustments in previous years, although it was mentioned on the negative side for the corporate income tax.

Mr. Chairman, there is one item in particular that I am going to be returning to, asking further questions on at some point, probably in Public Accounts, and that has to do with the borrowing that the government undertook in March of 1982. Let me just outline the sequence of events in the four or five minutes that are left.

Our government had a borrowing strategy in place. There were some \$365 million that we had intended to borrow, 115 of which was to come from Canada Pension, 250 million of which was to be public borrowing. That strategy was put in place in the spring of 1981. It was still in place August and September of 1981 when interest rates were at their peak. It was still in place, as far as I know, on the 30th of November, 1981, when this Minister assumed responsibility for the Finance Department.

The interest rates at that time were declining and a number of firms with knowledge in this area are publicly on the record as saying that interest rates were going to continue to decline. The government had arranged the borrowing from the Heritage Fund which, I believe, actually had been moved up. They were able to borrow earlier from the Heritage Fund than they might have normally anticipated.

That seemed largely to have fulfilled the plan and the strategy which the government had for borrowing money, but we found instead that the government went to the market in the United States and borrowed, I believe, 200 million U.S. at the peak of the market. That is uncharacteristic of the money managers within the Province of Manitoba to have broken with the strategy that had been established and to go and make that borrowing.

At that time then, advances to some Crown corporations, which had been unfunded, were funded. We are told that there were additional requirements for Manitoba Telephone System and Manitoba Hydro. We subsequently learned that by the end of March, 1982, that the government had increased their working capital by \$91 million. The Auditor's Report says that \$43 million that had gone to Manitoba Telephone System and to Manitoba Hydro was back in the trust fund, placed in the trust fund with the government, and the Auditor said, recent borrowings for utilities resulted in increased funds on hand for short-term investments.

We have this situation of the government increasing their working capital, putting more money into the hands of the Crown corporations than they needed at a time when the rates were high. Subsequent to that, of course, rates did in fact decline. Had the government stuck to the strategy which they had planned on doing, they would have been untold millions of dollars ahead. Had

it not been for the fact that the Minister was receiving advice from Mr. Saul Cherniack, I would perhaps not have been raising the questions to the extent that I am. But the end result of having borrowed in March of 1982 was that the direct and guaranteed debt of the province showing for fiscal year, 1981-82, a year for which we had some responsibility, is shown to be much higher than would otherwise have been the case.

So that the base of the borrowing of government, upon which this government is now building, was made substantially higher by the fact that the government borrowed in March of 1982 and broke with the strategy which the government had put in place, which seemed to be a good strategy at the time and subsequently has proven out to have been a good strategy.

Then on top of that, Mr. Chairman, I find the Minister tells us in his Estimates that the borrowings this year for some of the Crown corporations, Manitoba Hydro, I believe, being one of them, which had received additional money last year in fiscal 1981-82, in fiscal 1982-83 had to borrow less money than they had expected.

So that in every one of those counts, the indication is that the government lost, the people of Manitoba lost, as a consequence of breaking with that strategy, and it concerns me that the Minister of Finance was getting advice from Mr. Cherniack when that decision was made.

**MR. CHAIRMAN:** Mr. Minister.

**HON. V. SCHROEDER:** Mr. Chairman, I had given some of the numbers previously. I think that it was a prudent strategy. It was one that was certainly recommended by the departmental managers, and it was one that gave us a net total of \$20 million of working capital. It is true that we moved 90 million up, but from a 70 million negative position. The converse of the argument would then be that, if we had done nothing, we would have shown an improperly low number for debt for the province as at the end of March. Certainly, there were funds on hand for Crown corporations.

I just want to say that I am going to give the Member for Turtle Mountain an indication of the supplier's invoices. I have got a page. I can hand it to him. Just for the record, I want to say that I believe that I answered all the questions that he asked the other day, the first day of the Estimates, by handing him some documents. If there are any questions unanswered, I would be glad to get them later on.

**MR. CHAIRMAN:** Resolution No. 71: Resolved that there be granted to Her Majesty a sum not exceeding \$1,188,200 for Finance, General Administration Division, for the fiscal year ending the 31st day of March, 1984—pass.

Committee rise. Call in the Speaker.

## COMMITTEE REPORTS

**MR. CHAIRMAN:** The committee has adopted certain resolutions, directs me to report same, and asks leave to sit again.

## IN SESSION

**MR. SPEAKER:** The Honourable Member for River East.

**MR. P. EYLER:** Mr. Speaker, I move, seconded by the Member for Inkster, that the report of the committee be received.

**MOTION presented and carried.**

## COMMITTEE CHANGES

**MR. SPEAKER:** The Honourable Member for Riel.

**MS. D. DODICK:** Mr. Speaker, I have some committee changes.

On Agriculture: The Minister of Agriculture for the Minister of Municipal Affairs for Brandon tomorrow, because the Minister of Agriculture is attending a funeral today and he will be on for the rest of the meetings.

