



First Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

39 Elizabeth II

REVISED

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

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

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, November 5, 1990

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Steve Ashton (Thompson): Mr. Speaker, I would like to present the petition of Al-Abdi Raad, Aurora Martin, Robert R. Dupas and more than 17,000 other Manitobans requesting the Legislative Assembly of Manitoba to call upon the Government to consider enacting amendments to The Workers Compensation Act covering firefighters.

TABLING OF REPORTS

Hon. James Downey (Minister of Northern and Native Affairs): I want to table Supplementary Information as it relates to the Manitoba Seniors Directorate.

Hon. Leonard Derkach (Minister of Education and Training): Mr. Speaker, I would like to table the Supplementary Information for Legislative Review for 1990-1991 Departmental Expenditure Estimates.

Hon. Glen Cummings (Minister of Environment): Mr. Speaker, I would like to table Supplementary Information to Departmental Estimates for the Department of Environment.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I would like to table a 1989 Annual Report of Manitoba Data Services.

ORAL QUESTION PERIOD

Telecommunications Competition

Mr. Gary Doer (Leader of the Opposition): Friday afternoon we heard the announcement of the Government of an erosion clearly of the Telephone System's mandate in the Province of Manitoba. Clearly, the way in which the Telephone System operates in this province, long-distance out-of-province rates and business communication devices are the manner in which the province uses revenue to subsidize the local telephone user,

whether they are in the cities or rural Manitoba. I notice that there were a lot of business people at the announcement on Friday afternoon. I wonder whether the Manitoba seniors who have led the fight for low rates were called to the press conference of the Government.

* (1335)

My question to the Premier is: How much revenue will be lost with the changing mandate to the telephone system? What are the implications for ratepayers in the Province of Manitoba, and how can the Premier give away this part of the mandate of the telephone system without getting an agreement from Ottawa in terms of out-of-province long-distance competition and the implications it has for the ratepayers in terms of revenue?

Hon. Gary Filmon (Premier): Mr. Speaker, as was indicated on Friday in response to those questions by senior officials at the Manitoba Telephone System and the Minister responsible, it is anticipated that the effect on rates will be minimal or negligible; it is anticipated as well that the loss in revenues will be minimal or negligible.

As the Member well knows, there has been a 48 percent reduction in long distance rates in the past two years. During that period of time our revenue has actually increased. Changes in rates that promote greater usage, as this will, by corporations and in fact in our judgment will likely attract corporations to utilize particular intensive services that require this kind of long distance requirement can in all likelihood increase the total revenues to the system rather than in fact reduce them as a result of reducing cost to those businesses.

Mr. Doer: The Premier did not answer the question about an agreement with the federal Government on long distance competition. Mr. Speaker, if the Government reduces the market share it is going to have for the business communications system, the revenues are going to go down and the rates are going to go up for everybody else; that is fairly straightforward. -(interjection)- Well, the Member is talking about increases in fax business which has increased the revenues for long distance, and he knows that.

Mr. Speaker, my question to the Premier is: Why does he have an ad hoc telecommunications policy in operation? We see rate increases for Oakbank at 60 percent; Selkirk for 43 percent; Stonewall for 43 percent. The Government has just put that on hold after we have asked questions for the last three weeks, and you are now moving into the business communication system without any agreement on the other overall issue with the federal Government in terms of long distance communication, and Unitel now is licking their lips coming into our revenue areas, which are going to impact on seniors and other ratepayers of this province.

Mr. Filmon: Mr. Speaker, the Leader of the Opposition is being less than candid when he starts off on this tirade, because I have clearly indicated that a 48 percent reduction in long distance rates resulted in an actual increase in long distance revenues over the past two years at Manitoba Telephone System. In fact, reduction in rates to businesses does not necessarily mean reduction in revenue to the system. It may well increase the revenue because of increased usage and increased business.

In another way the Member is being less than honest, because on the 28th of May, 1987, the then Minister responsible for telecommunications policy—

Mr. Speaker: Order, please.

Point of Order

Mr. Steve Ashton (Opposition House Leader): Mr. Speaker, we have had a number of points of order in regard to statements such as the one made by the First Minister, and I am wondering if we might attempt to start the week off by observing our rules in Beauchesne's in regard to unparliamentary language. I ask in that regard that you ask the First Minister to withdraw that comment.

Mr. Filmon: I am at your disposal.

Mr. Speaker: I would ask the Honourable First Minister to withdraw those comments, please.

Mr. Filmon: Mr. Speaker, I withdraw the reference to honesty—

Mr. Speaker: I would like to thank the Honourable First Minister. The Honourable First Minister, to finish his response.

* * *

Mr. Filmon: The Member has done a disservice to the seniors when he puts on the record such information that is not in accordance with the facts, but I say this, that on the 28th of May, 1987, the then Minister responsible for telecommunications policy in the Province of Manitoba in a speech—

An Honourable Member: Who was that?

* (1340)

Mr. Filmon: —that was the Honourable Gary Doer—he is identified as in this, Mr. Speaker. The now Leader of the Opposition, in speaking to the electronics industry of Manitoba said, and I quote, it is, I believe, necessary for our electronics industry, for our business community and indeed for the telephone system to have phased-in Interconnect in this province, and I am working with Mr. Robertson, who is the head of the Telephone System, and a number of others and Members of our Cabinet to proceed with an Interconnect policy that can work not only in the short term but in the long term for this province.

We have in fact stated at the federal-provincial meeting that we are willing to proceed with Interconnect on a national basis on a phased-in perspective, and we are willing to negotiate with the other provinces the timing with Interconnect.

I might remind him that we are the second last province now to bring—

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

Mr. Doer: If the Premier would read the whole speech he would find that we talked about Interconnect, which the federal Government has jurisdiction on, in conjunction with federal-provincial agreements—

Mr. Speaker: Order, please; order, please. This is not a time for debate.

Mr. Doer: Given that the past policy of the Government has been to tie long distance competition in with any policy on Interconnect, given that the loss of revenues will be astronomical on long distance competition, why, and I come back to my first question, did the Premier not announce a policy agreement with the federal Government to prohibit competition in long distance that would kill our local rate base? Why instead did he announce on Friday not only the Interconnect but also an agreement with places like Unitel to have long distance competition, which will erode the revenue

base of Manitoba and destroy the local rate base for Manitoba?

Mr. Filmon: Mr. Speaker, the Member is incorrect. There is no evidence to say that this will have massive reductions in income for the -(interjection)- Mr. Speaker, we are the second last province in the country to move to this area, to move to this policy which he announced on May 28, 1987.

The fact of the matter is that without this kind of policy we stand to suffer major losses of business revenue, because businesses that need to make great utilization of the system will not locate in a province that is not in harmony with the rates and with the policies of all the other telecommunications industries in this country.

He wants to starve our province of business as he did when he was in Government by having anti-business policies that are not in keeping with the competitive nature of this -(interjection)- Mr. Speaker, all the others have moved to this.

Without moving to this we deny our businesses the opportunities to be competitive. They will have no choice but to move out. That is not good policy, that—

Mr. Speaker: Order, please.

Manitoba Telephone System Community Calling Program

Mr. Jerry Storie (Flin Flon): Mr. Speaker, at the same time that this Government boasts of its 48 percent reduction in long distance rates for its business friends, residents in my constituency are facing 66 percent increases in their basic telephone service, residential service.

My question is to the Minister responsible for the Manitoba Telephone System. Given that the Manitoba Telephone System as of Saturday issued a press release putting on hold the introduction of any new Community Calling programs between communities and left in place the Community Calling program between Snow Lake and Flin Flon, will the Minister today, on the basis of the consultation MTS has done in those communities in the last couple of weeks, put that program on hold as well and save the people in Flin Flon and Snow Lake thousands of dollars on their telephone bill?

Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act): Mr. Speaker, the Member has raised his question

before. I would like to review with him again the process that was used to put that policy in place.

The NDP had a round of meetings throughout rural Manitoba in 1987. Private lines and larger calling areas were needed. The Manitoba Telephone System went forward in 1989 to the Public Utilities Board requesting authorization to put in private lines and larger calling areas. They said yes to private lines and said no, expand the larger calling area program. They came back with an application on adjacency. PUB had public hearings in the Province of Manitoba. The citizens supported that program and they started to implement it.

* (1345)

Because problems that may have been raised by this Member certainly agitated people to complain about rate increases that MTS is putting in place in order to fund the larger calling program, they have decided to review it because a number of communities have been favourably responding to it because of increased calling between the communities. Now they have caused MTS to reconsider the program—

Mr. Speaker: Order, please.

Mr. Storie: Mr. Speaker, I have never heard so much balderdash in my years in this Chamber.

The Minister continues to insist that public hearings were held. The Minister knows as well as anyone else that a statement made on November 2, in Hansard, about the public hearings is totally inaccurate and incorrect.

Mr. Speaker, given the fact that there never were any hearings in Flin Flon or Snow Lake, the two communities that are left affected by the Community Calling program—

Mr. Speaker: Your question, please.

Mr. Storie:—will the Minister now undertake to stop the Community Calling program between those two communities, the only two communities that are left as guinea pigs in this failed Tory policy?

Mr. Findlay: Mr. Speaker, I categorically reject the Member's statement that there were no public hearings held in the Province of Manitoba.

The Manitoba Telephone System met in The Pas and nobody showed up. The Manitoba Telephone board met with citizens in those communities, met with the councils in those communities, and they are reviewing the present policy that is in place with those communities and will respond accordingly.

I will remind the Member that there is an increased use of the system, increased calling between those communities. He is saying, deny that service to those members of that community who see it as a favourable service.

I can tell him that the Manitoba Telephone System is reviewing the policy and the method by which they put the communities together.

Mr. Storie: Mr. Speaker, I have here a thousand letters from constituents, petitions from constituents. One person has told me they are in favour of the Community Calling.

My question is to the Minister responsible for the Manitoba Telephone System. Given that he has now seen the error of his ways and stopped this program in every other Community Calling area, will he put a halt to charging the people of Flin Flon and Snow Lake these usurious rates?

Mr. Findlay: Mr. Speaker, what the Member is really challenging is the Public Utilities Board, the Public Utilities Board who ordered the Manitoba Telephone System to put in place adjacency Community Calling, which they have done. That is who he is challenging. That is exactly who he is challenging.

Child and Family Services Caseload Selection Criteria

Mr. Reg Alcock (Osborne): Mr. Speaker, last Friday in the hallway the Minister of Family Services said something that was so incredible I had to go and check the tape to make sure he had actually said it. What he said was that front line workers at Child and Family Services agencies must be selective when deciding which cases to take on.

Now, in light of this new policy I would like to ask the Minister what criteria has he established as to which children shall not receive service?

Hon. Harold Gilleshammer (Minister of Family Services): I thank the Honourable Member for the question.

I do believe he should do a little more research. What I indicated was that the priorities are set by the agencies and agencies are empowered to set priorities for those agencies. They are working with the department to use their funds and work within a balanced budget.

I would like to just tell the Member that Manitoba spends more money than any other province on child welfare payments. In fact we spend double the

national average to work with the children in our communities.

I think what we are doing in the department is working with the agencies to work with their budgets, but it is the agency's responsibility to set those priorities.

Service Reduction

Mr. Reg Alcock (Osborne): Mr. Speaker, the agencies operate under the direction of the director who operates under the direction of the Minister.

Can the Minister tell us whether or not he has received information from agencies that indicate they will be cutting back services to adolescents?

* (1350)

Hon. Harold Gilleshammer (Minister of Family Services): Mr. Speaker, I am meeting with the presidents of the agencies later this afternoon. The agencies are setting their priorities on their spending. We will be continuing to work with them to help them spend the money in a wise way, but the actual priorities are set by the agencies.

Mr. Alcock: Priorities, Mr. Speaker, that are dictated by the resources they have available—I repeat my question. Has the Minister received any information from agencies that indicates they will be reducing service to adolescents in this province?

Mr. Speaker: Order, please. The Honourable Member's question is asking a question that was previously asked. The Honourable Member kindly rephrase his question, please.

Mr. Alcock: Mr. Speaker, the Minister's department is in receipt of budget submissions from the agencies. Have there been any changes in service?

Mr. Gilleshammer: Mr. Speaker, the department is working with the agencies on service and funding agreements. The services they provide are being examined. The funding that they are going to receive has been identified for them.

I say to you again that the funding provided by this Government to those agencies for child welfare expenditures in this province is twice the national average.

Brandon General Hospital Funding

Mr. Leonard Evans (Brandon East): Mr. Speaker, I have a question for the Minister of Health. A year ago the Minister of Health received a report from the

Brandon General Hospital peer review committee on the role of the hospital and its funding base. The Minister said in his news release of December 21, 1989, that the work of the committee was, I am quoting, a new approach to the problem resolution, unquote, and would provide the basis for reasoned dialogue and analysis of hard data, et cetera.

How does the Minister of Health explain the fact that Brandon General Hospital now faces nearly a million dollar shortfall and has had to close 56 beds even after he has already permanently eliminated 24 beds and has taken other cost-efficiency measures as recommended by the report? Why, Mr. Minister, are you underfunding the Brandon General Hospital?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, my honourable friend's concluding remarks are conclusions that only he can make. I cannot make those conclusions, because information is yet to come forward on the services offered by Brandon General Hospital.

Let me just add a little more flesh to the question that my honourable friend posed. He might recall when he was a Minister of the previous NDP Government that they ordered the permanent closure of beds in Brandon General Hospital. Mr. Speaker, that was the first time in the history of the Province of Manitoba that a Government ordered the closure of beds throughout the length and breadth of this province in hospitals for budgetary reasons.

Subsequent to that, Mr. Speaker, hospitals have been approaching this Government for funding requests. Every one of those requests is considered carefully as is the case with Brandon General Hospital today.

Mr. Leonard Evans: Mr. Speaker, the Honourable Minister fails to remember all the great things we did to develop that hospital, including day surgery, the hemodialysis program, ultrasound, CAT scan, et cetera.

Mr. Speaker, will the Minister direct the Manitoba Health Services Commission, as a top priority, to immediately review the situation and provide the necessary funding, given the fact that the Brandon General Hospital has already cut 24 beds permanently this year, has shortened the length of stay from eight to 7.4 days—

Mr. Speaker: Order, please. The question has been put.

Mr. Orchard: Mr. Speaker, as a result of some of the difficulties that Brandon General Hospital was experiencing in 1988 surrounding their budget we undertook, as my honourable friend has referenced earlier, a peer review of Brandon General Hospital's operation.

* (1355)

Part and parcel of that was the case made by the Brandon General Hospital board and senior management that as a hospital serving western Manitoba they were undertaking a caseload which had more acuity than the other community-based hospitals upon which their funding formula was based. It is exactly that case that is being investigated and is very nearing completion. I simply tell my honourable friend, should Brandon General Hospital's case prove factual that they are doing work more akin to the teaching hospitals in terms of the severity of their operations, their funding formula will finally reflect that after many, many years of neglect.

Regional Role

Mr. Leonard Evans (Brandon East): Mr. Speaker, along that line I would like to ask the Minister—and I am surprised and shocked at his response—does this Minister not recognize that Brandon General Hospital has fulfilled for years an important regional role? Will he not guarantee to this House and to the people of Brandon that that hospital will continue to fulfill an important regional role and not simply be another community hospital?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, that is exactly what I indicated to my honourable friend in the answer to his second question, and he need not have posed this one even, because that was the entire answer.

Of course, Mr. Speaker, we recognize the area importance of Brandon General Hospital. That was why in 1986, as Members of Her Majesty's official Opposition, we indicated as an election commitment and well in advance of the election campaign, that Brandon should receive the next CAT Scanner in the Province of Manitoba. As a result of that commitment by the Progressive Conservative Party, the Government was dragged kicking and screaming under the leadership of Howard Pawley into delivering that.

Health Sciences Centre Asbestos Presence

Ms. Judy Wasylycia-Lels (St. Johns): My question, too, is for the Minister of Health.

We have just been informed of a very serious situation at the Health Sciences Centre regarding the presence of the dangerous substance, asbestos. I would be happy to table the correspondence for the benefit of this House so that everyone is aware of this serious problem.

The situation involves the presence of this substance being perceived to be present going back a month. Samples were finally taken on October 23, and it was discovered that whereas in normal circumstances one part out of a million is dangerous in this case, 15 percent to 25 percent of chrysotile was analyzed as a result of the tests done. Nothing has been done until very recently, signs placed.

My question to the Minister of Health is: Given that workers' lives are in danger, given that patients' health is in danger as a result of this discovery, could the Minister tell this House when he was first informed about the presence of asbestos at the Health Sciences Centre and what measures he has taken to clean up this mess?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, I am going to defer to my colleague the Minister of Labour, who is responsible for workplace health and safety.

Hon. Darren Praznik (Minister of Labour): Mr. Speaker, I received a report from Dr. D.T. Redekop, Chief Occupational Medical Officer of the Department of Labour. He reviewed the situation at the Health Sciences Centre, toured the area in question with R. Behnke, the Assistant Manager of Facilities. A general contractor had some trade workers repairing some duct work in the particular room. The workers were standing on an asbestos lined pipe to do their work. There were small areas of damage to the insulation from their feet.

The two Health Sciences Centre employees arrived on October 22, 1990, to repair a pump in that particular area, noticed the damaged insulation and reported it. The insulation was tested and found to contain asbestos on October 23, 1990. Power Vac was hired to repair this, which was done on the same day. The report I received from Dr. Redekop indicates that no health effects are anticipated.

Health Sciences Centre Asbestos Responsibility

Ms. Judy Wasylycia-Lels (St. Johns): Mr. Speaker, how is it that workers have been exposed to this dangerous substance at very high levels for over a month? How is it that patients' health is at risk as a result of the equipment at the hospital being exposed to this dangerous substance, that this Government can stand up and say there is no health risk, that there is no danger and take no action?

My question to the Minister of Health (Mr. Orchard) or the Minister of Labour (Mr. Praznik) or the Minister of Environment (Mr. Cummings) is: Who is taking responsibility for this serious situation? Why is the buck being passed between the contractors, between the—

Mr. Speaker: Order, please; order, please. The question has been put.

Hon. Gary Filmon (Premier): Mr. Speaker, this Government will take responsibility for everything that is under its jurisdiction and responsibility. It will not be irresponsible like the Member for St. Johns in trying to call up great fear and anxiety amongst vulnerable people who are in a health care institution and ought not to be put under this fear.

I just recommend for the benefit of the Member for St. Johns that she read an article which I will send over to her from the Globe and Mail. It is an editorial of October 29, 1990, referring to irrational fears over the risk from asbestos—

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

Point of Order

Mr. Steve Ashton (Opposition House Leader): Mr. Speaker, once again on a point of order, I would ask that you call the First Minister to order in light of Beauchesne's 408, Section 2, which states very clearly that answers to questions should be as brief as possible, should deal with the matter raised and should not provoke debate. I believe the First Minister struck out on all three counts under that provision of Beauchesne's with his supposed answer.

Mr. Speaker: Order, please. I remind the Honourable First Minister to deal with the matter raised and not provoke debate.

Mr. Filmon: We are talking about the desire of the Member for St. Johns to spread fear amongst vulnerable people—

Point of Order

Mr. Speaker: Order, please. The Honourable Opposition House Leader, on another point of order.

Mr. Ashton: Yes, Mr. Speaker, on another point of order.

Unfortunately, the First Minister has once again broken our rules. In particular, as outlined in Beauchesne's, the sections that refer to Members not imputing motive, the First Minister clearly imputed motive to the Member for St. Johns. I would ask that you request the First Minister to withdraw that comment.

Mr. Speaker: Order, please; order, please. I would ask the Honourable First Minister to pick his words very, very carefully.

* * *

Mr. Filmon: Without imputing motives, Mr. Speaker, the editorial is called, irrational fears over the risk from asbestos. It talks about a Harvard university study in which it publishes estimates of risk from various causes.

* (1400)

It starts out, in the lifetime risk of premature death per 100,000: smoking, all causes, 21,900; it goes down through motor vehicle, 1,600 per 100,000; environmental, tobacco, smoke, living with a smoker, 200 for 100,000; x-rays, 75 per 100,000; it goes all the way down to asbestos in buildings, 1 per 100,000. It talks about the fact that all of these other risks that are never raised by the Member for St. Johns or anybody else are many, many times higher—

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

Health Sciences Centre Asbestos Removal

Ms. Judy Wasylycia-Lels (St. Johns): Mr. Speaker, I am not trying to spread fear. As an Honourable Member in this House I am simply asking for a terrible situation to be dealt with before it endangers workers' health or patients' health.

Mr. Speaker, I happen to believe if something causes the slightest bit of danger to one's health, it should be taken seriously—

Mr. Speaker: Question. Order, please; order, please. The Honourable Member for St. Johns kindly put her question now, please.

Ms. Wasylycia-Lels: My question is to the Minister of Health. Given that it is suspected that there are some 15 to 20 other places within the Health Sciences Centre with asbestos problems, would the Minister tell this House exactly what directives he has given the Health Sciences Centre for identifying asbestos, what procedures have been spelled out for the hospital and what steps are being taken to ensure that no health or lives are endangered?

Hon. Donald Orchard (Minister of Health): Mr. Speaker, this issue came up in the House approximately a year ago surrounding the removal of asbestos at Grace General Hospital—Grace Salvation. The departmental policy, and the facilities are all in favour of this as an operational policy, is that where renovations are being undertaken, it is a matter of course that any asbestos-containing insulating materials shall be replaced with more environmentally friendly materials. As happened at Health Sciences Centre, the moment there is a problem discovered with asbestos insulation or other materials containing asbestos, a very quick and very excellent removal program is actioned to protect the patients, the workers and all those who visit those facilities.

Crown Corporations Council William Mackness Appointment

Mrs. Sharon Carstairs (Leader of the Second Opposition): Mr. Speaker, we are very concerned about the lack of dedication that this Government has to the whole principle of multiculturalism. While we do not approve of the removal of a dean of a faculty, which should indeed be the responsibility only of the university, we want to know from the First Minister if there have been any discussions with Mr. William Mackness with respect to his membership on the Crown Corporations Council and his statements that he has made which reflect, unfortunately, a bias, in that the Minister of Finance, when he made this appointment, said, let them not only give it a managerial capability but also take into account some of the pro-active social considerations.

Hon. Gary Filmon (Premier): Mr. Speaker, I have had no discussions with Dean Mackness, and the question is directed at me. The fact of the matter is that the matter of Dean Mackness's views or expressed statements has been dealt with by the Board of Governors of the University of Manitoba, and they are the employing and hiring authority.

Their judgment on the matter was that he could continue being the dean of the faculty, and I would assume, given that his faculty does involve both students and staff of many, many different backgrounds, many different racial backgrounds, minority groups, that if the university feels that he is capable of continuing to be dean under those circumstances, then that should be sufficient.

Mrs. Carstairs: We are not questioning his appointment as the Dean of the Faculty of Business Administration. We are questioning his appointment, a Government appointment, to their Crown Council. Can the First Minister tell us today if he will, or through his Finance Minister, meet with this individual to assure that the policies of multiculturalism and particularly employment equity are to be fulfilled by this particular individual?

Mr. Filmon : It is not up to an individual to fulfill the policies. It is up to the Crown corporations and the Crown Corporations Council. The Government sets the policy and that policy shall be implemented—period, paragraph.

Crown Corporations Council Clarification - Minister's Statement

Mrs. Sharon Carstairs (Leader of the Second Opposition): Will the Finance Minister tell us what he meant therefore by the quotation: Let them not only give it a managerial capability but also take into account some of the pro-active social considerations if those pro-active considerations were not in the field of equity?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, the question borders on the bizarre. We surveyed the community at large when we decided in our wisdom who to appoint to that very, very important august body. We insisted that individuals who took that responsibility dialogued with the Crown corporations and they put into place—they helped the Crown corporations set strategic goals and also enact policies of the Government which we deemed were important to the people of this province. The Crown Corporations Council was given that mandate and has performed admirably to date.

VIA Rail Service Cuts

Mr. Daryl Reid (Transcona): My question is for the Minister of Highways and Transportation. Last week

I raised in this House concerns over the National Transportation Agency decision to stop the public from having any further opportunity to publicly oppose cuts to VIA service. Will the Minister table in the House today any response he has had from the current federal Minister of Transportation regarding the status of the five-year freeze on further VIA passenger service cuts?

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Speaker, I indicated in my reply to the question last week that I was concerned with the statements that had been made and that I was going to try and make an arrangement to meet with the federal Minister and reconfirm the commitment that I had from the previous federal Minister approximately two years ago. We are in the process of trying to arrange a meeting and to try and get that confirmation.

Mr. Reid : Last week this Minister claimed that he had a special relationship with the previous Minister of Transportation, Benoit Bouchard, who wiped out half of the VIA routes, and that this Minister had consulted regularly with that Minister. My question is for the same Minister. What has this Minister learned about the plans to privatize the Quebec City-Windsor corridor as well as the potential high speed Edmonton-Calgary route? Is the Bayline route to be sacrificed to pay for these high speed routes?

Mr. Driedger: Mr. Speaker, I will have to take that question as notice.

Railbus Status

Mr. Daryl Reid (Transcona): For the same Minister, Mr. Speaker, what is the status of the railbus project for northern Manitoba since the federal-provincial agreement expired in March of this year? Has this Minister given up attempting to get it operating for the isolated communities of Manitoba, and has he given up having such a bus built in Manitoba?

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Speaker, there is a long history about the railbus and the Churchill line, in fact it is years ago since that whole program was terminated. If the Member is interested, when we get to the Estimates, I would like to go into details to discuss the whole aspect of it. I do not think I have enough time to go through the whole history of what has happened at this time.

Commercial Fishing Price Decrease

Ms. Rosann Wowchuk (Swan River): Mr. Speaker, my question is to the Minister of Natural Resources. Within the last few weeks, fishermen have received notice from the freshwater marketing board regarding the price of their catch. What they have seen is that the initial price of most species is down, in particular pickerel is down, and there is a tremendous drop in their final payment, with pickerel getting no final payment.

Will this Minister tell this House why the fishermen were not given earlier warning of the price drop, and will he also tell this House why the price of fish has dropped so dramatically across the board?

* (1410)

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, I can assure the Honourable Member that the Freshwater Fish Marketing Corporation, which has the jurisdiction of both marketing and pricing policy of freshwater fish in Canada, I might add, in the prairie provinces, consults regularly through means of newsletters and through meetings, one of which I attended last July, where the president of the corporation clearly indicated to the fishermen some of the pricing problems that the corporation faces. It is no news to the fishermen that they are receiving very poor prices at this time.

I might just say, Mr. Speaker, the fishermen, as I once answered before, simply are added to the list of primary producers, such as the news that many thousands of grain producers received earlier about the less than satisfactory prices of their commodity. It is a problem that regrettably is shared by the fishermen of this province as well.

Government Assistance

Ms. Rosann Wowchuk (Swan River): Will the Minister confirm that the Manitoba fishing economy is being devastated because of the Free Trade Agreement that was signed by the federal Conservative Government? Will he lobby the federal Minister to provide assistance to the freshwater fishermen, as our east coast fishermen are being provided with assistance?

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, the only reason why we have a commercial fisheries in Manitoba is that traditionally, long before free trade, fully 90 percent

of that fish found itself on the markets, the tables of New York, Minnesota and in the United States primarily. The free trade has absolutely nothing to do with the current pricing difficulties of the fisheries industry.

Federal Fuel Rebates

Ms. Rosann Wowchuk (Swan River): Will this Minister then tell this House what he will do to alleviate the financial burdens being placed on the fishermen partly because of the increasing fuel rates resulting from the high world prices, but also the federal Conservatives' decision to cut back fuel rebates? Will he ask the federal Government to reinstate the fuel rebate to its original level, and will he encourage his colleague—

Mr. Speaker: Order, please. The question has been put. Order, please.

Hon. Harry Enns (Minister of Natural Resources): Mr. Speaker, the list of demands and questions—I involuntarily looked for the aid and support of one Parker Burrell, who was a very strong spokesperson for the industry, regrettably not in this Chamber.

Mr. Speaker, we are doing everything we can, which is every bit as much as the previous NDP administration was doing. The Freight Assistance Program is in place and helping in a direct way that we can as a province. We will continue to search, together with the corporation, ways for better marketing of the product. I know that I visited the corporation this summer. There was a trial run of some million pounds of walleye, pickerel being sent fresh to France for new market opportunities. These are the kinds of things, solutions that have to be sought and pursued, Mr. Speaker.

McKenzie Seeds - Brandon Provincial Funding Status

Mr. Bob Rose (Turtle Mountain): Mr. Speaker, my question is to the Minister responsible for McKenzie Seeds in Brandon. I understand that the province has substantial money invested in McKenzie Seeds. Could the Minister report on the status of provincial money invested in McKenzie Seeds?

Hon. James Downey (Minister responsible for A.E. McKenzie Co. Ltd.): Mr. Speaker, the Member is absolutely correct that the McKenzie Seeds operation in Brandon has had substantial provincial assistance. This morning I am pleased to say that

my colleague the Minister of Industry, Trade and Tourism (Mr. Ernst), my colleague the Member for Brandon West (Mr. McCrae) were at Brandon at McKenzie Seeds, where they have started to do something for the first time in history; that is, make a repayment to the Province of Manitoba by some one-quarter of a million dollars.

Mr. Speaker: Time for Oral Questions has expired. -(interjection)- Order, please.

ORDERS OF THE DAY

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

Motion agreed to, and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for St. Norbert (Mr. Laurendeau) in the Chair for the Department of Finance; and the Honourable Member for Seine River (Mrs. Dacquay) in the Chair for Executive Council.

Committee Changes

* (1420)

Mr. George Hickes (Point Douglas): Mr. Speaker, may I have leave to make some committee changes?

Mr. Speaker: Does the Honourable Member have leave to make committee changes? Leave? Granted.

Mr. Hickes: For Public Utilities and Natural Resources: Jerry Storie for George Hickes and Greg Dewar for Cliff Evans. That is for tomorrow morning at 10.

Mr. Edward Helwer (Gimli): May I have leave to make some committee changes also?

Mr. Speaker: Does the Honourable Member have leave? Leave.

Mr. Helwer: I move, seconded by the Member for Kirkfield Park (Mr. Stefanson), that the composition of the Standing Committee on Public Utilities and Natural Resources for Tuesday, November 6, at 10 a.m. be amended as follows: Findlay for Helwer and Vodrey for Render.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—FINANCE

Mr. Deputy Chairman (Marcel Laurendeau): Committee, come to order, please. We are considering the Estimates of the Department of Finance -(inaudible)-

Hon. Clayton Manness (Minister of Finance): -(inaudible)- some of them sitting at this table will provide an overview of my remarks to them.

This is the first occasion I can remember in any number of years that I have been here where Finance has been reviewed so early in the Estimates procedure. I welcome that choice by the Opposition Parties to bring forward this department, Mr. Deputy Chairman.

I am pleased to present the 1990-91 Estimates of Expenditure of the Department of Finance for your consideration and approval.

I previously tabled, on November 1, the Estimates supplement for our department. The supplement provides a good deal of information, which should answer most of the detailed questions which are normally asked during the Estimates review process.

The supplement provides information down to the branch level listing objectives, activities and expected results. For each branch details are provided on staff years in dollar amounts, comparing the Adjusted Vote for '89-90 with our request for the '90-91 fiscal year.

Staffing figures are broken down showing totals for Managerial, Professional and Administrative Support. Other expenditure figures are broken down into the major categories of Transportation, Communication, Supplies and Services, Capital and Other Operating.

Where size and circumstances warrant, deductions are shown from salary costs for Provision for severance pay and Allowance for Staff Turnover.

Overall the Department of Finance is requesting approval to spend \$749,650,600 in 1991 as compared to \$759,178,200 for the Adjusted 1989-90 Vote, a reduction of \$9,520,600 or 1.2 percent. The department has also budgeted for a reduction of seven staff years from 442.12 to 435.12, a reduction of 1.5 percent.

Members of the committee should be aware that a reorganization of the Taxation Division is currently under way and is expected to be in place for the start of the next fiscal year on April 1, 1991. The division is being reorganized from a statute-based system to a functionalized basis.

The existing organization of the division consists of four branches, Administration, Retail Sales Tax, Mining and Use Taxes and the Corporation Capital Tax, payroll tax branch.

The current Estimates to be examined and approved by this Committee of Supply are still organized on this basis. The new reorganized structure will include administration, audit and a combined management and research branch.

It is expected that the functionalized Taxation Division will improve the effectiveness and efficiency in the delivery of taxation programs. The new structure will better utilize existing resources and will better serve Manitoba taxpayers.

In general, Mr. Deputy Chairman, these Finance Estimates are prepared on the same basis as last year. Members are advised that salary allocations have been adjusted to reflect general salary increases as applicable. Many of the other expenditure amounts have been held to no increase over the Adjusted '89-90 Vote.

The definition of Adjusted Vote is given in the glossary on page 3 of the supplement.

Mr. Deputy Chairman, with these very few remarks, I commend the Finance Estimates to consideration of the Committee of Supply. I am pleased to invite questions from the Members regarding these Estimates, and I look forward to a full in-depth review of this department.

* (1430)

I sense it is a critical department, and I would only hope that those Members of the Opposition who ask us to spend, spend and spend some more would take some time and effort to be in this committee to try and determine the source of all that spending. Thank you, very much.

Mr. Deputy Chairman: We thank the Honourable Minister of Finance (Mr. Manness) for those comments. Does the critic for the official Opposition Party, the Honourable Member for Brandon East, have any opening comments?

Mr. Leonard Evans (Brandon East): Yes, I have a few opening comments, Mr. Deputy Chairman, if I

can find my notes here, my voluminous notes. However, I want to say that regardless of whether I can find my notes or not that indeed I agree with the Honourable Minister that this is a very important department, a department in which the overall spending and revenue collection, the taxation of the Government is focused and indeed the overall financial administration of Government. Although specific Ministers have specific mandates, nevertheless, the Minister of Finance (Mr. Manness) has the overall responsibility of seeing overall spending and, of course, to play an important role on Treasury Board as well.

Mr. Deputy Chairman, I guess ultimately there is a sharp difference of philosophy between the Minister of Finance (Mr. Manness) and myself, between this Party in Government and the New Democratic Party in Government with regard to the role of fiscal policy, of a provincial Government. I would say that the Minister of Finance has as his objective to keep spending as low as possible, the less spending by Government the better and, of course, correspondingly, to keep taxes to a minimum. I would like to say that everyone would like to keep taxes as low as possible, but at the same time some others believe that Government can play a role in the economy and in the lives of people.

Certainly, we should always be very careful in our spending, but I think we have to recognize—and this is where we are different philosophically, Mr. Deputy Chairman—that a provincial Government has an important role to play with regard to our economic and social life, that it can be used as an instrument to improve the human condition. As a former Premier of this province was fond of quoting, the former Premier Schreyer was very concerned that a province, through its various economic and social programs, should and could improve the lives of ordinary, of average Manitobans.

We see the fiscal policy of Government having a role to play in offsetting a business downturn. We believe that provincial Government spending could effectively assist in counteracting a downturn of business, in counteracting the downturn of a business cycle. This is not a new or revolutionary idea. It came out of Keynes who was a very prominent, universally known economist who wrote in the '30s and who has had a terrific impact on economists in the world, particularly in the Western World.

I believe the Minister of Finance (Mr. Manness), who himself has said he has studied economics, would be very familiar with John Maynard Keynes and his views. That is, that Government spending and taxation, that is fiscal policies, can be utilized—admittedly, there are limitations—to help offset the current economic downturn that we have, or conversely, to help combat inflation when inflation becomes the major problem. I think there is the difference. We do not believe that the less Government the better. We believe that a democratically elected Government can play a very vital role.

I also want to comment, Mr. Deputy Chairman, on the question of debt and our relative position to other provinces in this country. We are often told in the House that under the NDP we were in about the worst debt position of any province, that our spending was out of line, that our taxation was out of line. When you look at the facts that were presented by the Department of Finance, you will find that this allegation or assertion by the Minister of Finance (Mr. Manness) and his colleagues is really a myth. This is the last Budget Address presented by the Honourable Eugene Kostyra for 1988. Regardless—(interjection)—no, that was not passed. That is why the Honourable Minister is where he is today. It was not passed, but the point is essentially the budget that the Honourable Minister brought in shortly thereafter was essentially the same with a few changes.

But regardless, Mr. Deputy Chairman, the point is that these are figures not concocted by the Minister of the Government, but calculated and tabulated by members of his department. If you look at—and this is through pages 10, 11, 12, 13 and 14, I believe, there is a set of charts showing an interprovincial comparison of our spending and of our revenue.

The first one on page 10 shows that the revenue per person, per capita, taken by the Manitoba Government in 1987-88 was well below the provincial average. I commend this report to Members of the Legislature. At that time, you could see that our revenue was less than the 10-province average. The revenue is related to taxation—to other methods of revenue collection—but essentially to taxation. The fact is, we were taking by way of revenue less per capita than the average of the 10 provinces. We were third lowest in taking revenue from the obtaining revenue per person of the 10 provinces.

If you look on the spending side in '87-88, Mr. Deputy Chairman, again our spending per capita was below the 10-province average. We were the fourth lowest spending province in the country. There were six provinces who spent per person, per capita, much higher than the New Democratic Party Government was spending in 1987-88. So our spending was not out of line. It was below average.

If you look at our deficits per capita, again, 10-province comparison, you will see that our deficits per capita were slightly above the 10-province average, but we were really in the middle of the pack, virtually speaking. There were five provinces whose deficit per person was higher than the Province of Manitoba. We were not out of line. We were right in the centre of things.

Similarly, if you want to look at the debt service costs as another comparison, that is interest on the debt per capita, again in Manitoba, we are just slightly above the 10-province average. There were five provinces whose debt service costs per capita were higher than Manitoba. There were four lower, but again the point is, Mr. Deputy Chairman, we were right in the middle of the 10 Canadian provinces.

Similarly, if you look at the interest on the debt, as a proportion of total budgeted spending, again for the same period of time, you find Manitoba is right in the middle. It is just slightly above average. We have five provinces whose interest on the debt as percentage of their budgeted expenditure was higher than the Province of Manitoba.

So, Mr. Deputy Chairman, I make the point that this Minister did not inherit a situation of debt and interest on the debt, or spending or revenue collection that was really out of line with the Canadian average.—(interjection)—Well, the Minister says "nonsense" to himself. I have just quoted the figures that were presented. It would be interesting—in fact, I would ask the Minister at this point in my opening remarks to have his department come up with comparable charts for the current year. I would be very interested in seeing them. I suspect we would not be very much different than what we were in '87-88. I ask the Minister to do that—a matter of open Government—to have his staff prepare these charts based on statistics, economic data that is available. It is public information from all the provinces as well as the Province of Manitoba.

I do make this request at this point. I will repeat it again if necessary, Mr. Deputy Chairman, but that is a serious request, and we would like to see it. The Members of the Legislature are entitled to see how we stand now. In fact, this is one of the complaints I have about the current budget document, that is, it does not provide as many comparative statistics on our finances as some of the other reports that we have had in the past.

* (1440)

Having made those comparisons, Mr. Deputy Chairman, nevertheless, our Government recognized the need to match revenues with spending. That effort was made, as the Minister will admit I am sure—if not publicly, maybe privately—that we did make an effort in 1987-88, in that area of time, to increase revenue to meet the growing expenditures by the province. The fact is, that increased revenue for which we paid a political price, along with the increased transfers from the federal Government, enabled this Minister to take \$200 million out of revenue and put it into his rainy day fund, the Fiscal Stabilization Fund, all based on a very rational position that, well, we want to even out our deficits and so on, but really you are playing around with figures.

The fact is that if you had used that \$200 million and considered it as bona fide revenue, you would not have had a deficit in '88-89, you would have had a surplus, thanks to the NDP. You would have had a surplus of nearly \$60 million.

Well, I will give some credit to Government of Canada transfers, but that is a fact. All you have to do is the arithmetic. Take the 200 out of the rainy day fund, subtract it from the deficit and you are into nearly a \$60 million surplus. Then he has put it in the rainy day fund. Now in '90-91, as we are presented with this budget, we have a deficit of \$283.4 million, which really should be 83 million point three—83.0 higher than that, because he has taken that money out of that same Fiscal Stabilization Fund.

So really we are looking at a deficit of around \$350 million. That is what really should be shown, if you were playing it straight as we have done over the years.

The fact is, Mr. Deputy Chair, if we had not passed that legislation authorizing the Fiscal Stabilization Fund the Provincial Auditor would still be complaining. He was very unhappy with the fact that

you took the \$200 million and utilized it in that fashion.

So let it not be said that we were not concerned about paying our way, because that demonstrated it quite clearly back in '87-88.

Mr. Deputy Chairman, the fact is that we are facing a very serious economic situation. Even though the Minister can quote various statistics and various forecasts, nevertheless, the economic situation in Manitoba is less than satisfactory. There are a diminishing number of full-time jobs available for our people. Any job growth has been strictly in the part-time field.

Our residential construction industry is in a disastrous position. It has been declining for the last couple of years, and now it has declined again by well over 30 percent in the third quarter of this year compared to the same quarter last year for the whole province.

Investment spending in manufacturing, which we are all concerned about, has diminished. The value of shipments from the manufacturing industry is not keeping pace with inflation, and now it is just starting to be negative.

Our current retail sales situation shows increases in retail spending to be less than inflation so that in real terms, in real volumes, there is less retail activity this year at this time than there was last year at this time. The only thing that will bolster the retail spending I would submit, Mr. Deputy Chairman, is likely the fear of the GST coming in—as it likely will come in—and last minute buying to get around having to pay that additional 7 percent in a retail tax.

I regret that this Minister has really no plan to combat the recession that we are in the midst of and getting deeper into. I know he quoted the Royal Bank of Canada by saying, well we are going to have some growth, last year, but that growth is less than 1 percent. I appreciate the national level is a bit negative, but nevertheless less than 1 percent is simply not adequate.

It could be subject to a lot of variation in the future. There is no certainty at all that we will not end up with a negative situation in 1991. Even if we accept the Royal Bank's estimate it is still not satisfactory.

Mr. Deputy Chairman, we say that this Government and this Minister have failed to address the economic situation, that the economic situation, when you talk to all those people in this province, including people in my own area of Brandon where

there have been too many layoffs lately in Burns Meats and Rothsay rendering and now at the Brandon General Hospital and some to come at BMHS and others that have occurred, that there has to be some leadership shown by this Minister and this Government to stimulate the provincial economy. This is the greatest failure that I can see of this particular Minister and this particular Government.

Having made those few introductory remarks we have a number of questions mainly on the policy line to ask as we go through the various line-by-line sections of the Minister's Estimates. Thank you.

Mr. Deputy Chairman: We thank the Member for Brandon East (Mr. Leonard Evans) for those comments. Does the critic from the Second Opposition Party, the Honourable Member for Osborne (Mr. Alcock), have any opening comments?

Mr. Reg Alcock (Osborne): Mr. Deputy Chairman, no, I do not have any opening comments.

I do have an opening question though for the Minister as to procedure rather than substance. The Member for Brandon East (Mr. Leonard Evans) has referenced some questions on policy and some desire to have a discussion on policy.

In past at committee we have taken a number of different approaches to getting through an Estimates book. One would be to go through line by line and raise some of those questions and get into that part of the discussion in the relevant area. The other would be to go through the line by line and save some of those questions for the discussion over the Minister's Salary.

I am wondering if the Minister would agree to the second, as opposed to the first method of proceeding.

Mr. Deputy Chairman: We are still going to do line by line, but the ministerial salary will come up at the end and that is when you can ask your questions.

Mr. Alcock: The difference that I am proposing here, and we have done it in some other committees, is that when we come to that point and get into a more detailed discussion on certain matters of policy that we be allowed to raise questions even though those items in the line by line may have been passed.

If the Minister would give that undertaking I think we can move expeditiously through the line-by-line

discussions understanding that we can come back with some specific questions as we approach the final discussion.

Mr. Manness: Mr. Deputy Chairman, I have absolutely no problem with that. I welcome that process.

Mr. Deputy Chairman: We thank the Honourable Member for Osborne (Mr. Alcock) for those opening comments. Thanks for being brief.

Under Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of the department. Accordingly, we shall defer consideration of this item and now proceed with consideration of the next line. Agreed?

Some Honourable Members: Agreed.

Mr. Deputy Chairman: Agreed.

At this time we invite the Minister's staff to join us at the table, and we ask the Minister to introduce his staff members present.

Mr. Manness: Mr. Deputy Chairman, sitting in for Deputy Minister Charlie Curtis, who is at this time outside of Canada presenting Manitoba in the best light to potential investors, I would introduce Chuck McKenzie, who is the Executive Director of Administration and who is going to quarterback the Estimates review. I think we will start at that point right now.

I am wondering, Mr. Deputy Chairman, though when I might be allowed to respond to some of the opening remarks from the Member for Brandon East (Mr. Leonard Evans). I probably should hold those. I think I would like to respond to them, but it is probably most judicious of me if I were probably to hold those toward the end.

Mr. Deputy Chairman: I will ask you to hold those comments till the closing statements, Mr. Minister.

Item 1.(b) Executive Support: (1) Salaries, \$309,500—shall the item pass?

Mr. Leonard Evans: First of all, since this is the occasion that you initially introduced the staff of the Department of Finance, I want to take the opportunity to say as a Member of the Legislature for 21 years and as one who has been in the Cabinet for 15 years, that the Minister is very, very blessed with excellent staff.

I think you have one of the finest departments of any of the Government departments. I am not being critical of any of them, but I know you have an excellent department. It served the people of

Manitoba well over various jurisdictions for many a year. So I want to say that we are very pleased with the support provided by the staff to the people of Manitoba.

* (1450)

Mr. Deputy Chairman, the executive support—I do not know whether this is an appropriate place to ask, but it is always a matter of where to ask these questions. It relates to these charts that I was talking about because they are overall, and they are provided by research people. It may be provided by executive support staff, I do not know. I ask the Minister now and if this is not the appropriate place to ask it, I will ask it again.

Will the Minister undertake to provide an updating of the charts as shown in the Manitoba Budget Address of 1988? I believe I quoted the pages. This is in the Financial Statistics pages beginning on page No. 10 and then going through 11, 12, 13, 14, 15, if he likes as well. I suspect that the data is in the department. It is just a matter of putting it together and making the charts. If they do not want to make the charts, well at least if we could have the data, so that we can make these comparisons.

Mr. Manness: Mr. Deputy Chairman, firstly let me echo the sentiments of the Member for Brandon East (Mr. Leonard Evans) with respect to staff within the Department of Finance. Unquestionably, there are people who exhibit the highest degree of professionalism and beyond that, of course, provide an incredible balance and stability to Government through changes.

Obviously, the Member knows many of the people of whom I speak. I have come to know them better over the last number of years and, of course, have developed an incredible high degree of respect for them. Without sounding to be too overly supportive and patronizing of my staff, I want to indicate to you that I draw a lot of my confidence from their ability to provide me the information which is always correct.

Mr. Deputy Chairman, I would be remiss if I did not introduce sitting to my left, Don Rice, Director of Financial and Administrative Services, and Donna Krochak, Director of Personnel.