On Law Amendments: The Member for Inkster will replace the Minister of Government Services.

## PRIVATE MEMBERS' HOUR

### RES. NO. 9 - RELEASE OF YURIY SHUKHEVYCH

**MR. SPEAKER:** The first item is proposed resolutions. Resolution No. 9 - the Honourable Member for Roblin-Russell.

**MR. W. MCKENZIE:** Thank you, Mr. Speaker. Mr. Speaker, I move, seconded by the Honourable Member for Tuxedo:

WHEREAS Yuriy Shukhevych, a Ukrainian patriot, has been imprisoned over 30 years by the Communist Government of the Union of Soviet Socialist Republic; and

WHEREAS Yuriy Shukhevych, now 49 years old, is still enduring a detention even though he is blind and seriously ill; and

WHEREAS the World League for the Liberation of the Ukraine and the Ukrainian Canadian Committee of Manitoba have both endorsed a resolution requesting the Government of Canada to help obtain the release of Yuriy Shukhevych; and

WHEREAS the Legislature of Manitoba wishes to join in this appeal and the condemnation of the cruel imprisonment of Yuriy Shukhevych;

THEREFORE BE IT RESOLVED that the Legislature of Manitoba condemns the inhumane treatment and the long sentence in prisons of the USSR of Yuriy Shukhevych and petitions the Prime Minister of Canada and the Minister of External Affairs to use every reasonable means available to obtain the release of Yuriy Shukhevych from the imprisonment and an exit visa for him and his family to leave the USSR.

**MOTION presented.**

**MR. SPEAKER:** The Honourable Member for Roblin-Russell.

**MR. W. MCKENZIE:** Thank you, Mr. Speaker. Mr. Speaker, the reasons for my introducing this resolution

into the House are manifold. I was certainly motivated by the World League for the Liberation of the Ukraine under the sponsorship of the Canadian Committee who held a vigil in front of this Legislative Building of ours on March 28, 1983. I have also been motivated by the close ties and the treasured friendship I have enjoyed with the Ukrainian community since I arrived in this province after the Second World War. I am also motivated by the fact that I would likely never have become a member of this Legislature were it not for the people of Ukrainian background who resided in the constituencies that I have enjoyed over the years, and have seen fit to support me continually over those years, Mr. Speaker.

Mr. Speaker, I don't know of any one group that I have been more motivated by as a result of their dedication, their loyalty and their total devotion to Canada, to our province and to me over those 16 years that I have been the member from the old Roblin constituency which was considered - to the size of the constituencies that we have today, you would class it maybe as a postage stamp constituency, and then the expansion of that constituency which took in the Ethelbert Plains constituency and now, under the boundary changes which comes automatically every 10 years, where the jurisdiction includes the communities of Russell, Binscarth, Angusville, Rossburn, Vista and down in that part of the area.

Mr. Speaker, one only has to be exposed to these great Canadians from a Ukrainian background to understand what a heritage and the resources that they have given to this great country of ours. Just moments ago, I was favoured with the Ukrainian weekly newspaper which gives the name of a chap here by the name of Michael Panchyshyn who was teaching at St. Vladimir's College not very long ago and now is the bishop of the Ukrainian Catholic Church in France, to show you the wide range of professional people that have come from that background.

I also today was favoured with the copy of the Pioneer Profiles of the Ukrainian settlers in Manitoba which is written by Michael Ewanchuk. Mr. Ewanchuk, when I first arrived in Manitoba, he was the superintendent of the school division. They used to call them inspectors in those days and I was the secretary of the school division in this little village of Inglis. Mr. Ewanchuk, who now has come out with this excellent book, was the inspector of schools and certainly he has made his name in the educational halls of this province and all across Canada.

Also, Mr. Speaker, the number of MLA's from a Ukrainian background who have sat in these seats and walked the halls of this Legislative Building, they are a long list of Ukrainian people that have made this province what it is today. I can relate very quickly to some that I had the honour and the privilege of knowing and, of course, a former Speaker of this House, Mr. Speaker Bachynsky, who certainly served this province well in his capacity as an MLA. The Hryhorczuk from Ethelbert. In this book here, the old Nicholas Hryhorczuk, they describe him as the one-armed farmer whose records are well-known. Mike Hryhorczuk became the first Ukrainian Cabinet Minister in this province. There is another gentleman in here by the name of Lisowski, who I am not acquainted with him. It shows a picture of him with Elias Shklanka. Then

Wasyl Lisowski, later MLA, and I was not honoured to have the privilege and the honour of his acquaintance.