Specific to the request of the Member for Brandon East (Mr. Leonard Evans) with respect to the statistics and the tables, when I looked at the defeated '88 budget and people from the division that helped me put together the budget, namely, Mr.

Gannon and the federal-provincial division, when I surveyed all of the tables, I decided that I was going to remove a bunch of them. To me they looked self-serving, and I really was not interested in really playing that type of a game. So that was the bias I brought in reviewing.

I make this now as a general comment, because I believe that document is read by a lot more people than those of us who have political views. It is certainly read by those individuals who want to have an accurate assessment, who would like to see some of the politics stripped out of the representation of our finances.

Consequently I tried to discipline myself to remove a lot of what I considered to be self-serving documents. Some of those were removed so I believe that some of the charts that the Member request were those based on one external commentary. They were not developed by staff in a lot of cases. They were somebody else's efforts. We did not check into the detail of the methodology. I sense that was unfair.

I sense that those were self-serving tables, and because my staff had not in many cases put a lot of effort into developing them I did not feel the same degree of confidence that my predecessor might with respect to making them public. That is why they are not there.

If the Member wants me to try to revive them I guess he is going to have to sell me as to whether or not there is good economy in that, given that they were not our tables in some respects in the first case.

I am making a general statement. I do not have the '88 budget in front of me. If he has specific tables then I may have to seek a copy of that from him before I make a final comment.

Mr. Leonard Evans: My request is very direct, very simple. I would have thought that the Minister of Finance would want to know this.

How does our revenue per capita compare with the other provinces? How does our spending compare per capita with the other provinces? How does our debt burden compare with the other provinces? I mean that is—surely the Minister of Finance and his senior people would want to know that. I do not think it is a matter of self-serving, at least it is not in my mind. It is just a matter of having comparative information.

I notice the source is Midland Doherty provincial budget reports. Now unless you can just go to—I do not know whether they have—I have never seen their report so I do not know. I just assume that they are a reputable organization.

All they are doing is I am sure taking the budget documents of the 10 provinces and extracting the information, revenues, expenditures, interest on the debt, et cetera. There may be some methodological problems, that is different ways of calculating spending or revenues, God knows, I do not know. I am just taking this at face value. Here it is.

I do not have the time to go into this. The Minister has his staff that could do that. I am not saying he should necessarily use these provincial budget reports. You can get the reports of the individual directly. You can get the documents from each province and do the comparison.

It is a bit of a chore, but I do not think it is such a big chore. I think the people of Manitoba, the Minister and the Government should want to get that information.

Mr. Manness: I am glad the Member mentioned the name Midland Doherty, because I was searching into my memory trying to recall why I objected so much to that table, and it hit me like a flash of lightning why I objected to it so much.

Mr. Deputy Chairman, and Members of the committee, there once was a Government here that brought in Manitoba Properties Inc. preferred shares, and for some reason roughly \$60 million of what I would call debt serving was not included in our debt servicing number. As a matter of fact I think it was hidden in some other department, and I use the word "hidden" advisably. It was "presented" in the Department of Government Services.

As I recall Midland Doherty, who now no longer exist by the way, it is now Midland Walwyn - (Interjection) - not as a result of this error, no. They no longer exist. They looked at Manitoba's per capita interest costs and they under estimated by \$60 million or \$70 million and put us in a very good light, because would you believe that the Government of the Day had not seen fit to footnote it with the public debt.

Now if that is the type of analysis, third-party analysis, that some people are going to want to include within their budgetary document I am telling you, I, and this Government will not be part of that.

If the analysis is not done accurately—and we all know that Governments have different ways of presenting the same picture—that becomes the responsibility of rating agencies, to ferret through all of this and somehow try and make sure that there are balances between the presentation of the financial and the fiscal facts related to provinces. That should not become the responsibility of my departmental staff who are bogged under as it is.

I can tell you there are presentations galore. We do not all present our cases similarly, and that is why I say those outside who attempt to do a cursory analysis and review, in this case Midland Doherty, that they should be a little bit more cognizant of how it is that Governments try to present the facts. That is why we chose not to include those charts within subsequent budgets.

Mr. Leonard Evans: Mr. Deputy Chairman, I do not care which source the Minister wants to use. The fact is, the ultimate source is a Government document like this for British Columbia, Alberta, Saskatchewan and right through to Newfoundland. That is where Midland Doherty gets it.

I guess it is handy to use something that has been prepared so there is not that much work on the part of the staff, but I am simply making a direct request. The Minister can calculate it. His staff can calculate it honestly and fairly, in the best way they know how.

It is just a request for information. It should be public information, and it should not be that onerous. So I make the specific request. If the Minister is saying he is not going to provide it, I say that is a sad commentary.

* (1500)

Mr. Manness: Mr. Deputy Chairman, I do not know how long it has been tabled, but certainly I support the process of laying before the Legislature, like I did last week, a list of all the tax tables from across the provinces.

Mr. Deputy Chairman, I would say that was the pure form of letting Members know where we stack up. As far as the revenue that is generated, that can be graphically displayed a thousand different ways.

I am saying that our staff does not have the time, nor should it be expected to have the time, to try and go through and develop a per capita analysis as to the revenue that flows in through different taxes.

What we have done is the purest. We have laid before the Member and all Members of the House a

total compendium showing all of the tax tables, and they therefore can do the analysis themselves.

Mr. Leonard Evans: Mr. Deputy Chairman, what about deficits? The Minister talks about taxation and revenues. What about deficits? That was one of the charts.

I am really amazed at the Minister's commentary. I am sure the federal-provincial research branch, or whatever, would do this. That is part of the federal-provincial research ongoing activity I would think. I just think that it is incredible for Government to operate without knowing how our deficits per capita relate to the other provinces or our interests on the debt relate.

I think it is just a simple straightforward reasonable request. My own view is that it is not that onerous to do. I do not have the time to do it. I do not know whether any individual MLA has time to do it.

Do it the way you want to do it. Do it accurately. Do it to satisfy yourself. It is simply a matter of making these comparisons which, as I said, I would think somewhere in the department has already been done. I do not know, but I would be surprised if it were not done in the department somewhere, and if not in the form of charts, we can skip the charts, how about just the numbers?

Mr. Manness: Again, Mr. Deputy Chairman, our deficit per capita dollars are shown as our province. I do not know whether there is another province in Canada that has the strict accounting that takes into account Crown corporation loss, that takes into account all of the other or has a consolidated balance sheet to the extent that we do.

I guess what the Member is saying is that he would like to have a rudimentary analysis in comparison. I am saying to him, given that we have a different accounting system in my view than other provinces, given that we treat capital a little bit differently than other provinces, given that we include Crown corporation losses a little bit differently than other provinces, until we send our staff into place to do those analyses, I am saying that he would have a cursory comparison at best.

I do not see whether that is anything about self—and in some respects self-serving.

Mr. Leonard Evans: Mr. Deputy Chairman, I am not the Minister of Finance. We are not the Government. We are simply asking for some information. We are not trying to—the Minister criticized the former

Minister of self-serving activities by having these charts in there. I rather dispute it. Regardless, we are not the Government. We are in the Opposition. We are simply asking for this information.

You know this type of analysis would be done and should be done by all kinds of agencies, particularly those who are involved in selling provincial bonds. I would think that they would want to have a relative comparison of the provinces and where they stack up. I would be surprised if American agencies were not doing this as well.

It just boggles my mind that the Minister would not want to know this, would not want to have this information.

There are always qualifications in footnotes when you make comparisons, because there is always some bit of—nevertheless, putting some—I would hope those would be minor qualifications aside, you would nevertheless get an idea.

Frankly I do not know precisely what you will find, whether our relative position has changed. I am just sort of guessing that it has not changed very much. It may have changed a bit. I do not really know. I honestly do not know.

I am not looking for anything unusual. I am just asking for some straightforward information. I thought the Minister could supply it to the House or the committee.

Mr. Manness: Mr. Deputy Chairman, I could build a case and I could easily put in the appendix—build a case that since we have taken Government over the last three years the taxes, in a relative sense as compared to the other provinces, have improved considerably. I could probably build the same case that our per capita deficit numbers improved relative to other provinces. I can build any case that the Member wants, just like he could build any case that he wants to. All he has to do is reflect how we see the economic indicators, how we reflect differently upon them and realize that we can build any case that we want. That is why I prefer to put the tax tables in front of the Member, see where we stand in a purely factual basis and let him reach his own conclusions.

Mr. Leonard Evans: Mr. Deputy Chairman, I welcome the tax comparisons. That is not the first time incidentally that there have been tax comparisons in budget documents, they had been there years ago. They may be a little different, maybe more detailed, that is fine, no problem.

I am not suggesting what the Minister should or should not put in his budget document. My request does not relate to what he should or should not put in the document. That is his prerogative. I am simply asking for some additional information, a couple of pages of figures and hopefully in chart form. That is all I am asking for, not an amendment to future budget documents.

If he chooses to leave it out of future budget documents that is his right. I gather the Minister is telling me that regardless he will not provide that information.

Mr. Manness: Mr. Deputy Chairman, we do receive the budgets from all the other provinces. We will try to find the bottom line deficit number, and we will send them to the Member. We will do a collation, the interest on the debt number.

We can pull that out of the provincial budgets. Sure we can do that, but I can tell you if the Member is asking us then to search through as to whether or not they are including all of their public debt or indeed if it is a footnote somewhere on page 86, and he is asking us to try and find that to find out the real public debt, that is a different story.

We will take the stated numbers for 10 provinces, and we will try and provide a listing of that information for the Member.

Mr. Leonard Evans: I thank the Minister for his co-operative attitude.

I do not have too many detailed questions to ask here on Executive Support. I have something on Human Resource Management, but maybe some other Members of the committee have something to ask under this section of Administration and Finance. I have something a little later down under Human Resource Management, Mr. Deputy Chair.

Mr. Deputy Chairman: Will the item be passed?

Mr. Alcock: Mr. Deputy Chairman, I wonder if the Minister could just overview this and make any comments on any changes in this item.

Mr. Manness: Mr. Deputy Chairman, the only change here is that one position has been deleted from my office, that was the special assistant. As the Member remembers at the end of the last Session, I had made an undertaking to try to work towards a package of commitment by all Members, that there be a reduction of services to all of us. This was my commitment, to reduce political staff in my office by

one. That of course debate has not finished yet, but it is not obviously active right now either.

Mr. Alcock: Of the seven positions that are then listed in this particular item, sub 07-1B, the Managerial position, would that be the Deputy Minister?

Mr. Manness: Yes, it is.

Mr. Alcock: And the two Professional positions?

Mr. Manness: Did you say the two Professional positions?

Mr. Alcock: That is right.

Mr. Manness: The special adviser to the Minister is a professional position and my executive assistant.

Mr. Alcock: Who would the special adviser be?

* (1510)

Mr. Manness: The special adviser is Brent Bottomley.

Mr. Alcock: And the executive assistant?

Mr. Manness: Cynthia Carswell.

Mr. Alcock: The four Admin Support are secretarial?

Mr. Manness: Yes, two in my office and two in the office of the Deputy Minister.

Mr. Deputy Chairman: Will the clause pass?

Mr. Leonard Evans: While we are on Executive Support, I read in the Supplementary Information for Legislative Review we have been given that this Executive Support advises the Minister in all policy and program matters related to the department and co-ordinates and administers activities of the department to meet policy objectives.

Therefore I think this is the appropriate place to ask the Minister if he would table a copy of all contracts between himself, or the Government, or his department, and the executive assistant, the special assistant, any and all special advisers and communications officers.

We were told the other day in answer in Question Period that in future O/Cs would not make reference to salaries, that the Premier assured us we would be able to see those numbers in contract. So we would like—the official Opposition would like a copy of all these contracts that exist now between these people that I have mentioned, these categories, and the department or the Minister.

Mr. Manness: Mr. Deputy Chairman, there are none at the present. Both positions—to use the term

"political staff"—are in the position on the basis of O/C.

Mr. Leonard Evans: Mr. Deputy Chairman, if I heard the Minister correctly there is no contract as such but there is an O/C for his executive assistant and special assistant. The O/Cs will now not refer to salaries. For one thing these do, so we can get these O/Cs and examine them.

In addition to an executive assistant and a special assistant does he have any special advisers?

Mr. Manness: Mr. Deputy Chairman, I do not have a special assistant. That position is the one that has been deleted. I do have a special adviser to me.

Mr. Deputy Chairman: The Honourable Member for Brandon East, did you have another question?

Mr. Leonard Evans: Is that special adviser established by O/C or is there a contract?

Mr. Manness: It is O/C and I guess if somebody wants to draw the distinction, I consider this as an individual more qualified to give me specific advice dealing with financial affairs.

Mr. Leonard Evans: Could you give us some background on the individual, what his professional qualifications are?

Mr. Manness: If you are talking about Mr. Bottomley, he has been an investment counsellor for several years and brings with him a wealth of experience in the area of dealing with financial instruments.

Mr. Leonard Evans: Is that all the Minister has to say, I gather about that person? -(interjection)- I would have thought we would have had a little more information.

What about the communications officer in the department? Again, maybe I should be asking this under another section, but we are still in this first area of general management. How many communications officers does the Minister have, if any, and who are they? Anything you can tell us by way of their functions will be appreciated.

Mr. Manness: Mr. Deputy Chairman, I have one staff position as a communicator, but I have no communicator because that individual right now has been seconded to the—his name is Ed Reed—Aboriginal Justice Committee. He is writing the report.

Mr. Leonard Evans: Mr. Deputy Chairman, can the Minister advise us on the other departments? What about contracts that exist in the other departments?

Does this Minister not oversee these contracts as a Member of the Treasury Board? I would think he does. Could we ask, if not here, perhaps when we get to the Treasury Board section—

Mr. Deputy Chairman: If I could call the Honourable Member to order, I believe we are dealing with the Executive Support from the Finance Department, and I think we should direct the questions toward that department and no other department at this time.

Mr. Leonard Evans: May I ask, as a point of order, Mr. Deputy Chairman, would it be appropriate to ask under Treasury Division that kind of a question?

Mr. Deputy Chairman: Yes, it would be under Treasury Board that you would raise those.

Shall the item pass—pass; (b)(2) Other Expenditures \$107,700—pass; (c) Financial and Administrative Services (1) Salaries \$343,400.00. Shall the item pass?

Mr. Alcock: I would ask the Minister the same question I asked before. Would he overview this division for us and tell us what the activities are?

Mr. Manness: The activities within the administration, of course, is to make sure that the department runs, also, to account for all of the administrative procedures within the department. It is all categorized on page 30 of the report I put out. If the Member wants me to read from page 30, I will.

Mr. Deputy Chairman: The Honourable Member for Osborne? That is it? Shall the item pass—pass; (c)(2) Other Expenditures \$34,800.00. Shall the item pass?

Mr. Alcock: Just one question on the communications line in that budget. What does that refer to?

Mr. Manness: Mr. Deputy Chairman, basically telephones, postage, and I guess we do some preparatory work for budget—or would that be in another department? That is another department, okay. So basically telephone and postage.

Mr. Alcock: So when you talk about communications in all these lines, it is usually telephone services?

Mr. Manness: Mr. Deputy Chairman, again, we only have one communicator, and that position is basically vacant although we maintain the position.

Mr. Deputy Chairman: Shall this item pass—pass.

(d)(1) Salaries of Human Resource Management, \$161,300.00. Shall the item pass?

Mr. Leonard Evans: I wonder if the Minister can give us some more information on the activities of this particular branch? I see among other things it develops a strategic plan for more effective staff development, and it has revised the performance of the management program. I wonder if the Minister can elaborate on the activities on those topics?

Mr. Manness: Mr. Deputy Chairman, I am going to introduce—this has probably never been done before—I am going to ask Donna Krochak, Director of that branch, to give a fuller reply and rather than through me, I will ask her to do it directly.

Ms. Donna Krochak (Director of Human Resource Management): We have not completely accomplished this goal as yet, but what we are attempting to do is improve the Human Resource skills and staff that we have, so that one of the ways we want to do that is through performance management. We currently have a performance management system in place, and it is working well. We have a lot of input from managers suggesting how we can go about improving it, and it deals with setting standards and reviewing performance of employees and measuring them against those to see what results take place.

* (1520)

Mr. Leonard Evans: I wonder if through the Minister the staff could explain how the department measures the success of the program? You say it is working well, but how do you determine that? Do you get by with fewer staff years or do you get more productivity out of the staff?

Ms. Krochak: It might be a combination of reduced resources, improved productivity, depending on what their jobs are.

Mr. Manness: Mr. Deputy Chairman, I do not believe Mr. Evans was here when I made my introductory remarks, but certainly a major focus within the department at this point in time is reorganization of the taxation division. What we are trying to do in essence is provide a more efficient tax service. We are trying to do it within an existing complement of staff, and even a slightly reduced staff. We are trying to update our assessments so that, indeed, there is not such a backlog, because there is a considerable backlog in some taxation areas as far as audits and assessments. So what we are trying to do is make changes within the

existing complement of staff to increase both morale and productivity.

Mr. Jim Maloway (Elmwood): Mr. Deputy Chairman, my question is to the Minister. Given that this Government's propensity to support contracting out and privatization, I have a question as regards this particular area in the department. Has this department considered, or this Minister considered any privatization methods to be applied to the collection of taxes and rationalizing these services?

Mr. Manness: Mr. Deputy Chairman, I would be more than prepared to answer that during the Taxation Division. Let me say though, the short answer is no, although I think we have entered into a contract with somebody outside of Government to collect some overdue accounts. This is not a strong-arm method or anything, it is just that we—and that is about the only area that we may have found where we may have entered into an outside contract.

Mr. Leonard Evans: Mr. Deputy Chairman, reference is made to the continuation in the Seconded Trainers Program and development of "in Department" training programs. Could the Minister, through his staff, elaborate on that?

Mr. Manness: I think this is something that is the preferred route all the way through Government. I mean these training seminars are, in the sense that we bring people here, experts in the field here, to train—fine, we can set up situations whereby a larger cross section of our departmental staff or indeed staff all the way through Government have an opportunity to learn.

Where those processes, those very senior educational people find themselves outside of the province or outside of the city then, of course, we will send people there and ask them to come back and train within our own department to try and reduce the total time lost in support of that activity which is supported. So that is the general statement.

If you want more detail beyond that I might say that there are also about 70 seconded trainers in all departments of Government taking their direction from the Civil Service Commission. We have two of those 70.

Mr. Leonard Evans: Just carrying on, you refer to the achievement of 1990-91 targets for Affirmative Action. Could we get some information as to what the targets were and how you achieved them?

Mr. Manness: I will refer this question to Ms. Krochak.

Ms. Krochak: Can I comment on the '89-90 seeing that has already passed? Our target for Natives was 5 percent; we actually only met 1 percent. Women was 40 percent; we have 52 percent at the end of the last fiscal. Physically Disabled—our target was at 5 percent; we had 4.3 percent. Visible Minorities—our target was 4 percent and we actually met 5.9 percent. So we met two of our targets and two of the targets, we did not.

Mr. Leonard Evans: Mr. Deputy Chairman, how does the department go about fulfilling its targets? For instance, you have fallen behind on the Native category I understand from the information just provided. Do you go about to various organizations advising people of the opportunities in the department, or is there some special effort made through the school system, universities or colleges, or just how does the department go about attempting to achieve its targets? Or is it strictly through the Civil Service Commission?

Ms. Krochak: One of our points is to develop a strategy for the Native and physically disabled applicants. What you are talking about is outreach recruitment, and our committee is looking at that because we are falling behind in those two targets. Part of it is just the business that the Department of Finance is in. Those two targets do not normally go into that kind of employment, but we will be looking at going out to certain institutions and doing outreach recruitment. We will also be considering special programs for people that do not have the skills to bring them on in career opportunities and training.

Mr. Leonard Evans: Just one last area, reference is made to the Decade of the Disabled Plan. I wonder if the Minister's staff, Donna Krochak, could give us some information on that. I am just concerned about the protocol and procedure. I guess we are supposed to ask the Minister the question. He can defer, if he wishes, to the staff. So that is why I continually make reference to the Minister, but I am very pleased to get the information from Ms. Krochak.

Ms. Krochak: The department's Decade of the Disabled Plan focuses on employment of people who are physically or mentally disabled. One of the efforts that our department has initiated is to find a job, establish a job for someone that is mentally

disadvantaged to act as a courier from our one building to another. This is currently just a temporary situation. We will be looking to see, if the need is there it continues and so forth, but it was a job that was specifically designed for the employee, who was mentally disadvantaged.

Mr. Leonard Evans: Those are all the questions I have on this section, but maybe somebody else has a question.

Mr. Alcock: Do not leave just yet. Just through the Minister to Ms. Krochak, you made a comment about a performance management system. Is this something new in the department?

Ms. Krochak: No, it is not. It was implemented in 1981.

Mr. Alcock: Is there a name for this?

Mr. Deputy Chairman: Excuse me, let us attempt to try and keep them coming through the Chair.

Mr. Alcock: You got it, kid. Is there a name for this? Is this the standard one that was promoted by the Civil Service Commission, or is this something special to Finance?

Ms. Krochak: The policy was promoted through the commission, yes, but the specific program or process that we follow is unique to our department.

Mr. Alcock: Just back to the seconded trainers program for a minute, if I understood the Minister correctly, what you said was that there are a number of people who are seconded to Government departments, a total of 70 throughout Government seconded from organizations outside the provincial Government.

Mr. Manness: No. They are people who are identified within the whole Government. -(interjection)- That is right, and Donna is for instance one of those 70. From time to time, these people will go into various departments, take their skills of learning and of course try to train the various functions. I guess they would be in administratively; they would be in personnel. They would be basically in those two areas I would think. There are specific courses that they do put on in training other people in other areas of personnel, administration and other departments.

Mr. Alcock: Perhaps I misunderstood, but I had thought you spoke about external trainers who are contracted with to put on courses, or is it all done through internal?

Mr. Manness: Well, Mr. Deputy Chairman, the commission brings those people in. They are the primary instructor, I guess. Then what we have is people like Ms. Krochak who learn and take courses from them and other places and ultimately receive a designation of seconded trainers. So the Civil Service Commission ultimately is responsible for training the likes of these 70 people. Then they go out throughout Government sharing their educational skills.

Mr. Deputy Chairman: Shall the item pass—pass; 1.(d)(2) Other Expenditures, \$21,800—pass.

Now we are going to Treasury, correct? We are going to No. 2, Treasury Division, \$1,580,000—shall the item pass -(interjection)- we do not want to pass that one. Oh, we have to go down here. Okay.

Item 2.(a) Salaries, \$1,081,500.00—

* (1530)

Mr. Leonard Evans: Mr. Deputy Chairman, we have a number of questions to ask in this area. We are primarily concerned with the status of the Manitoba debt, and I wonder if we could have some elaboration as to where we are standing at the present time.

I am particularly concerned as to how much is being held in foreign currency. I believe the Minister made a lot out of the problem as he saw it, at least of a percentage of the Manitoba debt maybe too much, in his opinion, being held outside of Canada. I was just wondering if the Minister could advise what has been happening. I think December '88 he reported to the Estimates committee that 52.2 percent of our debt was held in Canadian dollars and 25.8 percent was held in U.S. currency. I wonder, therefore, we are talking about nearly two years since then, if he could give us some updating of what the situation is today.

Mr. Manness: I would be glad to do that. Joining me now are Neil Benditt and Barry Thornson of the Treasury Division. I will look at the numbers and respond to, as of September 30, 1990, 60.3 percent of our debt is in Canadian dollars -(interjection)- 60.3 percent, 38.2 percent is in U.S., terms U.S. currency 1.4 percent is in Swiss francs, and 0.1 percent is in Japanese yen.