Mr. Speaker, because of the long list of people from a Ukrainian background who have been exposed to everybody in this room, to every citizen in this province, and have left their mark on our society, and for what they have provided to building up this country and helped to make this the great province that it is. I decided that the least I could do on this occasion of this vigil that was held out here the other night, was to bring this resolution to the House and ask for the support of all the MLA's in the Legislature. I don't think there will be any problem with it, Mr. Speaker.

Mr. Speaker, to get back to the resolution regarding the freedom of Yuriy Shukhevych, the World League for the Liberation of the Ukraine under the sponsorship and patronage of the Ukrainian Canadian Committee, as I said earlier, held a vigil here in front of the building Monday, March 28th, praying for the freedom of Yuriy Shukhevych, an internationally known Ukrainian patriot, well-known, who's been held in a Russian prison, Mr. Speaker, as a Soviet political prisoner since 1950.

Mr. Speaker, Yuriy has been incarcerated for 32 years of his 48 years of life because of the fact that he refused to denounce his father, General Roman Shukhevych, who is well-known in the history books around the world as the Leader of the Ukrainian Partisan Army who fought, Mr. Speaker, so courageously and so valiantly in the Ukrainian struggle for liberation and for their freedom against the Soviet masses and the Nazi Germany regime during World War II.

Mr. Speaker, I'm honoured to stand here this day in front of the members of this Legislature and, as I was the other night during that vigil, to join these people who gathered that day for the freedom-loving people of the world on behalf of this prisoner, may I say, of Soviet Communism, Yuriy Shukhevych.

Mr. Speaker, one only has to go through some of the files of literature and history to understand this loyal and dedicated Ukrainian and his father, needs no tribute from you or I; they have left their name in the marks of history of the world, of the free world, especially. And, Mr. Speaker, one only has to go on and study and read the martyrology of his father, Roman Shukhevych, to understand the problems that are still prevalent in the Ukraine today and the struggle that this father and son exposed themselves to in those days to try and gain the freedom from the masses.

Mr. Speaker, it's not hard to understand, especially when you stood in front of the building, the Legislature, and saw the candles burning in the twilight of the evening, to understand why these citizens, why these Ukrainian citizens, from all walks of life, gathered in Winnipeg on the 30th anniversary of General Roman Shukhevych's death to conduct that vigil. Mr. Speaker, they came to mark the 30 years of persecution which has been suffered by Yuriy and has been inflicted by, may I say, the power brokers from the Soviet Union who are still in the Ukraine, as I stand here today.

I dare say, Mr. Speaker, every citizen in this province, maybe I dare say every Canadian, are enemies of the repression of the USSR society which has been taking place year after year since the Communist Revolution of 1917. These decades upon decades of barbarism, may I say, of maybe genocide, of the calculated murder and extinguishment of human lives, of some maybe 30

million human beings, are the testament of Marxist beliefs which have been imposed upon and, may I say, crushed upon unwilling Ukrainians and the Ukrainian people since that time.

In fact, Mr. Speaker, I was reading a document the other day and I have a quotation from it, 30 years. Page 29 of that great book says, "The Bolshevik Russian Imperialists have already subjugated many nations and are planning to impose their yoke on many others in the near future. All their declarations about the possibility of peaceful co-existence of two systems is merely a propaganda ploy. As a matter of fact, all the efforts of the Kremlin power brokers are directed towards a preparation for a new war in order to subjugate the rest of the world to their system. Everything in the USSR is subject to this one single goal."

Mr. Speaker, in this resolution I'm seeking the support of the members of this House, and the Prime Minister of Canada, along with the Minister of External Affairs, and all the members of the House of Commons, hopefully, to do everything within our power to gain the release from cruel bondage of Mr. Yuriy Shukhevych and his family.

Yes, Mr. Speaker, I sense this great Ukrainian citizen would want the members of this House, the House of Commons and citizens from all across Canada to cry out, not only for his freedom but for the freedom of the hundreds of millions of fellow human beings, men, women and children who are trying to survive and exist daily under the oppression of Marxist communist totalitarian governments. Not only behind the iron curtain, may I say, Mr. Speaker, but we also have evidence in Czechoslovakia; and Poland, still struggling, which is on the news almost every hour daily. Southeast Asia, Kampuchea, where the mass murder of hundreds of thousands at the hands of the communist liberators has yet to gain the attention of the world, Mr. Speaker.