Mr. Leonard Evans: There has been a shift from 52 percent, as I gather, roughly 52 percent to 60 percent in Canadian dollars. I was wondering why—I noticed last year on this—the O/C dated 9th

of February, 1990, there was an O/C passed—maybe I have not read this sufficiently—but borrowing money or selling bonds in \$250 million Swiss francs. Perhaps that is the item that the Minister was referring to that maybe contributes to the 1.4 percent. I was wondering why, because the Minister has complained in the past about offshore borrowing and the fact that we are subject to international currency fluctuations and that there was less certainty involved that he would want to shift from foreign borrowing as much as possible to Canadian and then, secondly, to American.

Of course, the reason why previous Governments borrowed offshore was because very simple, the interest rate was much better. Interest rates were lower, and it was always important that we minimize the debt burden, the interest on the debt and, of course, that was the main reason for going offshore. Admittedly there is risk, because there is the currency fluctuation involved. It can move either way, of course.

At any rate, is the Minister able to enlighten us on why he would want to borrow anything in Swiss francs?

Mr. Manness: I will ask the Member for the dates again. He said October '89.

Mr. Leonard Evans: The O/C is dated February 9, 1990.

Mr. Manness: Mr. Deputy Chairman, while we are looking up the details of that particular issue, let me tell the Member that I have no difficulty in borrowing initially in another currency as long as it can be swapped back immediately into a different currency. In this case, it was probably U.S. It was probably swapped back into U.S. This was series CC, it was dated March 15, 1990, due March 15, 2000. The purpose is for the Manitoba Hydro Electric Board. It was swapped at that time, with a date of issue—that was taken out by the way at 7.25 percent—it was swapped at date of issue into U.S. funds. I do not know what the effective interest rate on that was, but that was swapped immediately on date of issue.

Mr. Deputy Chairman, I make no apology for that. If we can pick off an issue in some other currency and swap it immediately to a currency that we deem to be of much lesser risk, more closely aligned with the Canadian dollar, particularly in this case Manitoba Hydro who will soon be generating revenue in U.S. dollars, then it is not even a hedge.

It is the currency, indeed, that they want to offset their liability, their capital borrowing, because they will be getting revenue in U.S. dollars. Part of their borrowings, therefore, will be in U.S. liability.

I might finish off by saying that particular swap bought us U.S. dollars that were cheaper than had we gone into the U.S. market initially. That is hard to believe, but because we found somebody, because there was somebody out there who was long -(interjection)-, that was right, that wanted to be long Swiss francs, short U.S. dollars, and because that person was prepared to pay a premium to take over our liability in Swiss francs, that person offered us quite a premium to do that swap.

Mr. Deputy Chairman: Shall the item pass?

Mr. Leonard Evans: I have a note here. I do not know what the basis of it was because I made this note awhile back, that there was a four-point spread between Swiss and Canadian long-term Government bonds. So I would gather then the reason you have gone into Swiss is it was a lot cheaper at that time than Canadian. I am surprised the Minister cannot tell us then, having switched it into American that you do not know the effective interest rate unless you told me when I was not listening, but I thought you said you did not know what the effective interest rate was.

Mr. Manness: Well, Mr. Deputy Chairman, the rate that we took for that day on that issue was 7.25 Swiss, but still we did not want to be unhedged, nor did we want Manitoba Hydro to be in an unhedged Swiss franc issue at 7.25. We did not want to expose it to that potential liability, so what we did is that we swapped it to a six-month LIBR which is known as the London Interbank Borrowing Rate which was 25 basis points under LIBR. The LIBR is the London Interbank Borrowing Rate. We received a number of 25 basis points under that, which was unheard of, that we could effectively borrow money at that rate.

Mr. Leonard Evans: In the end, what is the effect of interest rate on this U.S. borrowing, the amount that has been switched to U.S.? What is the effective rate?

Mr. Manness: To the best we can figure out, given that formula, it is about 8 percent. To finish off the story—a full 3 percent, 3.5 percent, below Canadian equivalent funds. LIBR right today, as I sit here, is 8.16 percent. So we were below that at that time. You know this was 10-year money, and I would have

to think at the time that the Canadian rate for money of that duration was what—11 percent, 11.5.

* (1540)

Mr. Leonard Evans: Well, you know this is the point. The Minister observes how more favourable the rate is south of the border and in Switzerland, that the rate is much more favourable, much lower than the Canadian rate. Of course, this was the rationale in the past for borrowing a great deal more offshore. That was very simple—try to save the taxpayers of Manitoba some interest payments.

I am questioning whether we are not incurring a higher burden on our debt by having this amount of our debt in Canadian currency, 60 percent in Canadian currency. Admittedly, you are not subject to the risk of foreign currency changes but, nevertheless, I would think that Manitobans are paying as a group more on the provincial debt than we were a couple of years ago when we were, let us say, at 52.2 percent, which was the number that the Minister gave the committee in December of '88.

Mr. Manness: Mr. Deputy Chairman, the Member—I do not know whether he sat on Treasury Board, but certainly he was a Cabinet Minister in the other Government and certainly there must have been presentations made by the Minister of Finance of the Day, whether it was Mr. Schroeder or Mr. Kostyra as to the incredible impact of a 70-cent Canadian dollar on the public debt figure. Certainly the Member remembers those days well enough to know that for instance when the Canadian dollar, were it to loose value at 10 percent or 15 percent against the Swiss franc, the impact of that on the public debt, indeed all of Government expenditures, would not be simply \$5 million or \$10 million. Very quickly it becomes tens and tens of millions of dollars, approaching hundreds of millions of dollars.

A case in point—since April '89 to April '90 the Swiss franc has appreciated against the Canadian dollar from 72 cents to roughly 82-84. Today, just six months after that, it is up to 90. You have a situation where the Canadian dollar has lost 18 cents, and if you put that in percent terms you are talking close to 25 percent of its value against the Swiss franc. For instance, if we had not swapped that borrowing in March or whenever it was right today, that 7.25 percent probably effectively can be as high right now as 11 or 12, and we would be locked into it theoretically for as long as the Swiss franc stayed high. It would be a direct loss to the ratepayers of

Manitoba Hydro. That is why we swapped it, because we did not have the confidence in the Canadian dollar as against the Swiss franc.

Mr. Leonard Evans: Mr. Deputy Chairman, that is reasonable if you anticipate the Canadian dollar weakening vis-a-vis Swiss francs—

Mr. Manness: That is exactly what we did.

Mr. Leonard Evans: Okay, then, Mr. Deputy Chairman, I ask the Minister, what if he and his staff anticipated the reverse situation, and that is that the Canadian dollar in the next year or two would be strengthened vis-a-vis the Swiss franc. Would you have then left it in—or vis-a-vis American dollars, well, let us just take the Swiss francs—would you have then left it in the Swiss francs?

Mr. Deputy Chairman: We are asking an opinion there. Let us stay away from opinions.

Mr. Manness: Mr. Deputy Chairman, I am sorry. I do not have any problem with the line of questioning. I mean it probably should maybe be in another section, but I do not, because I deem it an important discussion.

Let me say, if the Member is saying, are we interested in becoming an investment house and speculating on currencies, that the answer is no. I would much rather that we borrow in Canadian terms and not have this incredible pressure associated with making these decisions. Hindsight is perfect; we will know exactly in a few years whether or not we have made good decisions.

Let me say to the Member, the reason that we cannot borrow in Canada right now is that every Government around believes in the Keynesian model of the Member opposite, and that is, borrow everything you can. Consequently, there is no money in Canada to be borrowed and so all of a sudden—well, there is money to be borrowed if you are prepared to ante up to 11.5 percent, 12 percent. That is an awful, awful big price to pay. So I mean this discussion might be academic if we had interest rates at 7 percent or 8 percent and, indeed, institutions and savers and those with pension funds were prepared to offer them to the Province of Manitoba at a fair rate.

I mean, I do not think our department is out in the world borrowing money because they want to be out there. That puts an awful lot of pressure on these individuals sitting to my left to make the right decision, because the consequences of making a bad decision again is not \$5 million or \$10 million. It

is tens of millions of dollars. So I think all of us would rather borrow in our own currency as long as we could secure the funding that we need, unfortunately, because Governments in Canada, federal and provincial, have really auctioned the price of money up to a point where we can hardly afford to pay for it.

Mr. Leonard Evans: Yes, well, I am glad that the Minister admitted that it will take awhile before the jury will come in with a verdict on whether what he and his department have done will be in the best interests of the Manitoba taxpayers. I am sure you are doing it because you believe it is in the best interests of the taxpayers, for the reasons that the Minister stated; but, nevertheless, we still do not know whether we are perhaps paying an undue amount of interest by having 60 percent of the debt in Canada. Yes, you have the certainty. You know you are within your own dollars; but, nevertheless, we are paying relatively high interest rates in Canada.

The Minister makes reference to the lack of money, because all the provinces are out there borrowing. I submit that the reason they are borrowing today is because we are in a recession and revenues are off and spending may be even up for all kinds of reasons. Ultimately, Mr. Deputy Chairman, I would blame the federal Government and the Bank of Canada for the tight monetary policy that they have been pursuing the last while.

We have unduly high interest rates in Canada, along with lower interest rates should be easing of credit supply and that you should not have the same difficulty in selling bonds if you had, in my judgment, a more reasonable rate of interest, a more reasonable monetary policy, one that fits the times. I am not alone in this. Many, in all Parties, have criticized the federal Government for its insane interest rate policy. I would suggest that this is one of the reasons it is more difficult for provinces to borrow in Canada.

At any rate, as the Minister said, it will take awhile before we have a more definitive answer as to whether we have benefitted the taxpayers or whether we have incurred a heavier burden on them by having this higher percentage in Canadian funds.

Mr. Manness: Mr. Deputy Chairman, before the Member wishes to leave it on the record that we are waiting to see how things turn out, let me remind him that this issue that was done was for the account of

Manitoba Hydro. This is the perfect way to do it for Manitoba Hydro. There is nothing at risk, because indeed they will, per the agreement that the Member's Government entered into, be recipients of revenue in U.S. dollars. The only way to hedge against that loss of value is to borrow in U.S. funds. The example he uses, it is the perfect hedge. If we are, indeed, receiving the revenue from Northern States Power for instance in Canadian dollars, then we could use his argument in reverse. But this is the perfect hedge to maintain the value. This is the only way to go with respect to the issue that he cites as an example.

* (1550)

Mr. Leonard Evans: Mr. Deputy Chairman, my comment about the jury coming in, in a year or two from now, as to whether we were doing the right thing by borrowing as much in Canadian was not confined to this in particular.

I am not disagreeing with the Minister on this particular example. I am just saying in general, you have moved from 52 percent to around 60 percent. I believe this is what you were referring to earlier that you would be able to tell in a year or two or three, or whatever down the line as to whether or not this was a wise decision in terms of the amount of interest.

There is no question that you remove the uncertainty by moving to Canadian. That is obvious. Whether we are paying a price for that, for avoiding that risk—you have less risk but we may be paying a higher interest rate charge than we would have otherwise. That is a general observation, not with regard to the specific borrowing in Switzerland.

I have just a couple more points. I wonder if the Minister—since we were talking about the interest rates in this country—does the Minister have any comment to make on where he thinks interest rates are heading in the next year?

Mr. Manness: Well, Mr. Deputy Chairman, I am not as optimistic that they will decrease as maybe I would have been a few months ago. You know I too through my staff read and analyze all of the forecasts that are put into place by various agencies and institutions in the financial services industry.

Certainly we still believe that short-term rates will continue to soften. Yet I am incredibly mindful of the need of capital by Governments. Yes, the recession is certainly curtailing the corporate demand for funds—unquestionably. But as I survey the scene and I look at provinces, and as I indicated

somewhere that you have provinces that are probably going to need—I said this in closing debate the other night on the budget—that you have provincial Governments in the space of the next five months possibly requiring as much as \$8 billion or \$10 billion of financing. These are just provincial Governments. I mean, there is no way that those demands can be met within Canada, and there is no way they are going to be met at all unless you have an interest rate so high that you are going to bring the foreign capital necessary to satisfy them.

I am as alarmed with the interest rate policy that exists in this country as anybody else. But let us recognize that if you want capital now, as a province, given that a lot of European capital now is going into Germany and reunification, given that Japanese capital, because they have their own set of problems in the fact that they are looking into other jurisdictions now that a lot of the iron curtain walls have collapsed, and they are also wanting to take their capital possibly to areas of greater return, there is not the abundance of capital in the world like there once was.

If we are going to attract the capital to satisfy that \$10 billion requirement, the law of supply and demand still works and outside of whatever interest rate policy we have in the nation. If the provinces are going to need that type of money, they are going to have to go into the world capital markets and bid for it.

Mr. Deputy Chairman, I guess what I am saying is, I worry about provincial debt because firstly, it is out there helping drive up the interest rate and secondly, I am not so sure that a year from now as we sit here that we are going to be able to find the funds of capital that always used to be there, period, regardless of what interest rate is in place.

The Member says, and he opened his comments by saying, well, Keynes says that when times are tough Governments should spend. No question about that, but that is coming from a position where they are not in debt. What Keynes never did pass judgment on is where Governments should be when they are already hugely in debt. I have studied Keynes as much as the Member opposite and I can tell you, nowhere did he ever say, well, he did say that during good times Governments should be saving, and nowhere to my understanding of Governments in this country or anywhere else over the last 30 years where there have been good times have they set aside savings for this point in time.

I guess what I am trying to say in a long fashion, I would give anything if interest rates were to go down. I am just saying that one of the reasons that the pressure against them maybe is not to drop is again provincial debt.

Mr. Leonard Evans: I do not know whether we need debate about what Keynes did say or did not say with regard to debt. Certainly he believed that fiscal policy by Government could be used to alleviate unemployment and maximize economic activity. Surely that is the bottom line, that we can be, as a society, producing as many goods and services as we possibly can, and that there is an opportunity to do that.

Having said that, I appreciate the provincial Governments are far more limited compared to the federal Government of Canada. There is no question, it is like night and day. The federal Government of Canada is in the fortunate position of most of its debt, I think 80 percent plus, being held by Canadians so it is effectively a transfer payment from one Canadian to another.

This is not the case, of course, of any province, and certainly we do not have our own bank as the federal Government has. It is certainly different but nevertheless I am saying that Keynes and post-Keynesian thinkers believe that Governments can play a role. I would suggest that maybe no one province may have that much of an impact, but taking provinces together collectively, they do have a significant impact on the level of economic activity.

My question then is with regard to the amount of borrowing that we may be undertaking in the next year or so. Would the Minister give us some indication as to—I know there was some reference made in the Budget Debate, but I wonder if the Minister could enlighten us as to what sort of borrowing are we looking at in the next year. I would imagine from his earlier remarks that we are going to be borrowing more offshore, out of the country, because he is telling us that the loanable funds are limited in Canada so that therefore we are going to be forced by necessity to go outside of the country to borrow.

Mr. Manness: In this present fiscal year we needed to go to the market for \$2.2 billion. Refunding represented \$600 million of that total, pardon me, \$780 million of that total. The requirements of Government and all the Crowns of course made up the difference. We have done basically \$1.6 billion

of this total and there is another \$590 million to do, that is for '90-91 -(interjection)- \$590 million left to do.

Mr. Leonard Evans: Where do you anticipate, maybe you cannot answer this question, but where do you anticipate borrowing the \$590 million?

Mr. Manness: Wherever we can get the best deal on the day. We have done a couple of novel Canadian issues, quite novel issues, where indeed we—they are convertible. They are convertible—we issued them in Canadian dollars and gave those investing an opportunity to convert a year from now into U.S. dollars. The investor, of course, had a choice a year from now, a one-time call, wanting to see how the Canadian dollar stacked up and the interest rate stacked up vis-a-vis the American. These were incredibly successful Canadian issues.

There are new methods of financing that come in—I mean, the investment houses and, of course, we have a consortium of advisers. These gentlemen and their staff are in daily contact with them. If a new approach comes in that intrigues those portfolio managers that have funds to invest, and if we think we can do a Canadian issue that makes sense as compared to a U.S. issue, then we will take that option. We have no predisposed attitude right now as to where we are going to do the rest of our borrowing for this fiscal year.

* (1600)

Mr. Leonard Evans: The Minister made reference to contacts with investment houses. Could he advise us what investment houses the province uses at the present time?

Mr. Manness: Well, the same ones we have used before. Our leads are basically, it is Wood Gundy, and our major group at the top includes Dominion Securities and Richardson Greenshields. There are the basic three. Wood Gundy has the overall, is the managing—what is the name of that term used? -(interjection)- is the lead underwriter.

Mr. Leonard Evans: I just say, I think basically the province has been well served by the department and the staff, you know, in the area, very professionally doing their best and have performed well. I guess our concern has been, the policy question is, to what extent do you borrow offshore as opposed to Canada? To what extent do you borrow in the United States as opposed to offshore, outside of the continent—the dictum being or the

objective being is to minimize the interest burden on the taxpayers, ultimately.

It is a question then, a policy question or a risk, I guess, the Government undertakes when they go offshore and borrow offshore because the interest rates are lower, but nevertheless taking that risk of change in the exchange rate. So it is a judgment call. I mean ideally—and I know it is impossible—it would be fantastic if all the debt were owned by Manitobans if that were possible. It is not possible. The next best, ideally, it would be good to have all the debt owned by Canadians. That is ideal, but there is a price to be paid. That is the question to be asked.

Just one other question in this area, the Minister has made some reference to interests rates, what about the Canadian dollar? Obviously, this is a very critical factor, you know, which way. It seems to me the Canadian dollar fairly well goes lock step with the American dollar, so are we looking at continuing softening of the Canadian dollar vis-a-vis world currencies, and how are we looking compared to American currencies?

Mr. Manness: Well, Mr. Deputy Chairman, in my view, and I guess I have believed this since I came into the department, that the Canadian dollar would continue to weaken, and it is against world currencies. By that, I mean against the Japanese yen, Swiss franc and deutschemark because I always believed that the U.S. dollar would continue to weaken against those.

Where we stand vis-a-vis the U.S. dollar, that is a hard one. I guess I am not—it depends whether one wants to put the label optimistic on the Canadian dollar going down or the term pessimistic because you can look at it two different ways too. I deem that the value of a currency is reflective of the way the world looks at you as a nation, your ability to produce and the willingness of your citizenry to work hard. It may be a little bit simplistic, but nevertheless, my view.

I am of the mind that when the world measures Canada as against the United States, even though our per capita debt situation is much worse when you take into account all the levels of Government, I still believe that in spite of some of the crises that this nation has experienced over the course of the last several months, I am still of the mind that given our natural resource base, given our incredible ability to grow, that the Canadian dollar will not fall

off as much as indeed some people might like to see. Now I still think you will see some softening. Whether again it will drop below 80 cents, I am one who does not believe that will happen, but certainly if the Canadian dollar does go down, interest rates of course would likely decrease also. But then on the other hand, if a lot of our debt is in U.S. terms, then we have a problem the other way.

I say to you that I expect that the Canadian dollar will continue to soften, but I am not one who sees the Canadian dollar falling below 80 cents in the near future. That is a personal point of view. My officials probably may not share that view, but that is my view.

Mr. Leonard Evans: I imagine this is the division that is concerned about Hydro borrowing because the description in the Estimates refers to the agencies of Government. I imagine this is the division that can advise us. I just wondered, where do we stand now on Hydro Savings Bonds? We have had an issue. I mean, what have we issued? Could you sort of give us a brief update? How much have we collected or how much have we raised for Hydro through HydroBond issues? What is the current status?

Mr. Manness: Mr. Deputy Chairman, I think in the first issue we raised around \$308 million net.

Mr. Leonard Evans: Three eighty?

Mr. Manness: Three hundred and eight. In the second issue we raised roughly \$50 million, but then we had—\$63 million.

Mr. Leonard Evans: Sixty two?

Mr. Manness: Sixty three. We had redemptions of the first issue of—I will give you the number in two seconds—approximately \$100 million. Then roughly in net terms, there are some 30,000 or 35,000 bond holders in Manitoba who are holding \$286 million of Manitoba Hydro Savings Bonds, an incredible success by all accounts.

Mr. Leonard Evans: What interest rates were they paying? It depends on good issue, I suppose, but—

Mr. Manness: We brought the first issue out at 11.25. The second issue came out at 12.25, and of course subsequently the first issue as we indicated it would be, it was moved up to that level.

Mr. Leonard Evans: Is the Minister contemplating additional Manitoba issue of Hydro Savings Bonds?

Mr. Manness: This decision is reached in accordance with the views, not necessarily the

leanings, but certainly we take into account the views of Manitoba Hydro. We look at the market at the time. I see it as a very successful issue in the sense of causing Manitobans to look at their own province, to give them an opportunity to invest in something that I think is a source of pride to all of us, and that is the activity of Manitoba Hydro. If everything is being equal, given what I know, I would hope that we would embark on a third issue.

Mr. Leonard Evans: While it is desirable to have as much of the debt of the Government and its agencies held by Manitobans, as we said before, there is a price we pay in floating issues in Canada because of our relatively high interest rates. We are paying 11.25 and 12.25, whereas I suspect if some of this was borrowed offshore we would be paying a lot lower interest rates. There is a spread. I do not know what it is. I do not know what the effect of the spread is, but I would say—now if I am wrong, let the Minister contradict me—but I would say that this amount of capital if it was borrowed offshore or in the United States, we would be paying a lower effective rate in interest.

Mr. Manness: Effective rate of interest is really only known 10 years after the final effective rate of interest. Sure, we could probably get Japanese yen now for—it is up to what, 8.50—over 8 percent. To get deutschemark now must be 9—(interjection)—it is over 9 percent, so the Member may be thinking in the past when there was 4 percent Japanese yen available and or 5.50 or 6 percent deutschemark. Those times are gone and so what he is maybe asking us to consider is to moving into currencies, which yes, might provide a 2 percent saving on the coupon rate, but which will ultimately or considerably slaughter us when it comes back to paying the principal.

By the time we know all of that, sure we have established an effective rate, but I mean, I am not going to gamble with an effective rate 10 years hence that spits out a number of 20 percent interest rate. That can happen just that quickly. The Member may say that we should take the chance, but I am a conservative person and I could not live with that, quite frankly. Maybe he could, I cannot.

* (1610)

Mr. Leonard Evans: I had asked the Minister about the possibility of another issue of Manitoba HydroBonds. I do not know whether he answered that question.

Mr. Manness: Whether we are going to issue a third? Again, I am saying if Hydro needs the money, and I am pretty sure they will, and given that there is not major turbulence in the market—I mean that is what sort of hurt our issue last time. We came out with what we thought was a very competitive rate and very shortly thereafter, Treasury Bills went up because of a number of world uncertainties, and it hurt us. There is no doubt about it. I mean you have to expect some of that, but if we can see a situation where there is so much turbulence we do not want to be in the market we will not, but as I sit here today I am hoping and expecting that we probably will.

Mr. Leonard Evans: Those are the questions that I have for this session.

Mr. Alcock: Just a couple of questions for information first. You mention these convertibles; these were relatively new instruments and quite successful, redeemable in U.S. funds one year from the time of purchase. Has that occurred or have they just got on the market? I missed the comment on the timing, that is all.

Mr. Manness: The first issue we did on that I believe was summer, July—I will get that, and that was a \$250 million or \$300 million and then we did another issue here about a month ago, \$250 million in August was the first one and \$300 million in the middle of October.

Mr. Alcock: Okay, so when you say that they are wildly successful, they have been taken up quickly.

Mr. Manness: Taken up quickly, yes.

Mr. Alcock: Whether they are successful or not depends on what the—(interjection)—U.S. exchange rate is.