And in Central America where the Castros and the other Marxist states would impose this barbarism to extinguish hope, freedom, spiritual facts and life from people.

Secondly, Mr. Speaker, I'm asking the members of this House to support this resolution so that we can pay tribute to Yuriy Shukhevych for the ordeal of imprisonment which he has endured and still endures as we sit here at this very moment.

Thirdly, Mr. Speaker, I'm asking the MLAs, the 57 MLAs in this House, to support and endorse this resolution so that we can join and show the Ukrainians in Manitoba, in Canada, and around the world that we care, and that we support them in seeking Yuriy's freedom and his release from prison with a visa to leave the USSR for him and his family; that we support this resolution, Mr. Speaker, on behalf of a great Ukrainian patriot, and on behalf of all freedom-loving people who reside in our beloved country, Canada, I think the resolution is very timely.

Mr. Speaker, not long ago in this House I had the privilege of speaking to the Condolence Motion of the late Mr. Nicholas Hryhorczuk from Ethelbert, who was an MLA, and he once said, during the early 1920s in this House, "give us Galicians a chance and we'll make this province bloom."

Mr. Speaker, the Ukraine community have certainly made Canada bloom and this province. So, Mr. Speaker,

our Ukrainian friends and neighbours from all across this country have contributed vastly to what it is today and, in the words of my compatriot and former MLA of this House from Ethelbert, Hryhorczuk, they certainly have made it bloom.

So, Mr. Speaker, as it was a statement by the Ukrainian National Liberation Movement to the U.N. signed by Yuriy Shukhevych, I say, the history of our national misfortune is a long one, but the seizure of power by the Communists, the vanguard of Russian chauvinists, mark the beginning of a genuine tragedy.

Mr. Speaker, I would very much like all the members of the House to support me in this resolution this afternoon.

Thank you, Sir.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. D. SCOTT:** Thank you very much, Mr. Speaker. I rise to speak in favour of this resolution, out of a concern, a concern that's been expressed by myself in this House, and at other times, the concern for basic human dignity, and the power that we as human beings have, and can have, over other human beings.

That power can be used in beneficial ways, and it can be used in ways that do no justice to mankind, no credit to mankind, but show his underbelly, if you wish, to show the Neanderthal mentality that can still rise in mankind, and that has arisen far, far too frequently in our past.

We see it today probably in greater, I guess, volume of incidences than we ever have in society in the past as far as, I don't mean a number of people perhaps, but even perhaps with the number of people considered, compared to what was in earlier times but also the constant denial of human rights throughout the globe.

No corner of the world is immune from this, Mr. Speaker. In a corner of the world that has in some instances taught other emerging nations how one can abuse individual's human rights, one must look and one cannot deny looking at the Soviet Union. It is a government that came to power in 1917 with what many people had great aspirations for. It had overthrown a corrupt regime before it but instead of replacing one corrupt regime with a new form of a revolutionary government at that time, which many people thought would bring some hope of a touch of dignity to the people of what is now under the regime of, one can call, the east block, and more particular of Russia itself. That hope and aspirations for rising dignity has come thundering down. It didn't take that long for it to happen.

Unfortunately today we hear, and have heard for the past 30 years at least, and going back 40 years really, one has heard of the constant violation of basic human rights in the Soviet Union. We have constant reports coming from organizations such as Amnesty International, who has in the past spoken in defence of Yuriy Shukhevych, the man in whose memory, and in whose hope for freedom this resolution has been brought forward today.

Amnesty International, an organization which I belong to, points out on a monthly bulletin that comes, that I receive every month, of people around the world and their campaign to free political prisoners wherever they be in the world not looking at political boundaries, and

even looking within ourselves, and I understand that they have just recently announced that they're doing an investigation over the circumstances surrounding the prison riot in Canada, in the Province of Quebec, just last year.

But the person I think we should spend more time and concentrate on in particular today is Yuri Shukhevych. Yuriy Shukhevych was born on March 28th, 1934, in the Ukraine. He now has two children, one, Roman born in 1970, and another Irna, born in 1971. Those children were born in this poor man's very few, and altogether too few, three years when he was free of Soviet prisons.

He came under the heavy hand of the Soviet regime when he was only 10 years old, for the first time. His father at that time was the Commander-in-Chief of the Ukrainian Insurgent Army and was the head of the organization of Ukrainian Nationalists.

He and his mother, because of reason of their relationship to his father, were exiled to Siberia so that he would not be able to have any contact with his father. Just four years later, on August 22nd, of 1948, at the age of 14, he was formally arrested for the first time and sent to prison. That date has particular significance for me because it is barely two-and-a-half weeks after I was born.

When I look at the life that I have had and that I have enjoyed in this country in the past 34 years, and I think of this man who has been behind bars for all but three of the years that I have been on this earth, one can only, from my perspective of having lived in freedom, one can not really address and feel the real horrors that the man has gone through, of his complete denial to participate in society.

To spend your life in prison from the age of 14, under trumped-up charges, and he was first released some eight years after he'd been arrested, on April 22nd, 1956. He was released after it was determined that his sentence was given by an institution lacking jurisdiction.

They did not take much time, Mr. Speaker, to correct that institution. They either reinstated that institution, declared it legal, declared it credible or else came up with new charges. For in the fall of that same year, in the fall of 1956, after not even half a year of liberty, at the age, ripe old age now of 22, he was once again rearrested. — (Interjection) —

Yes, the Member for Morris says - you fight that system everywhere. That's what we do, and we on this side do not have any blinkers for fighting repression anywhere in the world no matter what kind of regime that it's under, or no matter who is backing that regime.

He was rereleased just a couple of years after that, after, in 1958, August 21st, he was released first off and then rearrested the same day, on other trumped-up charges; this time another court held in camera, as they had been previously. This time they used the testimony of two criminals who were in jail with him; he, as a political prisoner; they, as criminals.

In his own writing, in a statement he released on the 20th of July, 1967, Yuriy Shukhevych writes, that on August 21, 1958, the day when I should have been released after 10 years of imprisonment, on the basis of the decision of the Special Council of the Ministry of State Security of the USSR, a new warrant for my arrest was issued. This was motivated by the absolute false accusation of anti-soviet agitation among the inmates of the Vladimir Prison where he was held.

The accusations were based on the false testimonies given by two agents of the KGB, who are ordinary and common criminals in that jail, after they had been coached by another KGB agent as to what to say before the trial judge.

Those two witnesses, one by the name of Burkoff (phonetic), another one by the name of Fromchenko (phonetic), gave false testimony and even contradicted one another's testimony. But that was not enough for the court because the court had already made up its mind and was directed into what direction its ruling should come.

He had, or they found on his person - and this is Yuriy Shukhevych's person - they found a couple of poems by a woman by the name of Olah Ikiev (phonetic). She was condemned by the state as being a Ukrainian Nationalist poet. The poems he had on him had nothing to do with politics whatsoever, were purely lyrical; but that did not stop the challenges and the testimony of the case against him. For, if someone had been condemned by an organization, and you had writings of that person from that condemned and outlawed organization, you were therefore guilty of supporting, you were therefore guilty of passing on this, and other so-called anti-Soviet activities within the prison, whether or not the poems had anything to do with those sorts of activities at all; and these poems, he claims, did not.

The trials, of course, were conducted behind closed curtains, closed doors, and the court would not even allow him the privilege of contesting the case. They gave him a lawyer who had no background in his case whatsoever; she was assigned the morning of the case. — (Interjection) — Mr. Speaker, I don't know what kind of comment that was coming from the Member for Morris, but it was most inappropriate.

Although it was clear in this trial that the witnesses were spurious and the testimonies were false, the court ruled that they were acceptable. He, not being able to conduct his own defence, was naturally found guilty.

Only a few weeks after he was back in prison, the KGB was once again on him, and this time they admitted, with no qualms whatsoever, that of course the evidence was false, that it was without foundation; but the KGB officer said to him - and there are the exact quotes which he gives - "with your views and your convictions we cannot set you free." He was being imprisoned, not because of any activity that he had ever undertaken in his life, but because he was a son of a Ukrainian Nationalist. The son of a man who was committed to freeing his country - the Ukraine - from a revolution that had gone backwards, from a revolution that had accomplished nothing. So, we had this case of this man, one of constant persecution by the authorities, one of but three years, having served 34 years, the past 34 years in prison.

Mr. Speaker, if there's anything that I have qualms about in the resolution, and I did think of bringing in an amendment to the resolution, but I thought that it would not be a good idea, because of the way this resolution focuses on one individual. I would not want to do anything that anybody will be able to accuse me, or any other people, for trying to lessen the significance of this one particular case.

But when we are discussing human rights, Mr. Speaker, when we are discussing man's inhumanity to man and woman; and woman's inhumanity to man and

woman, we cannot just look at one particular case. I would suggest, Mr. Speaker, that other members of this House take up the call of Amnesty International and begin taking an active role on a personal basis as well, of sending letters and signing petitions, going to governments around the world,

**A MEMBER:** And demonstrating.

**MR. D. SCOTT:** And demonstrating, yes, and demonstrating when you are in a country where it is free to demonstrate and proper to demonstrate; to show where your courage is and show where your commitments are to the cause of freedom around the world.