Mr. Manness: I am sorry, Mr. Deputy Chairman, for interceding. If they are converted there is a value—is it the value of the U.S. dollar at the time—that is right, their opportunity to convert is known; it is not to the U.S. interest rate, the birthday date. It was that the U.S. interest rate at the time of issue, so we know that, that is interest and exchange at that date. We basically know. The first issue in August, once the August birthday comes along in 1991, the bondholder will have an opportunity if they wish to convert, they will do so, knowing that the effective rate will be 8.8 percent.

Mr. Alcock: Interesting, so that the offering will be adjusted, or the payback will be adjusted to reflect that interest rate irrespective of exchange or interest rates at that time.

Mr. Manness: The exchange rate is set also, so that 8.8 percent in essence is the effective rate. It is all up. It is the interest rate plus the exchange rate in effect. That is right, and the exchange rate at that time was \$865 U.S. dollars to a thousand Canadian, so that is all locked in. We would know. At that date if a number of bond holders exercised that option they had to convert, we will know immediately that day of our indebtedness and the flow of revenue needed to satisfy that funding over the next nine years.

Mr. Alcock: The Minister in his, I believe it was in his closing remarks on the Budget Debate, and again today referenced, although in more detail then, the tremendous provincial debt load as one issue that he was quite concerned about. Today he made the comment that, we may be unable to find the funds for borrowing next year, in talking about the \$10 billion that is being sought in the next year. How substantive a fear is there?

Mr. Manness: Well, Mr. Deputy Chairman, it is a real fear in my mind. I know as long as you are credit worthy you can always go in the market and bid up the price to a point where you do secure capital. What I cannot prejudge at this point in time is what is going to exist in the world. What are oil prices going to be? To what extent is there going to be a Western World serious recession, and how exciting is Canadian paper going to be to outside investors? I mean this world is changing very, very quickly and the people that are caught into it, of course, who hurt the most are those that quite often have significant debt and do not have options available to them.

I see our provinces, because you know, given that—I look at Ontario's deficit, and it is not for me in any way to prejudge what that might be in another year or indeed B.C.'s or several other provinces. If revenue projections start to fall drastically in all these provinces, there is going to be an incredible shortfall, and you will see provincial Governments out everywhere.

I do not see great opportunities in the Canadian capital market to secure those funds. So when you have Canadian provinces out, not only with respect to their general purpose requirements, like Ontario Hydro out for virtually billions and/or Quebec Hydro out for virtually billions, you have some provinces, total entity, out looking for more than a lot of world countries.

I am saying there is no question that there is capital there, but when we are competing against each other you know it is going to drive up interest rates. I guess when I tell you I believe the problem is real and I take it very seriously, that is in part the essence to the final commentary within the budget.

Mr. Alcock: Normally that would be good enough for me, but I would just like to differentiate a little bit between the Minister's own feelings and the advice that he is receiving from the department. Is this a substantive fear in the next year that the competition among the provinces is going to bid up interest rates in this country?

Mr. Manness: Well, Mr. Deputy Chairman, I guess you have that competing versus what is going to happen in the economy as a whole and again, if corporations are backing away from demands in the market then obviously there will be less pressure for borrowed funds there. I will confer with the staff and give a fuller report.

Mr. Deputy Chairman, I am reminded by Members opposite who are dialoguing daily with those involved in the financial industry around the world, and they remind me that this country has gone through a lot of political upheaval over the last several months.

Meech Lake, believe it or not, in my travels, was not the biggest crisis in the terms of the international money markets, but Oka certainly has developed world prominence in the European sense. Also, so is the federal Government's inability to move on the GST, and the fact that we have a situation in Canada where the Senate and all of the—let us not get into that—but all of the machinations around the Senate, and the fact that you have a federal Government which really does not seem to have power to effect tax reform. That is the greater scrutiny that Canada now is receiving outside in the world capital markets.

That is what, of course, has investors becoming certainly more wary as to whether or not Canada is a good risk. So that is where we find ourselves. I tried to leave that with Members in the House in closing debate. I mean these are people's savings. This just is not bankers all of a sudden deciding whether or not to give Manitoba a loan or not. They are dealing with people's savings and so it is taken very, very seriously.

Mr. Alcock: Yes, and I guess I would like to assure the Minister that I am taking it very, very seriously. I mean, it is something that increasingly, as I review

what is occurring, and I deal with a rather large international community, and I am asked the question every day, is Quebec going to separate? Is Canada going to fall apart? I mean, that is also part of the image out there.

* (1620)

So you see tremendous uncertainty. The Minister talks continuously about this pressure, this internal pressure within the country, to cause increased demand for money. That would not lend itself to a lowering of the interest rate in the short run.

Mr. Manness: That is a fair statement. When you look at it personally at Government's needs there certainly is not any pressure from the Government's side on a supply-demand basis to decrease the demand for money and, therefore, the interest rate. I guess what we have though is that we are into recessionary times and maybe corporate demands will pull away, cause a little bit lesser demand.

Mr. Alcock: I wonder if, through the Minister, the staff could tell us the relative size of the two corporate versus public demand for money?

Mr. Manness: I asked that about five minutes ago. We do not have that figure. That can be a form of equity financing or—

Mr. Alcock: The trouble is picking it apart, which it is.

Mr. Manness: Those numbers exist obviously, and I am sure the Investment Dealers' Association would have some global figures on that.

Mr. Alcock: Okay, just for the sake of time, I want to ask one more question on this area, but this is an area that I want to come back to when we gets towards the end, because there is a much larger discussion here that I would like to entertain. Actually, I have two final questions.

You made a comment—again in your closing speech—today about an acceleration in interest levels in some of the economies that we have always looked to as being relatively stable and relatively low, deutsche mark and yen, in particular. Let me open with why? What in your sense is pushing that?

Mr. Manness: Well, I will ask staff to tell me the Japan situation, why they are equivalent to the American federal reserve and/or our Bank of Canada is pushing up national rates there. I guess in the context of Germany I know there is tremendous demand for German capital internally

with respect to German reunification. As a matter of fact, in Switzerland when we were there last, I mean all of the gaze, their total gaze was directed towards Germany. Well, when I say Germany I mean the new German reality and the need for just incredible amount of capital. So I sense maybe that is the answer from a German perspective and a European perspective. I will try and get a better feeling for the Japanese.

Mr. Deputy Chairman, for some reason the investors in Japanese equities have lost confidence and you have a situation whereby the Nikkei index has dropped from 40,000 to just over 20. You have a tremendous loss in confidence in equities within the Japanese market. Consequently, you have a greater demand. -(interjection)- Well, that is right and the banks, of course, over there are using equity as part of their reserves so they are going to have to go out and secure this capital. They are doing so through higher interest.

Mr. Alcock: Through the Minister to his staff, that loss predates the situation in the Middle East that has been going for some time. It may be related more recently but it is not directly related to it.

Mr. Manness: Mr. Deputy Chairman, from recollection, it has occurred over the best part of a year now.

Mr. Alcock: Just one final question, this Treasury Division in total is the division that is responsible for all investing, management borrowing, short and long term, the development of bond issues and the Fiscal Stabilization Fund. This division would manage those particular resources.

Mr. Manness: Mr. Deputy Chairman, that is right and even beyond that, even the City of Winnipeg. I mean, when they float a debenture it is my signature on behalf of the province that goes on it. This is an incredibly important division to all of Government.

Mr. Alcock: As I mentioned earlier, I would like revert back to this division in debate around several issues. I would be prepared to provide the specific topics to the Minister so he can be prepared for that discussion, because I would like to get into that in some detail.

Mr. Deputy Chairman: Shall the item pass? No.

Mr. Leonard Evans: Mr. Deputy Chairman, I wonder, we were talking about corporate borrowing in eastern Europe. It seems to me a lot of large corporations in their investment plans are able to use internal sources rather than going to the market.

In other words, when you get an expansion say of General Motors, they do not necessarily float bonds to expand. They do it with internal funds, retained earnings.

Regardless, I think there is an increasing demand for commercial payment on the short-term stuff, but I do not know whether there is the same growth in the long-term corporate—the long-term lending by corporations. I do not know, but I would say—I am making as a general observation when you talk about eastern Europe, American firms or other firms, Japanese or whatever, moving into eastern Europe with industrial expansion plans, can do that with internal savings, retained earnings.

At any rate, my question relates to our competition with the other provinces. Who do we—and the staff can tell us, who out in the market are we really competing with? Looking just at the Canadian provinces, we compete with all of them, but how do we stack up? Are Ontario and Quebec bonds sold or picked up rapidly or quickly, and we have to hunt around to try to get somebody to buy our paper? Do we have an easier job than Newfoundland in selling our paper? I would imagine that we do, but how do we—or do we have no difficulty when Manitoba issues some paper, some bonds, IOU's, we do not have much difficulty in selling them in Canada?

Mr. Manness: Mr. Deputy Chairman, it is always hard to rate yourself in that game when ultimately the difference between a successful issue and a less successful issue is a handful of basis points. That is difficult, but let me say—and I will say this whereas the department may have more difficulty saying it—one thing about predecessor Governments, particularly wearing NDP stripes, they were in the capital markets an awful lot, Manitoba has a well-established name. We have paid a tremendous price for that name, but unquestionably Manitoba paper, by the judgment that I am able to bring to that question, is highly regarded. Probably given our credit rating, we are not trading that much below some of the more highly rated Crown corporations and, indeed, other provinces.

We have very astute traders and I think we have picked off a lot of issues at the right time. This is like a sixth sense or something. You have to know when to go to the market because one thing the staff has impressed upon me, if you ever get a dog out there and move a bad issue where nobody wants it, it

stays with you, the stigma of that stays with you for a long time.

So in my experience, short as it may be, we have been pretty successful in moving our bonds and they have been bought up almost in all cases in very short order, and in most cases in the space of an hour or two. Very rarely has it gone more than one day, I guess, when our paper has not been bought up.

I cannot tell you because the whole area is dynamic as to where we stand today as compared to other provinces, but I say that on the surface, as I see it, Manitoba has a pretty good credit rating. That is because we have borrowed an awful lot of money in the past and we have honoured those commitments, and we have not tried through the presentation of tables in the budget, or therefore tried to misrepresent the scene, we have been pretty accurate because, believe me, if your credit worthiness is not there, you have nothing, and nothing quickly in the course. It behooves all of us to ensure that our credit worthiness stays where it should be.

* (1630)

Mr. Leonard Evans: On the matter of misrepresentation, I want to remind the Minister that the source was, I presume, Midland Doherty, or whatever they are called now, is one of the investment agencies. I mean, surely they do not want to fool themselves.

Mr. Deputy Chairman, what is our current bond rating, and also the second question is, when do we expect the next bond rating to occur? The agencies come out once a year with a rating. There are two or three of them at least, Moody's, Standard and Poor's. So when do we expect this next rating and—just remind me, where are we now?

Mr. Manness: Mr. Deputy Chairman, we are where we have been now for two years, I guess, A-1 with Moody's and A-plus with Standard and Poor's. I was very optimistic that had we brought in a deficit this year similar to the last two that we would have had an upgrade. I am still optimistic that might happen.

Mr. Leonard Evans: It does not matter really, so far there is no change from the rating that existed under the previous Government.

Mr. Manness: Well, no, Mr. Deputy Chairman, it is fortunate we came in because I am pretty sure we were on a credit watch to go downward had we not come into being. Let me say that the credit rating

agencies right now are analyzing the information that has been brought forward by way of the budget, and no doubt this month expect it will again tell us what they think of our ability to administer our fiscal affairs.

Mr. Leonard Evans: I would remind the Honourable Minister that one key factor of course is, as you yourself mentioned, the ability to raise taxes. If the Minister started talking about seriously reducing taxes, because he has not really seriously reduced taxes, not really. I mean, the payroll tax is still there; the 2 percent flat income tax is still there. There have been a couple of minor tax adjustments, one for families which we supported, and there has been a lifting of the limits for small enterprise under the payroll tax, but essentially that tax is still there.

I would submit, if the Minister did go through with the promise made by his Party, to eliminate the payroll tax, that could cost us a point, or whatever, with the bond rating agencies because they do look at what you can raise. They do not only look at what you spend, but they also look at what monies you are able to raise. At any rate, if the Minister starts talking seriously about cutting tax rates, I would suspect that the bond rating agencies might get rather nervous.

Essentially I would observe that there has not been that much change in the taxation structure. There have been some minor reductions, but nothing essentially has changed. So, perhaps, the bond rating agencies might look on us kindly after all.

Mr. Manness: Mr. Deputy Chairman, I am a little bit troubled by the statements of the Member opposite. He says nothing has changed. Well, I think an awful lot has changed.

I think the attitude to Government financing has changed drastically. We have brought in a level of expenditure over the last three budgets which is probably, when you take it across all Governments in this country, is amongst the lowest, if not the lowest. Yes, we have not slashed taxes in a dollar sense to a manner we may have liked, but let me remind the Member, and I throw it out as a moot point, I wonder what the deficit would have been today had the NDP been in Government for the last three years, because we have practised expenditure control. We have not brought it down to a level that I suppose we probably might have liked to, given that in a lot of cases discretionary decisions

have been made that locked in spending. Other decisions have been made by Government which took away great flexibility from us but, in spite of that, I think we have given Manitobans the message of what needs to be done and how it is that we are going to have to share the impact of the scarce revenues that we have. I believe that today there is in place an understanding that Government cannot continue to spend, even though the Member's colleagues in the House, the very essence of every one of their questions in the House every day is to ask us to spend more.

So I am saying to him that if he really wants to help the process, that he can implore upon his Members and his colleagues within the NDP Party to help us set priorities, and also help us to try and work at this deficit problem. To this point I have not seen that responsible course of action at all being presented by Members of the New Democratic Party in the House over now two Sessions.

Mr. Leonard Evans: Well, the Minister wonders out loud how we compare with other provinces—I think he referred to taxation. I again get back to these tables because the revenue take in the Province of Manitoba in '87-88 was well below the 10-province average. I appreciate total revenue per capita is not the same as the tax rates, I appreciate that, but nevertheless the tax rate structure has something to do with this and we were below, I repeat, below the average of the 10 provinces.

I note also, when I say there has not been much adjustment in the—you know, the Minister can talk all he wishes about changes of attitude and so on and maybe we will see in the next budget what happens to spending increases, but certainly expenditures have grown—in his own report, 7.1 percent last year, 5.8 percent this year total spending and his revenue, his taxes, have not. The revenue has only gone up by 3 percent, but part of that is because of federal transfer payments being reduced. Income tax has still increased by 9.9 percent, although there was some negative on the Manitoba collections, but looking at his tax table comparison with other provinces essentially there has not been a very substantial change in the tax regime in Manitoba between '87 and '90.

At any rate, the point is that if there was a substantial cut in taxes, given the pressure on the spending side, Mr. Deputy Chairman, this would cause the rating agencies to be very concerned.

Mr. Manness: Mr. Deputy Chairman, I am not going to argue with the Member. I mean, rating agencies believe that if you do not have the courage nor the willpower to want to reduce expenditure, then they expect you to go out, rather than just borrowing all the deficiency, they expect you to go out and raise tax revenue. There is nothing magic in that statement. I mean, that is a given.

I say to the Member, every time that we have made a slight decrease in taxes, we have been hounded by it, the latest being when we have tried to provide, again, a small reduction in payroll tax, and now I notice his Leader in the House is calling it a big giveaway to large corporations. So you know, I do not really understand where the NDP is on these issues of taxes. It seems to me that all their motto is: tax everybody, and tax some more.

* (1640)

Mr. Leonard Evans: Mr. Deputy Chairman, in the Minister's Budget Address on page 15, he refers to the Forecast for 1991-92. On the spending side, he says, if overall spending in '91-92 were to match this year's increase of 5.8 percent, the deficit would increase dramatically, close to \$450 million after the fiscal stabilization withdrawal. So the Minister is in big trouble here by his own standards—

Mr. Deputy Chairman: Order, please; order please. If you want to carry on a conversation, carry it on in the hallway. Carry on.

Mr. Leonard Evans: Thank you, Mr. Deputy Chairman, for your assistance. What I am saying to the Minister is, by his own statement on page 15 of the budget document, even with a draw from the Fiscal Stabilization Fund, his forecast is of a deficit of close to \$450 million and then, of course, providing the overall spending matches this year's increase of 5.8 percent. So I guess my question is: Is the Government intent on keeping the spending increase to below 5.8 percent?

Mr. Manness: Mr. Deputy Chairman, the Member is asking me to give advance notice as to what the 1991 budget is going to contain, and I think that would be unfair to all Manitobans.

I am sure he would not want to see brought against me a Matter of Privilege by Members of the House that I somehow was sharing next budget information with certain Members before the others, because I really believe they would have a matter of privilege, that they could probably take me to the

Rules Committee and have me sanctioned like they wanted to do so much in the past.

Mr. Deputy Chairman, I will not indicate to the Member what our target is in the area of expenditure growth, but I can assure the Member this is the basic arithmetic around the fiscal position of the province as we see it. I thought the Member opposite would be congratulating the Government for being so bold and courageous to lay this out into print. He chooses to chastise us for not providing yet additional years, but I am telling him that these are the broad parameters in place and the Government, in its wisdom, will attempt to work within them and ultimately develop a budget which it will share with Manitobans, and which we are confident will be warmly received by people in our province.

Mr. Leonard Evans: Even though the Minister for some years advocated a five-year budgeting program to be revealed by the Minister of Finance, whoever he/she may be, I think he is discovering that it is a rather difficult job to do, even one year beyond the current—one week my colleague from Elmwood says—one year beyond the current fiscal year. I guess the safest projection is really long term. If you could get 10, 15, 20 years you know for sure you would not be around so a Minister would not have to be here to answer for forecasting. So one should always opt for long-term forecasts.

An Honourable Member: I am sure this Government will not be around 10 years from now.

Mr. Leonard Evans: Well, we will see. Mr. Deputy Chairman, what do we mean by multiyear budgeting if we cannot take it seriously? I mean -(interjection)- Well we can because I do not consider this to be multiyear budgeting. All we have is some estimates of '91-92 and now the Minister is telling us you cannot say that it will be \$450 million deficit because we do not know what we are going to do with spending, for instance; we do not know what we are going to do with taxation.

This is not multiyear budgeting, this is just making some assumptions and saying, if these hold, the current rate of spending increase is what it is and some other assumptions are made, this is what it could be, but it is not what it will be. You have not budgeted for '91-92, that is not budgeting. Budgeting is what you really intend to do in '91-92 and I am suggesting, Mr. Deputy Chairman, it is almost impossible for this Minister, no matter how competent he may be, or may not be. It is almost

impossible because of the factors, the variables involved in our economy. He has set up an impossible task for himself when he wants to really seriously get into multiyear budgeting.

Mr. Manness: Well, Mr. Deputy Chairman, possibly the heading is a misnomer. I acknowledge that, but yet I believe what we have done is light years beyond what any other provincial Government has done in this area. We have taken the courage to demonstrate and present to the public of Manitoba more or less the fiscal framework that we deal in when we start the whole budgeting process. We have not couched any of this; this is what we have set before ourselves when we start the whole four or five month difficult period of budgeting for the next fiscal year; this is the starting point. I am saying that there are going to have to be a lot of very difficult decisions and choices made with respect to coming in at numbers that may ultimately reflect these values as presented, or may not.

I want to be so honest as to tell Manitobans that if we do not understand where we are then how is it that we can expect Manitobans to accept the difficult decisions that might be having to be made by Government.

So, Mr. Deputy Chairman, I am not trying to scare anybody, I am just trying to reflect the fiscal framework of the province as we know it at this point in time.

Mr. Leonard Evans: Well, I appreciate what the Minister is saying and he is trying to be realistic and modest, but I think he has also admitted, or is admitting in those remarks, that what we have here is not really, truly multiyear budgeting. It really is not, because it is an impossibility. It really is an impossibility. It could be some guesses as to where we are heading. That is fine, but whether it is a meaningful exercise that is the question. Whether it is truly meaningful multi-year budgeting. I say, Mr. Deputy Chairman, with all due respect it really is not, and I think the Minister is really acknowledging that fact.

Mr. Manness: Mr. Deputy Chairman, whatever you want to call it, and we could argue till the cows come home, but I can tell you one thing, anything you want to call it, it is a heck of a lot better than the NDP had when they were in Government. If they had gone through this exercise some of their decisions that they made at the Cabinet Table and indeed at the Treasury Board would not have been made,

forgetting the impact on the call of funds for years hence. So I consider this as more of an important tool in self-discipline to those of us who are in those positions to make that decision and I find it absolutely reprehensible that any Government, indeed any decision maker would not look at the future impact of a decision made today in a dollar sense.

Mr. Leonard Evans: I can tell you previous Cabinets did look down the line a few years and had some idea, tried to have some idea of where the province was heading, but you could never be that certain because, as I said, there are just too many variables. Does the federal Government engage in multi-year budgeting? I do not think so and for good reason. At any rate, Mr. Deputy Chairman, I think we have pretty well covered the waterfront on this, unless my colleague—

Mr. Maloway: Mr. Deputy Chairperson, to the Minister of Finance. The \$77 million that we have in the preferred Repap shares are—I have a question regarding their positioning given that Repap is on the credit watch right now and the debt is considerable. What will happen to the Repap shares if Repap is not able to honour those debts?

Mr. Manness: Mr. Deputy Chairman, I am not going to speculate as to the financial health of Repap. I can tell you that industry is undergoing tremendous pressure and if there is one company that is positioned well, given the state of the art capital it has in place, yes, supported by debt, that company has an incredible cash flow and I would have to say it is probably in a better position to withstand the vagaries of that particular industry than many others. Of course, there are two or three giants that have deep, deep pockets and they will fend well. As far as our shares, they are preferred. They have value. We are a preferred creditor on the assets of Repap Enterprises and in my view they have good value.

Mr. Maloway: Mr. Deputy Chairman, in light of the credit watch though the Minister has not taken any precautions. The shares cannot be redeemed at this point in any event.

* (1650)

Mr. Manness: No, no, they cannot be redeemed at this point in time. They would be redeemed, and I am trying to hearken back to the contract but it seems to me that if Repap does not for some reason, after environmental licences are presented

to them, if they do not initiate building, that contract calls for them to redeem not \$77 million but \$128 million.

Mr. Deputy Chairman: Shall the item now pass?

Mr. Leonard Evans: Mr. Deputy Chairman, manages the borrowing programs and so on of Government and its agencies—I note in the Annual Report of the McKenzie Seeds Company there is a reference now, there is a note made with regard to the investment made by the Province of Manitoba and what it cost. Regardless, I will discuss that in the report on that company when it comes before the Economic Development Committee, but I was going to ask the Minister whether this agency has concerned itself with that company? I know it is concerned with the Hydro and Telephones and so on. But does it concern itself directly with any financial arrangements or financial activities of the McKenzie Seeds Company which is wholly owned by the Government of Manitoba?

Mr. Manness: Mr. Deputy Chairman, MDC provided some capital in the restructuring of McKenzie Seeds. The Treasury Division as such has not had direct contact with McKenzie Seeds, and MDC was provided advances from our general borrowing, I guess. So that is as close as we would get to McKenzie Seeds, through our activities in ensuring that MDC had capital.

Mr. Deputy Chairman: The Honourable Member for Brandon East? The question has been answered? Shall the item pass—pass.

Item 2.(b) Other Expenditures, \$495,500—pass;
2.(c) Payments re: Soldiers' Taxation Relief, \$3,000—pass.

Resolution 54: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,580,000 for Finance, Treasury Division for the fiscal year ending the 31st day of March, 1991—pass.

No. 3. Comptroller's Division, \$4,660,700; 3.(a)(1) Salaries, \$95,900—pass; 3.(a)(2) Other Expenditures.