We have cases coming forward to us, relatively recent. The issue of Amnesty International, it's a September 1982 issue. I'm talking here on Guatemala and the article starts out, "Thousands of Guatemalan villagers and peasant farmers are reported to have been massacred and mutilated by security forces in the five months, since General Rios Montt came to power in Guatemala." This man, Rios Montt, claimed to be an evangelical Christian.

We have also in this article - they run, every month, a campaign of prisoners of the month and they pick three people every month because they recognize, of the tens and thousands of prisoners around the world, you can't concentrate on the whole works every month. But you can try and raise the consciousness of those governments by raising our concerns as we, as free and democratic people, by protesting the detention of other people around the world.

We have in the September, 1982, issue, a case of a doctor, a 40-year old nuclear physicist and research director of the . . .

**MR. SPEAKER:** Order please, order please. Order please.

The honourable member's time has expired. Are you ready for the question?

**MR. D. SCOTT:** Mr. Speaker . . .

**MR. SPEAKER:** Is the member asking for leave?

**MR. D. SCOTT:** Sir, I thought I still had about two minutes left, because you just gave me a five-minute signal not more than three minutes ago, I thought.

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

**MR. SPEAKER:** Order please.

The Honourable Member for Tuxedo.

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

**MR. G. FILMON:** Thank you, Mr. Speaker. It is a privilege for me to rise and speak to the motion that has been brought forward by my colleague, the Member for Roblin-Russell. As one whose grandparents on his mother's side came to Canada from the Ukraine in the early part of this century, it has even more significance to be able to speak about one who is being oppressed, one whose rights have been taken away by the Soviet Socialist Government in the USSR.

Particularly, I think, it gives us cause to think for a moment, as the Member for Roblin-Russell indicated, about some of the contributions that have been made by Ukrainians both here in Canada and throughout the world.

Mr. Speaker, it is well for all of us to think about the vigil and the march that was held a short time ago to this Legislature, whereupon the cause and the plight of the Yuriy Shukhevych was given public attention, because I know that members of the Legislature including the Leader of the Opposition were there and participated to show support for this cause. I think, in thinking about that, Mr. Speaker, it is well for all of us to consider that very act of being able to gather, to march, to hold vigil publicly in the cause of this individual is an act that we are very privileged to be able to partake in. That freedom of assembly is not one that is enjoyed in countries such as the Soviet Union. I think we can thank God that we are a country that allows for such a thing.

Whether people gather together in the cause of peace or in the cause of nuclear disarmament or in the cause of day care or in opposition to seat belt and helmet legislation, the fact of the matter is that it doesn't hurt for us often to think about the fact that is a freedom that we enjoy that isn't necessarily enjoyed by many of the world's population in some of the largest countries in this world.

So in considering, Mr. Speaker, the plight of Yuriy Shukhevych, we think about him as an individual. He's the son of a very proud and highly acclaimed and recognized Ukrainian poet and patriot, General Roman Shukhevych, and Yuriy was, as such, born into a very well-known Ukrainian family. His father had devoted his life to the cause of freedom and independence for his beloved mother country, participating in many military actions and conflicts on behalf of this goal and dying a hero's death, killed in action, in 1950, while at the time he was head of the organization of Ukrainian Nationalists and commander-in-chief of the Ukrainian insurgent army.

As has been said previously, Mr. Speaker, Yuriy Shukhevych has been persecuted by Soviet authorities all his life for the sole reason that he happens to be the son of General Roman Shukhevych. He is, Mr. Speaker, by profession a journalist, but has not had the opportunity to practise that profession to any extent because for virtually all of his life, since the age of 14, he has been incarcerated with the exception of a three-and-a-half year period of freedom in which he married and was fortunate to have two children.

The period of his incarceration and the charges that were trumped-up and brought against him that justified and allowed the Soviet Government to place him in prison has been documented by previous speakers. The fact that he was placed in prison - firstly, exiled to Siberia for about four years with his mother and then imprisoned simply because he would not renounce his father and the things that his father had stood for caused him to be incarcerated for the first 10-year sentence. Then, on a subsequent charge, trumped-up and attested to by agents of the Soviet Government caused him to continue his imprisonment for an additional period of time.

Then, as I say, during the period of 1968 to March of 1972, he had a very brief period of freedom. During

that period of freedom, he, along with others, had jointly signed a declaration in support of Valentine Moroz and that, along with other very very, what we would consider, insignificant charges caused him to subsequently be imprisoned once more. That, from 1972 until the present time, has been his lot in life and he continues to be there serving out a number of remaining years of these terms of imprisonment in a high security prison in Crstobal.

He is, as the resolution indicates, Mr. Speaker, blind or on the verge of blindness. He is suffering ill health. There are many humanitarian reasons why his term of imprisonment could and should be terminated by any reasonable government, any government of any compassion. But, of course, all of us know that is not something that exists under virtually any Communist regime in this world and, in particular, under the Soviet Socialist regime that exists today in Russia and has since early this century.

So I believe, Mr. Speaker, that it is very important for those of us who enjoy freedom, who enjoy the opportunity to be able to assemble, to be able to speak freely, to be able to attempt to convince others to join us in supporting the cause that has been proposed in this resolution, the cause of freedom for Yuriy Shukhevych in his latter years at least, that he may be able to enjoy some semblance of freedom and human dignity as he serves out the remainder of his failing life.

Mr. Speaker, as we look at the various things that surround this particular case and as we read the story of Yuriy Shukhevych and other political prisoners of the Soviet Government, it demonstrates clearly, I think, to us that, although the USSR's propaganda efforts and its ability to manipulate public opinion has improved over the years since the parents and grandparents of many of us here - and certainly many who live in Manitoba - since those days that many of our grandparents and parents fled the oppressive regime, the cruel and blood-thirsty actions of the Communist Government in Russia, they may well have improved their ability to deal with the public in the sense of their propaganda machine, but more recent events such as the crushing of freedom-seeking uprisings in Hungary and Afghanistan and elsewhere in the world demonstrates very clearly that certainly the absence of value that they place on human life, on freedom, on individual rights certainly has not changed. That Marxist Socialist Government continues to be a very reprehensible symbol of all that is wrong in so many types of socialist governments in our society today.

I was reading not too long ago the story about a Soviet Tass reporter who was recently expelled from France for violating the terms of his passport status in that country by engaging in subversive activities against his host country. He cried loudly and attempted to enlist the support of the press, radio and the media throughout the world to prevent him from having been thrown out of France. It was ironic because as he sought the support of his fellow journalists to protest what he considered ill treatment there was another story at the same time of the Soviet Government committing two writers to ten years in hard labour in one of their prisons for presumably spreading anti-Soviet propaganda, whatever that is. I think in general it probably means telling the truth about the lot of people in society in

the Soviet Union and for that, telling the truth, they are being sentenced to 10 years of hard labour, while at the same time he, for subversive activities against a foreign government, was merely just at least put out of that country. At least he had the opportunity to go back to his home country and live out a normal life there, if that's what he chose.

But his fellow people in Russia, his fellow people in the USSR were thrown in prison for 10 years of hard labour for having the audacity to write the truth about the conditions as they saw them in the Soviet Union.

So, things have not changed a great deal in the Soviet Union and as we remember Yuriy Shukhevych and as we protest his continued incarceration and ask for things to be done to try and alleviate his circumstances and take him out of prison, I think that it's well that we remember many of the things that have happened to citizens of the Ukraine over the years under Soviet domination.

It is only recently that there have been articles in the paper that remind us of the deliberate diabolical starvation of some six million who perished in government-caused famines in the Ukraine some 50 years ago. I think, as we think about countries that have this absence of individual freedoms, as we learn of the atrocities that they commit in the name of their government and their system of government that we, all the more, should cherish those freedoms that we hold dear here in a democratic country.

I think, Mr. Speaker, as well, that we should remember that we ought not to be taken in by those who piously speak about the wonderful lessons that can be learned by going to study Marxist philosophy at conferences where people exchange information about what a wonderful society has been created under Marxist-cum-Socialist regimes in this world. I think that we should remember and never forget that the absence of any human rights that are available in these Marxist-dominated Communist countries throughout the world, the many atrocities that they have perpetrated in the name of perpetuating and spreading their Marxist Socialist philosophy, and it continues. It continues today in the Soviet Union, in Poland, in Hungary, in East Germany, all the various places that have been mentioned by previous speakers.

So, let us take the occasion, Mr. Speaker, not only to speak of Yuriy Shukhevych and to support this resolution but to remember the things that are happening elsewhere in the world under Communist regimes.

Let us think about how they deal with human rights there. We have such things here as Human Rights Commissions that take to the ultimate the ability of people to protest against virtually anything that can be construed to be a violation of human rights and none of us, Mr. Speaker, support any violations of human rights, but just remember that we are in a privileged position to be able to speak out against any type of human rights, whatever, and to have a group of people who are drawn from society who presumably are impartial and can review any alleged interferences or any alleged intrusions on our human rights.