Mr. Leonard Evans: I will just ask a general question. Since we are talking about the Comptroller's office, has there been any significant or substantial change in the operation of the Comptroller's Division. I know it carries on a number of important fundamental activities, accounting information service advice and so on, and it provides central direction and control of shared-cost agreements, but regardless—I can read that and so

can the Members of the Committee—has there been any substantial change in this division's activities from the previous year or previous years?

Mr. Manness: Mr. Deputy Chairman, none other than a change affecting the Information Systems Support Branch, known as ISSB. Although I think that the divisional hierarchy shows it is still in place, there have been some changes with respect to the policy group within that branch going to Treasury Board, but the main responsibilities of that division are still as they have been in the past.

Mr. Leonard Evans: Just to make sure I understand, the ISSB is transferred out of there to the Treasury Board. Is that correct?

Mr. Manness: The policy component of ISSB—remember, there are two or three components to ISSB, one of which is systems training and then the policy side. So there has been a split. The policy side has been moved to Treasury Board.

Mr. Leonard Evans: Mr. Deputy Chairman, I was going to ask a question under the Information Systems Support specifically regarding ISSB and MDS, but I can hang on till we get to that point. I think my colleague from Elmwood or maybe the Member for Osborne have other detailed questions to ask of other lines prior to that, so I will just hold on till we get to there.

Mr. Alcock: Not on Comptroller's Division, no.

Mr. Maloway: Well, we are on (a) right now, so I suggest we pass it.

Mr. Deputy Chairman: Shall the item pass—pass. Item 2, Other Expenditures. Shall the item pass? Do you have a question there? The Honourable Member for Osborne (Mr. Alcock).

Mr. Alcock: I have just noticed a staffing change, and would ask the Minister what is that in regard to?

Mr. Manness: I am sorry. Can you repeat the question?

Mr. Alcock: I am on the right reference here, in the detail to Financial and Management Systems, this shows a—

Mr. Deputy Chairman: We are not there yet. We are dealing with Other Expenditures.

Mr. Alcock: We are at (b) Financial and Management Systems, right?

Mr. Deputy Chairman: We have not reached there yet. We are doing (a) (2). Shall the item pass—pass.

Item (b) Financial and Management Systems, (1) Salaries \$673,300—the Honourable Member for Osborne (Mr. Alcock).

Mr. Alcock: I just noticed a change in staffing, I just wanted to know what it was related to.

Mr. Manness: Mr. Deputy Chairman, we reduced the Administration support position by a half. Automation would be the word that would capture the main reason.

Mr. Alcock: I just noticed in the Activity Identification for this particular division that it provides analytical and staff support to the Management Reform Committee. Could you explain that, please?

Mr. Manness: That was one of the subcommittees of Cabinet, there are basically four and I am the chairman of one of those committees. It is called the Management Reform Committee and there are two components to this committee. Certainly the greatest activity over the last several months has been in looking at ways of reforming Government so that we may be able to effectively deliver a service with a given amount of money.

I might indicate that we are also closely associated with the Canadian Comprehensive Audit Foundation and we have undertaken two pilots, looking at effectiveness reporting and value for money. Our own Provincial Auditor sensed that we should become probably more involved in this new methodology, and we have developed a working relationship with the Canadian Comprehensive Audit Foundation, put into place a couple of pilots within Government to test out new methodologies that exist within this field.

Mr. Deputy Chairman: The hour being 5 p.m., I am interrupting the proceedings for private Members' hour. The Committee of Supply will resume sitting at 8 p.m.

* (1420)

SUPPLY—EXECUTIVE COUNCIL

Madam Chairman (Louise Dacquay): This section of the Committee of Supply will be dealing with the Estimates of Executive Council. We will begin with a statement from the Honourable First Minister (Mr. Filmon).

Hon. Gary Filmon (Premier): Thank you, Madam Chair. I would like to make a few brief introductory remarks before we begin consideration of the Executive Council Estimates for 1990-91.

Firstly, I am delighted to take note of the fact that a former member of the Executive Council staff is now sitting in this House as the Member for Assiniboia (Mrs. McIntosh). I know that she will distinguish herself in this Chamber in the same way she did when she worked down the hall in Room 212 and in all of her other endeavours.

The overall Estimates for Executive Council for 1991 total \$3,409,200, a net increase of \$87,100 over the Adjusted Vote for 1989-90. The increase breaks down as follows: a \$6,800 increase for the French Language Services Secretariat; an \$18,300 increase for the International Development Program; a \$99,800 increase for the Intergovernmental Relations Secretariat to cover the additional costs we had to incur this year because it was our turn to host both the Western Premiers' Conference and the Annual Premiers' Conference; a \$37,800 decrease in the vote for Management and Administration.

So the increase in the Executive Council vote this year is almost entirely attributable to the costs of preparing for and hosting two major conferences in one year. The Western Premiers' Conference in May in Portage la Prairie was, in my judgement, a major success. The hospitality that we received from the community was superb. The other Premiers and I actually set a record in the number of communiques that we issued.

The Annual Premiers' Conference in August was every bit as successful as the Western Premiers' Conference. Although the Premier of Quebec did not attend, all the other provinces and territories were represented, and we made some major progress on several fronts. For example, we reaffirmed our commitment to proceed with the Interprovincial Trade Barrier Reduction Agreement, and I am pleased to say that there are now eight Premiers' signatures on that document. I am hopeful that we will have the territorial leaders and the other Premiers' signatures within a relatively short time.

At this time I would like to recognize the special efforts made by some very special students who worked for Executive Council this summer. Without their energy, enthusiasm and dedication, the Annual Premiers' Conference would not have been the success it was. Their names are Lynn Kastalanych, Kate King, Tom Martin, Kathleen Mico, Bonnie Moshenko, Mark Pacey, Francis St. Hilaire and Anna Zonneveld. I also want to thank our own staff and the members of other Government departments

who contributed so much to the success of the Western Premiers' and the Annual Premiers' Conferences as well as to the visit of His Highness Prince Edward earlier in the summer.

In many ways the Portage and Winnipeg conferences marked the high points of an otherwise extremely difficult year in federal-provincial relations. While there have been some examples of progress, the recent signing of the long-awaited Southern Development Initiative Agreement and this past weekend the announcement of the completion of negotiations on the general agreement on official languages, we have also seen the federal Government refuse to proceed with a planned First Ministers' Conference on the economy later this month in Calgary. That attitude, that lack of leadership, is a major disappointment. Just because there is an impasse on constitutional issues does not mean in my view that economic priorities can be set aside.

In fact, given the current state of the national economy, it is all the more important that First Ministers meet as originally scheduled. The fact is that effective co-operation on economic and fiscal issues could play a large part in reducing regional tensions and restoring the spirit of national reconciliation that has been so badly undermined in the past few years. The argument from the federal Government apparently is that because the Meech Lake Accord did not go forward and specifically the provision in it that called for an annual First Ministers' Conference on the economy, then this year's FMC should not proceed.

That argument simply does not hold up. In February 1985 First Ministers signed an accord in Regina calling for annual FMCs on the economy for five years with a provision for renewal. At the Premiers' Conference here in Winnipeg in August, nine of the 10 provinces expressed their readiness to renew the Regina Accord.

I hope the federal Government will see its way clear to resume the process of regular consultations on the economy in the very near future. If it does not, it will be undercutting its own stated goal of trying to restore unity and build consensus across the country.

Last week, the Prime Minister made the point that constitutional disputes can have serious economic consequences. The reverse is equally true. Economic problems can and do breed regional

tensions and divisions. There has to be ongoing dialogue among the Governments in this country for our federal system to work.

Although the debate on the Meech Lake Accord is behind us, a great many of the same fundamental issues remain unresolved. I think we, in this Assembly, can all feel some pride in the fact that the open process of consultation on constitutional reform, which is a hallmark of this Legislature, has now been recognized across the country as the kind of process necessary to build understanding and ultimately consensus on the kind of future we want.

A number of provinces have launched consultations in the last few months, and of course the Prime Minister announced the establishment of the Citizens' Forum last week. We wish them all well. Our own constitutional task force will begin its work in the near future, and we will be having discussions with the Members opposite very soon on the specifics. Manitoba's Meech Lake Task Force emphasized very clearly the importance that we in Manitoba place on a strong, united Canada, and on ensuring that all provinces and regions feel that they have an effective voice in the major decisions that affect our future.

* (1430)

That is the kind of positive vision that Manitobans have always had, a vision of a strong united Canada, a vision of a Canada that listens to its citizens and treats them with respect, fairness and dignity, regardless of their social position, regardless of their ethnic background, regardless of their income, and regardless of the province or region in which they may live. That is the kind of Canada that we in Manitoba want, and that is the kind of Canada that we must have if we are to stay together.

I would be very pleased to respond to specific questions about the details of the Estimates of Executive Council.

Mr. Gary Doer (Leader of the Opposition): Madam Chairperson, it is a pleasure to be before you with the Estimates of the Executive Council. It has been a long time since we did the Executive Council. A couple of years ago, I was looking back in Hansard, I noticed again that we did not have Executive Council up in our last Session, so I think it is appropriate that Executive Council be the first item that we would deal with today.

The Premier has noticed the increase in his budgetary spending on the basis of the Adjusted Vote. We would note last year that the Executive Council was underspent, so we really have—and the Premier has outlined it—about a 15 percent increase over last year's spending, but of course, as the Premier has indicated, a majority of that is in some of the meetings that were held here in Winnipeg.

I was looking back a few years, Madam Chairperson, and the Estimates have actually gone up about 50 percent since '86, but having said that I know that when one compares Manitoba to other jurisdictions in the Premier's Office, we are not, as the Premier well knows, leading the pack in spending in the province.

We will be raising questions in areas that the Premier is involved with that may appear in other budget items, Madam Chairperson; for example, the federal-provincial office that was announced by the Premier in Ottawa, alert him to that and perhaps some other areas.

We will be asking a number of questions to the Premier today to appraise ourselves of the present status of the Premier's Office. We know that it is an office that has, in general, a lot of hardworking people and the proof of how well that office does usually is whether they win or lose the next election, I suppose, or one of them. There is some bottom line accountabilities, and even though we were disappointed with the results of the election—

An Honourable Member: Disappointed, you should be—

Mr. Doer: Albert, you are never happy unless you win.

We will have a number of questions. We are very concerned, Madam Chairperson, about the issue of federal-provincial relations. It is one of the major responsibilities of the Premier, in fact, one of the most important responsibilities in a province like Manitoba. If one looks at all the objective bottom line information, we are not doing very well in terms of federal-provincial relations in the Province of Manitoba. In fact, I would suggest—and I did so in other speeches—that we are doing worse than ever before in the Province of Manitoba.

Political Parties come and go, and Premiers come and go, but I suggest when one looks at the objective information, we are doing worse than we have ever done before in the province in

federal-provincial relations, whether it is in health and post-secondary education—the Premier has mentioned the Southern Initiative, but look at all the other agreements that we are missing in our province. The strategy on the third core, the relationship with the federal Government on the economy and procurement, whether that is in terms of Government jobs or Government procurement policies, by all objective criteria we are getting clobbered and we will have that debate, I suggest, over the next couple of hours.

We are very concerned with the relationship of the Premier's Office and the Department of Health. We note over the last couple of years that wherever we ask a question on health, the Premier will readily answer many questions and is obviously involved in many other strategic issues in his Government.

On the Department of Health, he generally does not get involved in those issues in this Chamber, Madam Chairperson, and we are very worried about the predominance of money going into the traditional health care issues, such as doctors and institutions and a flattening out of money and funding to preventative and community-based health. We want to know the Premier's involvement in that because that is one-third of the provincial budget and, therefore, the pre-eminent departmental responsibility for any Premier in this province. We will be asking the Premier specific questions about those trends in his Health Ministry and the style of the Health Minister (Mr. Orchard).

I have often said it is a very effective debating style, but we have already had fights with the doctors in this province, with some very personal attacks that did not necessarily result in a very good agreement with the doctors. I would suggest in terms of its bottom line, the rhetoric was tough and confrontational. The deal was rather soft, in my opinion, Madam Chairperson, and we will be asking the Premier whether he thinks that style is appropriate, for example, when we are dealing with the nurses in this province, that we have had a confrontational style with the nurses on pay equity. We think that has been penny-wise and pound-foolish as the nurses are engaged with the provincial Government in very crucial negotiations. So we will be asking the Premier about his assignment and continued assignment of his Ministry of Health.

We will be asking questions about the economy, Madam Chairperson, and the effect of this so-called

Free Trade Agreement. What is the sense of having a Free Trade Agreement that does not cover in Canada, it does not cover many other items outside of the regular provincial Government and, more importantly, what is the advantage of a Free Trade Agreement, or a so-called agreement with other provinces, when as the Premier just admitted last week, subsidies in another Tory province have resulted allegedly in the loss of jobs in Manitoba?

We have a situation in Saskatchewan where they are proceeding with massive Government subsidies in a Conservative province for a potential fertilizer plant that could have major implications for the community of Brandon and the Simplot plant. Why do we not have an agreement to get rid of these, if we have a so-called free trade economy? Why have we not dealt with the most important element of so-called free trade? That is the issue of public subsidies to private corporations that are resulting in the loss of jobs in Manitoba and will continue to result in the loss of jobs in the province. Let us have some real teeth in these agreements and let us examine that issue back and forth. I am raising these issues to alert the Premier that we will be raising them in our discussions.

Madam Chairperson, we are a bit concerned about the whole direction of this province in terms of its co-operation with the Province of Saskatchewan, in terms of the Rafferty-Alameda dam. We have raised that in Question Period, perhaps we can have a more intelligent debate about that strategy—not intelligent, I should not say that we have not been intelligent—perhaps a less emotional discussion about that issue and our strategy and the ramifications for the Province of Manitoba.

We will be raising questions on the economic situation in this province and lastly, Madam Chairperson, we think the Premier has established a very bad precedent with the failure to publish the salary levels for people in his office. The Premier has promised us that he will table all the contracts. I would ask him to do so today or this afternoon, because that would be the appropriate time to do so.

I do not like the precedent, and we did not raise it initially, the Leader of the Liberal Party (Mrs. Carstairs) raised it. I quite frankly had not noticed it that week, because I had not read my Order-in-Council. I think that is a very important public policy issue, and I know sometimes these Orders-in-Council get sometimes

miscommunicated. I know sometimes they are properly communicated but the principle of tabling those numbers, I think, is one which is sound. I think the Premier would like to have the reality and the perception of an "open Government."

Those are just some of the issues that I would like to raise in my opening statement here this afternoon. We can talk about other matters as we go along. There are some very important trade matters dealing with GATT and the trade strategy. Those issues that I also will be raising with the Premier: What is our strategy going into the GATT negotiations the last week? What are the implications for Manitoba with those sets of negotiations? I will conclude my remarks at that point and be ready to ask questions as we proceed.

Mrs. Sharon Carstairs (Leader of the Second Opposition): The Executive Council Estimates, I think, have to include a broad discussion of a number of issues, not the least of which must be the whole principle of Cabinet solidarity. We have watched with a mixture of horror and confusion and a certain amount of banality to a Minister of the Crown scurrying around, to making totally contrary statements to what has been outlined as the Government policy with respect to multiculturalism.

When asked for an apology, the Minister refuses to give one but, unfortunately, so too does the Premier. Therefore, the public is confused as to whether this new initiative announced by the Acting Minister of Culture, Heritage and Recreation (Mr. Neufeld) reflects the Government's attitude toward multiculturalism and not simply the attitude of the Minister himself, if indeed, it did just reflect the Minister's personal opinion, as he stated it did. Then we cannot understand nor can the multicultural community, why the Premier (Mr. Filmon) of the province has not himself apologized or indeed requested that the Minister so do.

* (1440)

We also took note that the actual expenditures of the Executive Council for the year 1990-91 will be up some \$256,200 and not the \$87,100, as outlined by the First Minister (Mr. Filmon) in his opening remarks. We would like to see the same type of breakdown for that additional \$256,200 that he gave to the \$87,100.00.

In the year-end statement distributed by the Finance Minister (Mr. Manness), of course, the expenditures were not some \$3.3 million but some

\$3.1 million. We would like to know exactly, in addition to the Premiers' Conference and the Western Premiers' Conference, where those additional sums of money are to be spent?

In terms of the task force which the Premier (Mr. Filmon) has indicated that he will put together soon, we have been, of course, waiting for that task force since the spring of 1990. We are now getting well into the winter months and it would appear that such a task force will not be up and running until 1991.

We think that that is most unfortunate, particularly in light of the task force which has now been established by the Prime Minister which has a very tight six-month time frame. Manitobans, had they been given the opportunity to sit down this fall might have had a more thorough presentation to make to the federal task force, after we had dialogued among Manitobans as to what our desires are for a future role in this nation of ours.

We are also concerned about a number of statements that the Premier (Mr. Filmon), and indeed all western Premiers make with regard to a solidity among the western Premiers. Canada is not a monolithic society and it is true and clear to me, at least in some respects, we have much more in common with the Atlantic region than we do with Alberta.

Alberta has always had a tremendous resource in terms of its oil revenues. They have a heritage fund which is lucrative. They have been able to move in a variety of directions because of the great sums of money they have available to them.

The choices that are frequently forced upon a Manitoba, and more recently a Saskatchewan with the decrease in dollar value of the potash industry, has resulted in choices that bring them frequently in direct conflict with the federal Government.

It is that kind of conflict with the federal Government in which a partnership with Nova Scotia and New Brunswick, Newfoundland and Prince Edward Island might be much more realistic, because they suffer from the same types of problems when transfer payments are cut in any major way or when the equalization payments are not brought forward in a principled and timely fashion in terms of the funding to provinces, whose gross national product or gross provincial product is considerably less than the provinces of Alberta, British Columbia, and Ontario.

To see us constantly regionalize this nation fills us with some concern, because we believe that Canada is not a group of regions. Canada is and always has been a coming together of 10 provinces. When we tend to ally ourselves only with one region of this nation, I think we do this particular province a disservice.

We are also concerned about the change in policy for the Order-in-Council. I raised that in Question Period, and the last Order-in-Council that I could find that came out of the President of the Council was on the 13th of June, 1990, and clearly indicated exactly what the commencement salary would be, and indicated what the range would be, and so this new policy seems to have been an initiative as a direct result of the election campaign.

We think it is a bad initiative; we think that it needs to be rethought and, quite frankly, changed. The staff of all of the caucus offices, as well as the Leaders' offices are discussed at LAMC, the amount of money those individuals are given is indicated at that particular appointed time. We believe the same kind of forthrightness should be coming from the Premier and we look forward to that change within the near future, and particularly, we look forward to getting the contracts that have been given since this Government reassumed office following the election, today, either this afternoon or early this evening. Thank you.

Madam Chairman: I would remind Members of the committee that debate on the salary for the Premier and President of Executive Council, item 1.(a) is deferred until all other items in the Estimates of this department are passed.

At this time we would invite the Premier's staff to take their places in the Chamber.

I just need clarification for the record. Is it the will of the Chamber that the entire items be discussed at one time, and passed at one time, as opposed to line by line. Agreed? (Agreed) Thank you.

Mr. Filmon: We will pass all lines at once, but we are going to have a freewheeling discussion, that is my understanding. We will still read each line to be passed.

Madam Chairman, there are a couple of things that I just want to say in response to what has been put on the record by the Opposition Leaders, and we can get into detailed discussion of them but, in particular, I think that the Leaders of the Opposition

Parties ought to be given our rationale and our responses on two issues.

One I will deal with directly, and that is, the suggestion, by the Leader of the Liberal Party (Mrs. Carstairs), that there is a much greater increase this year because the increase is budgeted over actual spending. Well, we are into this whole issue of lapsed funding and we have to budget for the salaries of each position that is authorized within Executive Council, whether or not there is somebody in that position drawing a salary.

I say, with all charity, to the Leader of the Liberal Party, that as a result of positions coming open and not being filled for periods of time we traditionally underspend. We have a very tight rein on each and every one of our Government departments and we have not allowed departments to follow the practice that was commonplace in other administrations of allowing them to transfer money from one area to another so that each and every dollar was fully spent. If there are staff positions budgeted for in one particular area, and staff vacancies have occurred in those areas, we have allowed that funding to lapse, and consequently we have come in under the budget.

* (1450)

I can tell the Leader of the Second Opposition (Mrs. Carstairs) that it will not be the kind of major increase that she wants to portray of over \$200,000 because, for instance, I have had vacancies of one executive assistant, one special assistant, and the co-ordinator of the Premier's Office for a considerable length of time, during this fiscal year, and that will amount to tens of thousands of dollars in salary. That, in fact, the same kind of lapsing that she saw last year will undoubtedly occur this year, so I suggest to her that the accurate figure is the print-over-print figure, and I can give her full and complete explanation for the increases and, as I say, more than \$88,000 worth of it is the amount that is accrued by virtue of the budgeting for the two conferences, and the Prince's visit, each of which is a non-recurring item.

The total of those is \$99,800, so that exceeds our total increase budgeted for, and I would suggest to her that we will again, because of lapsed funding, because of vacancies that continue to exist and will exist in my office until we find the appropriate people to put into those positions, will result in our coming in again somewhat under what we budgeted for.

I think that is good management, and I for one refuse to take the position that we must spend every nickel we have budgeted for when we know that it is appropriate for us to continue to operate within the mandate that we have and within the numbers of staff complement that we ideally should have, but from time to time we cannot fill those positions, and they remain vacant until we find the right person for the position. That is the first area.

The second area is with respect to the contracts that we are now entering into with all of our political staff. Without the entering into of a contract, each and every one of those people comes on staff with exactly the same terms and conditions of employment as a normal civil servant. For a variety of reasons, we think that it is appropriate to have more flexible arrangements with political staff, many of whom do not intend to make a long-term commitment to the Civil Service, and do not prefer to be treated as long-term civil servants.

The first and foremost way in which we have had recurring requests from these people to be treated differently, is that if they are not making a long-term commitment, they recognize that they are here to serve the Government in a political sense over a period of time, and they are quite prepared, as in many other administrations, to go with the Government. In fact, that is the case right now, that is what happened at the end of the former NDP administration. Former Premier Pawley, as his last act of Government, passed an Order-in-Council, terminating all those people, giving them severance payments, in fact payments for overtime and other accumulated benefits and so on. So they are recognized to be treated differently, but they have not been because of the fact that they have, by Order-in-Council, been put in a Civil Service type position in the past.

What we want, primarily, is to give the flexibility that they will not have to join the Civil Service Superannuation Fund as number one. That is a saving to the Government, and that is a benefit in flexibility to them not to have to do that. We think that is good business, and so we want that to be the case. We can also negotiate severance arrangements with them that may not be as rich, as may be the case, if they were to stay on in accordance with the kind of terms and conditions that they were severed under the former administration. Those are negotiated at the end of each Government's service to the people of

Manitoba, and we can in fact put in specific termination arrangements that may be less rich than has been done in the past.

Finally, she will note from a variety of the agreements that we have—Firstly, I want to make the absolute point that they must be within the range that is assigned to that position, so nobody is able to be paid more than that range calls for, so there is not any ability on our part to somehow pay them beyond the level of position that they are hired for, a special assistant or executive assistant.

She will note from the information that is contained within our Order-in-Council of the past and the information that I will table, that many of these people are not at the top of their category. I might say that when we last did a review of the staff of the Liberal Caucus, they were virtually all hired at the absolute top limit of the category. That was about a year ago when the complaints were being made about our practices.

Well, there were secretaries; there were support staff, all at the top of the category. We do not believe in that, Madam Chairman. We believe in giving appropriate remuneration for the position and that will continue to be the case. We will not try and push up salaries for political assistants; we will treat them equitably, fairly in accordance with their qualifications, and in accordance with the duties that they perform and their experience levels.