Let us say, Mr. Speaker, as well, that those who would promote and advocate the tenets of Marxist philosophy and the value of learning all about Marxist philosophy and what it can do for us, should also be prepared to

publicly acknowledge the various atrocities that have been committed by the Marxist Governments throughout the world, both now and in the past, these atrocities presumably having been committed in the interests of protecting its goals of equality and social justice. But just ask yourself what equality and social justice is available to Yuriy Shukhevych and all the political prisoners in the Soviet Union.

I think that this callous disregard for freedom of expression and freedom of assembly, all those human rights that we treasure, should be to us a lesson, a lesson of how propaganda works, of how people can manipulate public opinion by telling us in theory how wonderful this collectivism and this socialism works, but how in practice the only way that they can make people adhere to it is through brute force, through totalitarian governments. So those of us who enjoy the freedoms and rights should continue to speak out on behalf of Yuriy Shukhevych and countless other political prisoners, who today are under oppressive regimes and demand their release in the name of humankind.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** The Honourable Minister of Cultural Affairs.

**HON. E. KOSTYRA:** Thank you, Mr. Speaker. I too rise to support this resolution and I thank the honourable member opposite for introducing it.

I would just point out one error that's contained in the WHEREAS, a small minor error. The WHEREAS makes reference to the Ukrainian Canadian Committee of Manitoba. There is no such organization. There is an organization which I believe the member was intending to refer to; that being the Ukrainian Canadian Committee, Winnipeg Branch.

This resolution addresses the issue of freedom, the issue of repression, and it was sparked, I believe, most recently by the demonstration that was held here at the Legislative Buildings, I guess just over a week ago, at which time a number of members of this Assembly, including the Minister of Agriculture and the MLA for Inkster, attended.

It's important for us to deal with these kind of issues, Mr. Speaker. Those of us that are close to people of Ukrainian descent know full well of the kind of struggles that have gone on for the liberation of the Ukraine. The Member for Roblin-Russell made mention of the various members of the Assembly of the Manitoba Legislature over the years that have been of Ukrainian descent. At this point in time, with the current membership of the Legislature we have on the Treasury Benches, I'm told by members of the Ukrainian community, the most members of Ukrainian descent in the history of the Province of Manitoba. At the present time, there are five members on the Treasury Benches of Ukrainian descent, which is the largest number in the history of the province, and there are others on the back benches.

I just might add, as an aside, I'm not one of those. Some people in the Ukrainian community think of me

as one of theirs, and I'm flattered by that, and always one that has been very close to them but my descent is - my grandparents on both sides came from the country of Poland.

The resolution deals with the detention of Yuriy, and the reason he is detained in the Soviet Union is because of the actions of his father and the fact that he would not renounce his father. His father was involved in the struggle for liberation for the freedom of the people of Ukraine, and he fought against the Soviet regime, the left-wing dictatorship that exists; but he also, Mr. Speaker, fought against the Nazis. He fought against right-wing dictatorship when it was threatening his mother country. So Yuriy's father was one that fought for freedom; and fought for freedom against right-wing or left-wing dictatorships, Mr. Speaker, and I think that's important to remember as we discuss this resolution, because on this side of the House we speak for freedom, we speak for liberation of people, whether or not they are repressed by dictatorships of the left or of the right.

This cause has been endorsed, as the resolution indicates and as I corrected, by the Ukrainian Canadian Committee, Winnipeg Branch, and as the Member for Inkster outlined, this resolution and this struggle is one that is supported by Amnesty International, a human rights organization that has done a lot of work for the liberation of people detained throughout the world and that has done a lot to bring forward and publicize the case of people that are detained in various countries throughout the world, Mr. Speaker; but the crime of Yuriy's is not one that he attempted to fight or to overthrow government by military means. His was one that he would not denounce his heritage, his father, and because of that he has been detained for many years in the Soviet Union.

**MR. SPEAKER:** Order please. The time being 5:30, when this resolution next comes before the House, the Honourable Minister will have 15 minutes remaining.

## COMMITTEE CHANGES

**MR. SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNESS:** Mr. Speaker, before we adjourn, I would like to make some committee changes.

I move, seconded by the member for Gladstone, that the composition of the standing committees be amended as follows: First of all, the Standing Committee on Agriculture, that the Member for Pembina replace the Member for Swan River; and secondly, on the Standing Committee on Law Amendments, that the Member for Rhineland replace the Member for Lakeside.

**MR. SPEAKER:** I think it's not necessary to move that as a motion if it is announced that the change of membership should take place. That's generally been accepted by the House.

The time being 5:30, the House is adjourned and will stand adjourned until 2:00 p.m. tomorrow (Thursday).