There is no smoking gun; there is nothing but an attempt to be as businesslike as possible in introducing some flexibility into a personnel services contract that could not otherwise be in a straight Civil Service agreement with those employees. I am sure that she will be satisfied about that.

I will say this, just in case the Leader of the Liberal Party (Mrs. Carstairs) wants to try and make the fallacious argument, such as was made last year about those people who were given significant promotions to positions such as secretary of Treasury Board, a Deputy Minister equivalent from other lower level positions and other secretary of Communications, secretary to Cabinet, another Deputy Minister equivalent position as compared to the former position. Where people are being given promotions, they will indeed be given raises commensurate with the increased responsibilities; that is the way it works in business, private sector and in all Governments to my knowledge.

I will say to her, that if she finds in comparison people who have formally been employed by the Government prior to the election, who are now employed and have been given a new position or a reconfirmed position, that she take into account that whatever her time frame for comparisons are, that those people would have gotten merit increases for each year that they were in Government perhaps. Also, the CPI increase that was part of the MGEA contract that came through in September of this year as part of the MGEA contract, an increase of about 5 percent as I recall that was in that Civil Service agreement, and so all of those things ought to be taken into consideration so that you not just make a comparison between what that person's last OC said a year and a half or two years ago versus what this new agreement says.

No one to my knowledge has been given an increase of more than one step as a result of being reconfirmed into a position or moved from one special assistant position to another in the O/Cs that we have passed to this point and in the contract agreements that I will be tabling for the Members opposite.

Mr. Doer: I would agree that we should encourage departments to underspend their allotment. I have always believed that you could not do both things. You could not encourage departments to underspend and then take away their money as their base for the next year. As a person who tried to do the same thing in my brief period of time, I actually would encourage departments where they can save not to do the old-fashioned kind of thing. It did not happen a lot in Manitoba, but from time to time departments would be told or directors would be told or bureaucrats particularly would want to protect their sort of base. They would ask people to go out and spend a lot of money to protect it which did not seem to me to make any sense to the taxpayer if we had a rule in place that said, you are not penalized for good management.

* (1500)

I mentioned that the Premier's (Mr. Filmon) base was higher than actual last year, but mentioned it in a way that by no means I would encourage behaviour like that in all Government departments excepting some places where there is tangible cutbacks to people. That is why I would differentiate perhaps between the Premier's estimate and part of the Health Department Estimates—for example, in home care—and that is a debate we will have ad

infinitem. I was going to use another term, but we will continue to have that debate in different departments later on. I think it is a good policy, and I think all of us should maintain that policy.

The Premier (Mr. Filmon) started off on the position of Deputy Minister, potentially of Cabinet for Communications, which sounds to me like a new position. Can the Premier tell us how many people are working for the Executive Council Cabinet in Communications? I am assuming that one individual has had a promotion. The Premier is right. We have started some of our staff at the maximum level. I am particularly interested in the numbers of people and perhaps we can get the information on the one individual. I think we know who we are talking about in terms of the salary level, et cetera. I am interested in how many people are working in Communications for the Government, how many positions in the professional category, professional being defined as not administrative support.

Mr. Filmon: I am not sure if the Member and I do know the individual we are speaking of. When, a year and a half ago, we moved somebody into the Secretariat Communications for Cabinet position, it was the old position that had been occupied by Cliff Scotton under the Howard Pawley administration.

That individual, as I recall, I think is being paid at a lower level than Mr. Scotton was when he was in the position—lower or equivalent, certainly no more. That is my recollection but that was a year and a half ago. Nothing has changed in that particular position. We have four professionals in the communications side, one support staff, plus one on secondment—support staff, not professional.

Mr. Doer: Can the Premier please indicate the names? Our calculations are five professional staff, and I would just like to make sure I am working from the same basis.

Mr. Filmon: Professional staff are Barbara Biggar, Bonnie Staples, Kevin Lightfoot, and Kathleen Hachey.

Mr. Doer: Yes, I note that the Premier has not outlined the Cabinet communicator for Brandon. I understand there is a position established by the Government, a professional position; Ron Arnst is in the position. He is described as a communicator for Government in Brandon, and it would be the fifth communicator working out of the Premier's Office.

Mr. Filmon: No, he is not a member of the communications staff, and he is not listed as a

communicator. He is the co-ordinator of the Brandon—and his staff position appears in the budget in the Estimates of Rural Development.

Mr. Doer: Well, Madam Chairperson, this person communicates not Rural Development issues, this person is a communicator for the Cabinet. -(interjection)- Well, he is not a dairy farmer from what I can understand; he is a communicator. He was working in this building as a communicator; he was transferred to Brandon as a communicator. He is a communicator. -(interjection)- Well, why can we not have a frank discussion about this? Ron Arnst is a communicator. He is a trained professional communicator. He is working in the Brandon office. He answers all the media calls from all the Brandon media. He hands out the press releases in Brandon. He sets up the media opportunities for the Government in Brandon. Why can we not just be straight up on this? He is a communicator.

The Premier knows that. I know that, and if he is embarrassed because of his comments that he has made to the former Premier, Howard Pawley, about four people—and I went back over Hansard about his comments, the Premier's comments about four members of communication. It seems to me the Premier has five. Now he is trying to call this person something else, but I think we all know, he is a communicator, so let us—I am not saying that is bad or good, it is just that we have gone from four to five, and I think the Premier should just be up-front about that.

Mr. Filmon: Madam Chairman, I am not in any way embarrassed about it. I will tell the Leader of the New Democratic Party that we have an individual in the Thompson office who does exactly those same things, calls up the media, gives out press releases, but that person has no communications background whatsoever, has never been in communications. That person is a co-ordinator of the office.

What that person does is set up and schedule meetings between the Ministers and other relevant interest groups, whether it be the City of Brandon, whether it be the Union of Municipalities, the local chapter of the heritage and culture Association, any of those things, co-ordinates all those activities in and out, takes all of the calls incoming that have problems to do with Government, and handles those by assigning them to the right relevant department, getting an answer, trouble-shooting, solving the problem, acting as an outreach person for the Government.

In Thompson, the person who is in that co-ordinator's role has no background in communications whatsoever. In Brandon, the person happened to have come out of the communications area, but this was a promotion to go into that particular job, and this person qualified because of his history in Brandon, his work with many different groups and agencies in Brandon, volunteer work, a resident for some 12 or 15 years in Brandon. It is not I who is attempting to make this something that it is not; it is the Leader of the Opposition who, because that individual took a leave of absence and ran for our Party in the last election campaign, wants to try and make a political issue of it, Madam Chairman. The reality of the case is that individual, regardless of where he came from in the public service, was qualified to do the job that is necessary there, and the person in Thompson came from an entirely different background but is still qualified to do the job of co-ordinator of that northern Manitoba office of Executive Council.

Mr. Doer: Madam Chairperson, the office in Brandon serves all Cabinet Ministers of Government, I would ask the Premier that. Is it correct?

Mr. Filmon: Correct.

Mr. Doer: Well, that is correct. The person in Brandon does what would normally be done by communication staff in the Premier's Office, phones the media, sets up media opportunities, phones them and does damage control, phones them and says the Minister may not talk to them any more if they do these bad stories, does all the functions of a communication officer. Why has the Premier moved this person out of his communication line into another department when clearly that individual serves all the Government, not Rural Development Minister, and is clearly the fifth communicator for the Cabinet and the Premier? Why are we not being up-front about it? It is a fifth communicator; he has gone from four to five. Is he just a little uptight about this criticism of the former Premier about having four? The person talks like a duck, he walks like a duck, why can we not call him a duck, Madam Chairperson?

* (1510)

Mr. Filmon: Madam Chairman, I do not recall having criticized the former Premier for having four communicators. I criticized the former Premier for having 132, or whatever the number was. We have

reduced that number by over 25, and we have reduced that budget by several hundred thousand overall. We have reduced all of the communications functions of Government partially by centralizing some of it within Executive Council. We are getting far more work out of the Executive Council unit than we were getting out of having another 25 of them buried within the Civil Service, working politically for Howard Pawley and the New Democratic Party. We have consolidated and concentrated and reduced substantially the communications function, and I will make no apology for having part of it centred in my Executive Council area where we know that we are getting a great deal more work out of them than we were getting from 25 more of them under the Pawley administration.

Mr. Doer: Madam Chairman, we are dealing with the Executive Council Estimates, and I am glad the Premier has now admitted that the individual we have questioned is indeed a communicator for the Government, for the Premier and the Cabinet.

An Honourable Member: The co-ordinator.

Mr. Doer: Well, we have gone from four to five, Madam Chairman. Can the Premier tell us how much that office costs, the Brandon co-ordination office, how much it costs the taxpayers of the province?

Mr. Filmon: Madam Chairman, that information is readily available from the Minister of Rural Development (Mr. Penner). It is in his budget and he answered for it last year in the Estimates debate.

Mr. Doer: Madam Chairman, the Premier mentioned that the position of Secretary to Cabinet Communications is similar to that of Mr. Scott. Is that the position filled by Ms. Biggar, and can the Premier indicate the position that Ms. Staples fills in the Communication Branch, and can the Premier table the contract?

Mr. Filmon: Madam Chairman, Ms. Staples is a media specialist within that area. Her classification comes within that category. We have passed an Order-in-Council as the Member knows, authorizing us to enter into an employment agreement with her. I will hand out the employment agreements which are identical for any of the so-called political staff, and that includes Ms. Staples. They refer to executive assistants/special assistants employment agreement. They are identical for all of them, with the exception of the names and the position description so the Members can have these

copies. Ms. Staples' agreement has not yet been signed because she has been on sick leave. She was regrettably in an auto accident, and was somewhat seriously injured a couple of weeks ago, so she has been on sick leave since then.

I might say, for the specifics of the Member opposite that after the various salary increases that I referred to following her Order-in-Council of June of 1988, she received a general salary increase September '88, an increment July '89, and a general salary increase September of '89, and that took her to \$49,571, which she was prior to signing the new agreement. Effective October 20, 1990, the salary level that she will be placed at is \$51,935, one step increase as a result of the new employment agreement.

Mr. Doer: Yes, and as a person who had experience dealing with the individual, I have raised in the Meech Lake spinning—we can never beat the CBC nationally, I think we all know that, but she is a very qualified individual, and I certainly do not want my questions to —(interjection)— well, having separated my shoulder before, skiing, I know how the collarbone must feel. We wish her well, and certainly we would not take issue with her competence, notwithstanding the partisan assignments she, by definition, would have.

I am finished asking my questions on the communications side, and I will defer to the Leader of the Liberal Party for a minute.

Mrs. Carstairs: Well, thank you, but could we have from the Premier the same type of list that he distributed December of 1988, in which he outlined all of the names of his staff and the actual annual salary paid to all of them?

Mr. Filmon: The question that I had taken as notice was with respect to the contracts that were triggered by the O/Cs, that were passed, but we will go through and do a review of everybody and bring you up to date on what they are getting as a result of all of the increments that they will have received since the last list that I distributed, plus the names and so on. It may take us a day to put that together.

Mrs. Carstairs: That is a little bit of a change, I mean we have been through Executive Council Estimates in '86, '87 and again in '88. We were not through them in '89, and the day that we entered into Estimates we were given very clearly, a list of all of the employees of Executive Council, with all of their

salaries. Why are we not being given that information in that kind of forthright manner today?

Mr. Filmon: Madam Chairman, I recall, and it is being confirmed by my staff, that we had to compile the list in 1989 after the questions were asked by the Leader of the Liberal Party. It was not something that was routinely put together because we do not have it in that form, but if the Leader would like it we will put it together.

Mrs. Carstairs: Am I being led to believe that we do not have any of the salaries of any of these individuals ready to give today?

Mr. Filmon: All I am saying is that we do not have them all on one sheet, as the Leader has asked for. We have them in various bits and pieces and sheets on various documents that went into the preparation of the Estimates and some of them will have to be updated by virtue of any changes that will have taken place since September when the general salary increase went through, but if the Leader of the Liberal Party would like it we will put it together.

Mrs. Carstairs: Well then, since we are focusing right now on communicators, whether there are four or five of them, and I will agree there are four since the other one is in the Department of Rural Development, can we have the salaries of the four individuals, other than Bonnie Staples, which has been given us at \$51,935?

Mr. Filmon: Barbara Biggar is classified in an SF3 position at \$68,711; Cliff was at \$73,000—that is two and a half years ago; Kevin Lightfoot is at an MS2 position, \$44,048; Kathleen Hachey is in a PM1 position, \$31,642.00. Would you like the support staff position, as well?

Mrs. Carstairs: Yes.

Mr. Doer: I would like to move to another area. The Premier announced the establishment of the Manitoba Government office in Ottawa. Can the Premier indicate the costs and the benefit of the federal-provincial office—federal-provincial relations, of course, comes under the Premier's jurisdiction—of this office in Ottawa. We certainly applaud the appointment of Mr. Blackwood and we would ask the Premier what the cost has been and what have been the benefits to Manitoba under federal-provincial relations?

* (1520)

Mr. Filmon: As the Member knows, that item comes under the budget of Industry, Trade and Tourism. It

is an office for whom one of the major responsibilities is in procurement, getting advance information on procurement opportunities and initiatives for Manitoba-based companies, opportunities for perhaps getting involved with things like the TICCS program. I think the Member will have noted that we are projected to get—what was the figure?—of industrial benefits out of the TICCS program, 850 jobs and substantial, I think something in the range of 10 percent of the overall contract work will come into Manitoba, those kinds of things, an immediate liaison with Western Diversification and other people in Ottawa on initiatives that can benefit producers, suppliers, manufacturers in the Manitoba economy.

The Member is correct when he indicates that we do have the good fortune of having Mr. John Blackwood, the former Canadian Consul General from Minneapolis, as our representative, and he is I think universally regarded as a major coup for the province in getting somebody of that calibre as our representative in Ottawa. I would say without being too boastful that we probably have the most highly respected and effective representative in Ottawa of all the provinces. I have met their people and inasmuch as they are effective and good people, I think that Mr. Blackwood does represent the kind of calibre that we can be very proud of.

He does provide us all sorts of intelligence and information and liaison as to all the things that are going on in Government departments. I think some of the initial information that was rumoured about changes in telecommunications policy that we were able to successfully beat back last year, the first warning of it came from inside information that Mr. Blackwood got from within Government departments.

There were a number of things in which he gave us some early warning of activities within Government departments in Ottawa that were helpful to us in reacting and responding to them. He does that kind of thing very readily because of his extensive networks of contacts within the federal public service, but as well, his first and foremost responsibility is to try and promote Manitoba's best interests in Ottawa, whether it be by taking advantage of opportunities within Government for procurement or industrial investment or any of those kinds of things, and he is always looking for liaisons back and forth between the Manitoba economy and the opportunities generated out of Ottawa.

I might say that he sort of takes it as a global responsibility. He often goes beyond his parameters and is here in Manitoba giving speeches to Manitoba audiences about the things that can be done by virtue of the opportunities in Ottawa or even just economic shifts or industrial investment shifts that he can see by virtue of his position in Ottawa.

I have nothing but positive things to say about his effectiveness, and I say for the dollars that we are spending we have one of the leanest operations by way of a provincial office in Ottawa, and I think are getting very great effectiveness out of it. That is my judgment. I am prepared to debate it with the Member opposite.

I can say this, though, that we did put forth a budgetary item when we announced the establishment of that office. We were well under that budget, and I think we remain under that budget despite being a year and a bit down the road of operation of that office.

Mr. Doer: Yes, as I recall it, it was in or around the \$280,000 to \$300,000 range. I am just going by memory, and as I say, I have absolutely no problem with the calibre of the person chosen. I think the last time we did the Premier's Estimates, we asked that this position be non-partisan, in the tradition of federal-provincial relations in this province, rather than a partisan appointment, and we were positive about the appointment at that point. It is especially important, perhaps—well, I guess it really speaks volumes of the federal Minister responsible for Manitoba, Madam Chairperson, the Honourable Jake Epp. That is not a part of the Premier's Estimates here today -(interjection)-

An Honourable Member: He has his own Estimates.

Mr. Doer: That is right, which they passed in about five minutes, I understand.

My question to the Premier is: Have we received, in percentage terms, the West and Manitoba, but the West particularly has gone down from the former Trudeau Government of about 14 percent of procurement in western Canada down to 11 percent in procurement under Mulroney, notwithstanding the allegation that the Tories in Ottawa would be better than the Liberals in Ottawa. The percentage of population in western Canada, about 29 percent and growing, Madam Chairperson, and yet the procurement policy of the federal Government

continues to punish western Canada and I believe Manitoba.

We have already received analysis of the number of civil servants, public employees that have dropped one of the highest proportions in the Premier's administration; those are all good paying jobs in our economy. I ask the Premier (Mr. Filmon): Have we had an increase in procurement to the Province of Manitoba from Ottawa, or have we had a decrease or is it status quo with the federal Government through the federal-provincial office?

Mr. Filmon: Madam Chair, just two things, before I go into that about procurement, and I think it is an excellent topic, we have followed through as much as possible the urgings of the Member opposite when he said we should attempt to staff our office in Ottawa with non-partisan people.

Mr. Blackwood, to my knowledge never was a career diplomat. He just simply could not have carried a Party membership card, nor was he partisan to my knowledge.

No. 2, his 2-IC is Nancy Houle, who is an economics specialist, who we were fortunate in that for personal reasons was transferred back from Manitoba to Ottawa, had been with a management consulting firm here in Manitoba and went back to be close to her home in Ottawa and is a specialist, I believe bilingual, certainly a very able person working in that area on the economic side. Again, no partisanship that I am aware of involved in that hiring. We were just fortunate that she had been in Manitoba, knew the economy, worked as a management consultant here and went on to be available to us there.

The support staff person was with the Department of IT&T here and because of family situation requested a move to Ottawa into that office position. So she came right from our Civil Service in Manitoba and was directly transferred there. Again, no partisanship involved whatsoever.

* (1530)

I think we have been fortunate in that. I agree with the Member, and we are certainly going to do everything possible.

With respect to federal procurement in western Canada in general, Manitoba in particular, I know that there is one major area that the Member is probably aware of, and that is the procurement out of the federal Government, with respect to the aerospace industry. The F-5 overhauls, the major

contract that was awarded to Standard Aero Engine for helicopter engine replacement and some other work that is coming as a result of the TICCS agreement but a lot of it is already here.

The employment levels in the aerospace industry are virtually at all time high levels in Standard Aero, Boeing, Bristol and, of course, Hughes now being here, setting up their acoustic technology.

Most of that is courtesy of the federal Government's procurement. The figure that I was given by a senior ranking officer in the air command, just about August of this year, was that the standing contracts, as they refer to them, for federal Government defence procurement in Manitoba are now \$200 million higher than they were in 1988. That \$200 million annually, they calculate is worth something in excess of 600 jobs, additional during that period of time. I think that is pretty impressive. That is just one major sector, but it reflects the figure that we have from Supply and Services Canada that says that, firstly the federal Government, in its western procurement initiative—and you know that western Premiers hammered at this in 1988 and 1989, and recent indications are that there has been a significant improvement over the past couple of years.

Manitoba's share of Supply and Service Canada's procurement in Canada, in fiscal 1988, jumped to 3.5 percent of the total from 2.7 percent in 1987, and it increased again to 3.9 percent in fiscal '89, and to 4.8 percent in fiscal '90. So we are making significant progress, in fact, fiscal '90 is 4.8 percent of all Supply and Services Canada procurements in Canada, coming to Manitoba, compared to 2.7 percent in 1987.

Mr. Doer: I thank the Premier for those numbers. Statistics Canada has produced figures for the amount of federal public employees in Manitoba to radically decrease. In fact, there was an article in the Free Press recently on those numbers, and particularly the decrease has been in the last two years.

Can the Premier indicate what their office's calculations are of the decrease in the number of federal public employees, what action the Government has taken with the federal Government, because it has appeared to us to be much higher proportionately to any other province? One argues they should decrease the size of the public service. That is a separate argument because

the proportion would seem to be much higher here, and what are the results if the Premier has taken any initiative in this area.

We hear every day, other federal announcements on the infrastructure and services to Manitobans, whether it is air traffic control on a community, or public service jobs and Crown corporations like CN or VIA Rail, or whatever, the military bases. What are those numbers? The Premier confirmed the article, I am sure, he has read, and what action we have taken on those, or does the Premier not buy the assertions made on the federal public service in Manitoba.

Mr. Filmon: Madam Chairman, I do not intend to defend federal moves with respect to Manitoba. There were any numbers of instances of moves that took place. The announced closure of the base in Portage la Prairie, Kapyong, that has not materialized at this point, the Kapyong move, and one hopes that maybe there are reasons why it will continue to operate here. We are working very diligently with the federal Government to try and replace the employment levels that are currently in Portage la Prairie with private sector related aerospace industrial opportunities there.

We will see what results ultimately in that, but the VIA cuts, the Transport Canada cuts, the Employment Immigration Canada moves, the total effect reflects the downsizing overall of federal public service. I officiated at the opening of one lab on the site of the Mint, one federal health lab, in June, I guess of 1988, which added some federal employment complement to Manitoba. The Virology Lab that is scheduled to open somewhere in the mid-1990s will add substantially more jobs to Manitoba from the federal side.

Like many areas, the federal Government is rationalizing, shifting and combining areas, and we are going to do everything we can to ensure that Manitoba gets its fair share of some of the shifts that take place. I will not attempt to defend in any way, measures that the federal Government has taken to decrease their direct employment here in Manitoba. At the same time, I point out that, in terms of procurement, we have been successful, and those would be jobs that will show up in the private sector.

Mr. Doer: Moving into continued areas of federal-provincial responsibility, can the Premier tell us how much money in the present budget of the Sustainable Development Centre is contributed by

the federal Government? We note there was about an \$800,000 expenditure provincially. Can the Premier tell us how much money we are getting in this fiscal year from the federal Government?

Mr. Filmon: The initial commitment is \$1 million annually for five years from the Department of the Environment.

Mr. Doer: This is indeed quite an erosion, I think the Premier would admit, of funds. We heard \$100 million announcement from the federal Government, then we heard it was \$50 million from the federal Government to Sustainable Development, then we heard it was \$5 million from the federal Government, and now we have the cash flow now confirmed \$1 million a year. Madam Chairperson, that is quite a bit less than what we heard from the federal Government all along. Were the federal Government misleading Manitobans in terms of their commitment to the Sustainable Development Centre?

Mr. Filmon: I recall very well the article, which was a speculative article out of Ottawa, that quoted the \$100 million. I might say that everyone that I spoke to was absolutely flabbergasted with that figure, because it had never, ever been part of any discussion that anybody had on an official level. The expectation we have is that the funding that we will contribute to the centre will be matched on an approximate 3 to 1 basis by federal funding, plus there will be private sector, external, international funding for joint demonstration projects and studies and undertakings and so on, that will make up its total budget ultimately.

There is an expectation of funding from both environment and CIDO. I have given you what the commitment is from the federal Environment Department of \$1 million a year for five years. Other funding is presently being put together based on the program of action that the institute is developing.

Mr. Doer: Has the federal Environment Department flowed any money this year? Obviously we are six months, almost eight months into the fiscal year, first of all. Secondly, have they reduced their commitment from any contributions they would make from Western Diversification? You know, the old federal chestnut where they sort of offload?

I am just asking whether this is new money, or whether this is money that would be part of our provincial share of Western Diversification. Thirdly,

when can we expect the 3 to 1 ratio which would give us \$2.4 million per year minimum?

Mr. Filmon: The money that I have spoken of does not come from Western Diversification. They did initially put in \$135,000 to do a business plan, but that was before the commitment of \$1 million a year for five years out of Environment. I am told that the first money was to have flowed last week, and I cannot confirm whether or not the cheque was received, or whether it is still in the mail.

* (1540)

Mr. Doer: Well, do not buy anything on the federal credit. I hope we receive the cheque for, one would think, close to \$600,000 or \$650,000 for this share of the fiscal year.

My question to the Premier is when will we get to the level of 3 to 1 funding that he has articulated, the \$2.4 million per annum that is necessary to meet that expectation the Premier raised?

Mr. Filmon: Let us be clear that the money does not flow to Manitoba, that the Government of Manitoba is not out one penny if that money does not flow, that it goes to the institute itself, which is an independent body with an independent board, and it is they who will have to shake the federal tree to get the money if it does not come. The \$2.4 million is the longer term expectation.

We are looking, you know sort of five years at a time, but that is the kind of expectation that we are looking at. It may not all flow in the first year, because again, they are just hiring staff, they are just getting started and putting together their plan of action as to what projects they will undertake by way of demonstration projects, educational projects, research projects, et cetera, et cetera. Until they get that together, the money is not going to flow.

It is not just a matter of running out and spending \$2.4 million for the sake of doing it. Their board of directors and—they are putting together a pretty impressive board, I think. I know certainly anyone who has heard Lloyd McGuinness speak about the institute knows that they have high-calibre people there to do the job, and it is a matter of them now setting the kind of international agenda that an institute of that nature should in fact set.

Mr. Doer: Moving along, and I think that there is a tremendous discrepancy between the initial expectations notwithstanding one piece from the federal Government, the expectations raised before the last federal election and the commitment that we

see now. There is quite a bit of distance between the two, Madam Chairperson, when you consider the fact that other provinces got, before the last federal election, Hibernia, OSLO, Lloydminster, pipelines to British Columbia. We had the cleanup of the St. Lawrence River. We had the cleanup of The Great Lakes.

Madam Chairperson, it does seem to us that when we look at all the bottom lines, whether it is Sustainable Development or all these other projects, we are quit a bit—in fact, Manitoba taxpayers, I would suggest, are subsidizing a number of other projects in other provinces and not really getting any return, which raises the next question to the Premier. Can the Premier indicate whether the Western Diversification has indeed been—I think the term they use now in Ottawa is, it has been given an elastic so that the original five-year commitment has been expanded, so the year-to-year commitment is obviously less. Has the Western Diversification been elasticized, in the Ottawa bureaucracy's terms, and therefore, has the commitment to Manitoba been less than expected? Can the Premier please indicate what the status of that smoke and mirror kind of announcement was?

Mr. Filmon: I will attempt to get a complete update as to where we stand in money that has been expended in Western Diversification, but we have been getting more and more money, with each passing quarter, invested in Manitoba. Western Diversification has been central to a number of initiatives coming into Manitoba and more, I believe, are on the horizon.

I just say to the Leader of the Opposition (Mr. Doer) that, for whatever reason, a number of those commitments that he mentioned as being federal promises prior to the '88 campaign did not materialize. OSLO, for instance, has been deferred indefinitely. The icebreaker was cancelled, so that kind of situation has occurred. If there is a decreasing level of commitment to Manitoba, it is certainly probably not as bad as the decrease that has hit other provinces vis-a-vis the commitments that were made by the federal Government.

At least we do have the institute here. At least we do have federal dollars committed and a program being developed for it that is a long-term benefit, I believe, to the Province of Manitoba.

If I may, I have been given an update, a relatively recent update, as to the project values approved by

Western Economic Diversification as at July 13, 1990—and give you some indication, because I believe, when we took office on May 9, 1988, that the level of commitment was \$7 million or something like that to Western Diversification. It was certainly under \$10 million. We then, by a year later, June 16, 1989, had \$68,000,600 committed to Manitoba by Western Diversification. By July 13, 1990, that figure was up to \$111,000,100.00.

To just give you some indication, that was an increase over that 13-month period of \$42,000,500 in Western Diversification commitments to our province.

During that same year, that 13-month period, the increase in commitments to Saskatchewan was \$29,500,000, to British Columbia it was \$42,800,000 and to Alberta it was \$59,800,000.00. Given our relative populations, we have been faring reasonably well, but recognize that it all depends on us coming forward, that the private sector in Manitoba must come forward with projects that fit the criteria of Western Diversification and aggressively pursue them. That \$42,500,000 of additional projects during that 13-month period compared favourably with project approvals in other areas.

Mr. Doer: The Premier mentioned taking office on May 9, and he also mentioned just a minute ago about the health lab in June, that he participated in the opening. I would suggest that some of the Western Diversification negotiations were in its embryonic stages, Madam Chairperson, but my question then to the Premier is: It seems to me that the answer he gave me confirms that the Western Diversification rather than being a five-year, \$1 billion program for western Canada is indeed now a seven-year program for the same \$1 billion from the flow of money he has indicated, which was my initial question.

We have elasticized it by a considerable amount and, secondly, will we achieve—our initial goal and there was public confirmation of that by Jake Epp, the federal Minister, that we could achieve a \$250 million flow out of the billion dollars over five years. Will we be able to achieve that? It does not seem to me with the \$111 million announced today over three years we are going to achieve that unless we get another \$140 million over the next two years. Can the Premier indicate what the status therefore is of meeting that \$250 million commitment that we had from the Honourable Jake Epp in '87?

* (1550)

Mr. Filmon: The Member may recall that both in the spring of 1988 and the spring of 1989, western Premiers attacked the federal Government for the slowness of the start of Western Diversification and the fact that there was lots of talk, but not much money flowing. Despite the fact that \$500 million had been committed by July 13, 1990, that represented three years into the program that they had finally got to the halfway point. They really were not working at the pace that would have seen them flow that kind of \$1 billion within five years.

They have in fact extended it to seven years to get the money out to ensure that the \$1 billion does indeed get out, and as I indicated, we, by July 13, 1990, had \$111 million committed to Manitoba. If it is a seven-year plan, I think it is conceivable that the \$250 million target is achievable within another four years.

Mr. Doer: We have just had confirmation of something that has taken us a long time to get confirmed, because after the Atlantic announcement was made it was rumoured, in fact it was noted in the media for a day, that the Western Diversification would go through the same thing, and I think the media in Ottawa and ourselves would not get it confirmed. In fact, Charlie Mayer denied it.

Charlie Mayer has been on record, as the Minister responsible, for a number of years denying what had happened in '89 where this program has been elasticized. So we have seen a 40 percent decrease in the federal commitment to diversification since it was originally announced by the elastic announcement of the confirmation by the Premier (Mr. Filmon) today that the Western Diversification program has indeed been elasticized to a seven-year program which is close to a 40 percent cut in the year-over-year commitments to western Canada.

Madam Chairperson, the Western Diversification Minister would not confirm that before. We asked those questions in the House of Commons. I know that the correspondent for the local paper, The Free Press, has asked those questions and could not get it confirmed, and now we have, and I suspected this was true.

The Premier (Mr. Filmon) is absolutely right. The Western Diversification program has gone from a \$1 billion five-year program, which replaced a number of other agreements too. It was not new money; it

was just repackaged. Charlie Mayer would not admit to this, Madam Chairperson. He would not admit the fact that this budget had been reduced considerably by elasticizing the program.

I would thank the Premier for admitting now that it is a seven-year program. Charlie Mayer has not been up-front with us unfortunately, Madam Chairperson. It has gone to seven years. I thank the Premier for confirming that today, because we have been trying to catch the numbers all along, and I would hope that the Premier (Mr. Filmon) will continue to not only complain or raise concerns about the federal offloading with the seven-year commitment, but be even more specific.

I have read the Western communique and I did not note the specific comment about taking a five-year program to a seven-year program. I do not know whether the Premier (Mr. Filmon) has written the Prime Minister and complained about this 40 percent reduction. I would ask if he has whether he could make those letters public, and I would ask the Premier to—we would offer all-Party support to raise the issue of the offloading of the federal Government on western Canada that has been confirmed by the Premier today.

I think it is outrageous. I think it is terrible, and I think we should all join together, perhaps an all-Party resolution in this Chamber, perhaps some other way of displaying with the Premier (Mr. Filmon) our absolute outrage at this federal Minister offloading and double-clutching on an original commitment of a five-year program by such massive amounts of money.

I would ask the Premier (Mr. Filmon) whether he would want us to join in an all-Party resolution or an all-Party effort to publicly condemn the federal Government and the decrease of this program by some 40 percent which is hundreds of millions of dollars to western Canada, Madam Chairperson, and we would offer to join with the Premier if we could be of any help on our concerns that I am sure the Premier feels as well.

Mr. Filmon: Madam Chairman, the western Premiers have consistently condemned Ottawa for federal cutbacks: EPF, CAP, equalization payments, every single area. I know that some of the agreements that had been entered into by the former administration over a five-year period of time were underspent.

We came to Government near the end of some of those agreements because they began in '83. Some of them were signed in '84 and others were signed I think perhaps in '85. We were faced with a situation which was very, very evident from the available cash flow that the province had because the province has to match these funds, that we could not spend a lot of the money and some of those ERDA agreements of the mid '80s were not fully spent.

The only option we had was to extend them a year or two and allow us to spend out the money, and so we did that with the Tourism agreement, we did that with the—I am just trying to think off the top of my head, but virtually every one of those agreements ended up being extended a year or two so that we squeezed every possible federal nickel out of them.

I would rather do that, to be honest with the Leader of the Opposition (Mr. Doer), than have the money lapse. That is the alternative, that if the federal Government in announcing a program is late gearing up to get under way flowing the cash, and you backlog it to the point that the province then ends up not being able to match the fund because of its own cash flow restraints, then you have got to extend those programs. I do not prefer to have it done that way, I would like to see the money spent and flowed quickly but basically for the first year of that Western Diversification agreement, as I say, less than \$10 million was actually flowed into Manitoba because—well, we could blame it on lack of action by the former Pawley administration. I do not want to do that because I know that inevitably those kinds of cash-flow situations occur when you have major long-term programs and you have to gear up in the first year.

So we are going to make sure that we get every dollar that we possibly can and that we hit that \$250 million target which was initially envisaged and that we get more money in future from other agreements that we are working on, as the Member well knows. We have the SDI now, we have the French Language Services agreement and we are working on others. Our objective is to layer on more and more programs that target real needs in Manitoba that help our economy and help us to provide the kinds of services that we must as a Government.

Mr. Doer: Madam Chairperson, the Premier has admitted that a \$250 million five-year program is now a \$250 million seven-year program; \$1 billion five-year program is now a \$1 billion seven-year program. So that is a major erosion in the support

of the federal Government to diversify our economy, it is a major erosion of the original press release of the federal Government by the former Minister, Bill McKnight, now the present Minister, Charlie Mayer, I believe. It has not been publicly confirmed before and it is very difficult to ferret these numbers out from the federal Government. I am pleased that we have now confirmed that the Western Diversification program has indeed been formally expanded to a seven-year program which results in an erosion of funding from the federal Government, again at least \$15 million a year to Manitoba, but certainly an erosion of federal money in contributions to western Canada.

I asked the Minister whether he would be willing to participate in an all-party resolution of this matter to condemn the federal Government. We are offering that kind of support today, whether the First Minister would be willing to do that so that we can be very public in this Legislature. Secondly, the Premier mentioned the ERDA agreement. I would agree that sometimes the first year does not flow as much money as latter years, but the last ERDA agreement was \$288 million over five years. We do not have film industry contributions from the federal Government any more, what is the status of the ERDA agreements? But I would offer the first question, is the Premier willing to have an all-party resolution in this Chamber because we would certainly be willing to join with him?

Mr. Filmon: Madam Chairman, I can be corrected, but staff are advising me that this is not a new revelation, that this matter was confirmed during debate of federal Estimates in June of 1989, that the cash flow that was put into those Estimates generated this kind of discussion at which it was acknowledged that the time frame would be expanded to ensure that the dollars would be spent. We will go back and see whether our information is correct or not, but that is the best advice I have from staff, that this is not any new revelation.

* (1600)

Mr. Doer: We think it is a formal confirmation of something we suspected for a long time, Madam Chairperson, and we are pleased the Premier has confirmed it. I do not know—it does not change the cash flow.

My other question is to the Premier in federal-provincial relations, and then I will defer to my Members because I am sure they want to ask a

lot of questions on federal-provincial relations as well.

The ERDA agreement of \$288 million has—I know the Premier announced the Southern Development Initiative, but it sure does not seem to be the amount of money and the scope of funding that we saw before in the \$288 million ERDA agreement.

Can the Premier indicate to us how we are going to have a film industry, how we are going to have northern economic development, how are we going to keep our ACCESS programs going, how we are going to have those needed vital public services available to Manitobans if he is unable to renegotiate a ERDA agreement as we did in the past?

Mr. Filmon: Madam Chairperson, all I can tell the Member is that we continue to work with the federal Government to try and persuade them of the urgent need for their continuing contributions toward education of our aboriginal people.

Those areas that include BUNTEP, that include ACCESS, that include a number of areas that clearly are targeted at aboriginal people in the education system must be a priority of the federal Government. That is our position and we continue to work with them. They extended it for one year, this fiscal year. We continue to make the case that these are programs that cannot be walked away from by the federal Government.

With respect to other issues, we are attempting to negotiate with the federal Minister of Communications and Culture, other subagreements, side-agreements, issues to layer on to the things that are contained within the current umbrella agreement that we have with the feds.

The \$60 million federal agreement to be matched by \$60 million provincial funding, and in the case of SDI by another \$30 million of municipal funding, those cover specific areas as I am sure that the Member knows. They cover SDI, and they are intended as well to cover tourism, forestry and minerals development. There are a number of areas to do with communications and culture, to do with education and northern and Native programming that we are still in an ongoing talk basis in order to try and get separate agreements with the federal Government on all of those issues.

Many of the matters that we have attempted to talk with the federal Government about, where they

have an economic development edge to them are being funnelled under SDI for the very reason that—sorry, under WDO for the very reason that the federal Government believes that if they have an economic development side to them, that they more particularly should be under WDO.

We, of course, have a federal commitment with respect to HBM&S and the reconstruction of the smelter there that amounts to \$25 million to come out of the acid rain abatement section, I think.

With each and every individual case, there is a separate case to be made. We continue to work with the federal Government for instance towards the development of that transmission line to the northeast sector—five communities or seven communities—and that too is a separate pocket.

You know, one of the difficulties that we have is that each one of these initiatives comes under a different federal department, a different Minister. You have to keep going after them and after them and after them, and that really—the ERDA agreements were in a sense that way and there was the urban bus, there was the Churchill agreement, each one of them had a different dimension and a different department and a different Minister, and they were lumped together.

If you want to do that with respect to the acid rain abatement, with respect to the northeast transmission line and so on, you will end up being able to take a look at the global effect of Western Diversification and all these other things together and make your arguments.

When we make precisely the kind of argument that the Leader of the Opposition (Mr. Doer) is attempting to make with us, the federal Government shows figures that indicate that they are flowing more money to Manitoba today than they were in the days of those ERDA agreements. You know, it is a matter of whose figures you want to accept.

Mr. Doer: I will ask the Premier, whose figures does he accept, first of all, because we are dealing with his Estimates? Can the Premier indicate—it is our estimate that we are below in ERDA dramatically, below the support from the federal Government under those agreements, and when will the Premier know and be able to inform Manitobans?

I think he told us in Question Period he would not only get the same as, but he would get more than we used to get before. Of course, I will not go back to the old chestnut about just picking up the phone

and phoning the Prime Minister, he has probably heard it too many times before.

I will not go back to that, but when will we know, because those ACCESS programs, et cetera—the only thing we know now is people have letters of termination or the programs have letters of termination. I would ask the Premier: When will we know about those programs that are needed and essential to Manitobans, and then I will defer to the Libs?

Mr. Filmon: Madam Chairperson, I have had a number of phone conversations with the Prime Minister that did not necessarily result in my being too happy about the prospects for Manitoba, or some of the messages that I was being delivered with respect to Meech Lake and all of those and the Member is well aware of it.

The fact of the matter is that we will continue to fight to ensure that we get a greater share of federal spending in Manitoba, that we get a greater amount of federal spending in Manitoba, and that we have specific projects that are legitimate. The Member talks about giving notices to staff with respect to those university programs that were funded. The reality is that we do have an inflexibility there that calls for people to have their employment confirmed a year ahead of time when we do not know whether we are going to get the money until perhaps the spring. We need to have that flexibility so that staff are not hired with responsibilities to the provincially funded universities, colleges and institutions, and us having to accept.

That is ultimately where we will get the offloading is if we commit to those staff being hired and then the feds will turn to us and say, well, you are going to have to pay for them anyway because you are committed, your dollar is committed. Then they can walk away from the table knowing that we cannot get out of those, and we will have to pick up their share.

From a bargaining position, we have to make that decision regrettably to not confirm their employment, and hopefully by this spring sometime we will have the federal Government's commitment, so that we can continue getting their share of the funding, and obviously we will continue the employment of those teaching staff positions.

Madam Chair, we are talking about funding and major projects for the North, for northern Manitoba, and investments of significant dollars in northern

Manitoba and, of course, the Leader of the Opposition is talking only about getting some Government funding in the North. At the same time his Party is opposed to a major \$1 billion dollar investment by Repap in the North. It involves hundreds of jobs. Indeed, overall if he were to get his way, some 1,200 jobs would disappear from Repap in The Pas and thousands of jobs involved with Conawapa.

The Liberals are certainly talking about Conawapa and the transmission line not being a good idea for Manitoba and cancelling that project. -(interjection)- Pardon me. Yes, I said it should. No, I said it should be postponed for two years so that we did not have two years of paying interest on a \$1.7 billion debt with no revenue to offset that which is precisely the situation we are currently in, which is driving up rates at Manitoba Hydro, which is a crime and another legacy of the political manipulation of the Pawley administration with respect to Hydro policy.

Mr. Doer: I cannot let the Premier put things on the record that are distanced from the truth. Let me be very clear about our policy on Repap. First of all, we do not believe in the smoke-and-mirrors numbers that the Premier has allowed to be placed in the Fiscal Stabilization Fund that have been, quite frankly, chastised by the Auditor. He says there is not an asset. Well, we are the only Fiscal Stabilization Fund that has a non-asset asset in the fund. Next week if we have not enough health care money, you cannot put that into the health care system, because you know it is like shares in a swamp in Florida perhaps in terms of what it is worth in the Fiscal Stabilization Fund, Madam Chairperson.

* (1610)

So let us be clear that we disagree with the Government in six areas on Repap, one is the forest-cut area that this Government changed after we asked the question in the Chamber six times whether they would change the forest-cut area. They did it after they said they would not. You can read Hansard.

Secondly, we have a disagreement with the Government on the expansion and the chlorine bleach. We have had that disagreement before. I think we will continue to have it, and that is fair ball. That is the nature of democracy; we should have disagreements. We know that there is other

technology available, and we think that the Government should have negotiated the newer technology.

It is even interesting to watch McDonald's this week make an announcement they are going to brown wrappers for their material. Perhaps we could start learning from some of the corporate directions that are taking on in this country for good marketing reasons rather than following the path, but that is a huge debate on some other item some other time.

We do not agree with the policy on Treaty Land Entitlement that the Government is pursuing. We do not like what is going on with the bands going to court now against this Government on the cut area without that being resolved. We can go on about a couple of other items that we would renegotiate in terms of the provincial Government. That is a whole separate debate.

I asked the Premier about Northern Economic Development. He has told us that there is no agreement with the federal Government. He has confirmed that he is having a great deal of difficulty getting a new agreement in ACCESS and Northern Economic Development. We would just ask him to follow through in his commitments that he made in 1988 that we would not only get the same amount of money as what was negotiated by the previous Government, but he would exceed what was gained by the previous Government. The proof will be in the pudding, not in the rhetoric, but on the bottom lines what we get.

We wish the Premier well. We want him to succeed, not fail in this regard, because after the Question Period is over and after all our rhetoric is finished here this afternoon, it is the people in the North that will be suffering and the people who need the most economic development who will be suffering. It will be the people who want to enroll in ACCESS that will be suffering and those are the ones we are concerned about in raising those questions with the Premier, so we wish him well in his negotiations. We hope he is able to succeed.

Mr. Filmon: I thank the Member for that. We have said that our objective is to get more dollars overall, but we may not have them go into exactly the same areas as they were before. There may not be another Urban Transit Bus Agreement, there may not be another Churchill agreement, but overall there may be other priorities in total, that we put together as a package, and that is what we are

aiming at. He will be able to see the proof of the figures in that.

With respect to Repap the cut area that is involved in the dispute with Cross Lake is identical to the cut area that was allocated to Manfor under public ownership.-(Interjection)- Yes, there was cutting in that area, Madam Chair, no question about it.

Secondly, this change to a bleached kraft process was not only contemplated by the former New Democratic administration but accepted by them. We have the letter from Mr. Tom Owen, the Deputy Minister of the Environment to the consultant representing Repap, indicating that not only were they prepared to accept the switch to bleach kraft, the former NDP administration, but it was not even confirmed as to whether or not they would have to go through an environmental assessment process, as Manfor had been exempted previously from any licensing and any environmental assessment.

So the Leader of the Opposition may have changed his party's position, and had a conversion on the road to Damascus, but this is not as a result of us doing anything different than had been left in place by his administration.

Mr. James Carr (Crescentwood): Madam Chairperson, the Leader of the Opposition has covered much of the ground that we had intended to, but we can do a little bit of backtracking and try to fill in some areas that the Leader of the Opposition had missed. One thing that you learn in this House is that nobody every forgets anything, and if you do forget it, you always have Hansard to remind you, and I am reminded as we listen to this debate that the Premier, just at the time that he was elected First Minister in 1988, heralded the dawn of a new age in federal-provincial relations.

I also can recall, not very long after that when the Honourable Jake Epp was in Winnipeg for a meeting that he almost came to blows with the Minister of Industry, Trade and Tourism. The Minister of Industry, Trade and Tourism having said at the time that he felt like punching him, Jake Epp, in the nose. That was sort of symbolic of the -(interjection)- Yes, we do remember it. There is very little that we are allowed to forget when we ask questions that the Member does not like, we are reminded of them, and we also have a memory of our own.

Beyond that symptom, or that symbol of the depths to which federal-provincial relations have sunk in Manitoba, we also have pretty hard-headed

evidence. We have the loss of federal public service jobs out of the Province of Manitoba, mostly travelling to the City of Edmonton. I suppose the cynics could say that had something to do with the constituency of the Deputy Prime Minister who is looking to find ways of stimulating the Alberta economy through a transfer of jobs from Manitoba to Alberta into his own seat, as the Leader of the Liberal Party says.

For whatever reason, I think it is inarguable that Manitoba has been the loser as a result of these transfers of jobs as a result of the procurement that has been given to us in Manitoba. Now the expiration of the ERDA agreements which is going to result in some \$288 million of lost revenue to Manitoba. What concerns me, Madam Chair, is that in these ERDA agreements there was some opportunity for the Government of Manitoba to negotiate with the Government of Canada so that our priorities were into the mix, and we were able to negotiate these \$288 million worth of agreements promoting our side as it were in the negotiation. The problem with Western Diversification and with other federal funds that flow in is that we do not often have a say in how those funds will be used.

My question to the Premier is: What effect will the expiration of the ERDA agreements have on organizations, individuals and strategies which have been set in place over the last five years as they now have to contemplate the funds running out?

Mr. Filmon: Mr. Speaker, not that I want to in any way defend the federal Government, I have fought the federal Government and that is one of the reasons why if I pick up the phone I do not get a very satisfactory response to some things, and if the Prime Minister picks up the phone he does not get a very satisfactory response from me from time to time because we happen to fundamentally disagree about many issues. First and foremost, I will stand up for Manitoba and fight whoever is in the federal Government, whether it is Liberal, Conservative or, heaven forbid, New Democratic, that will be the case.

(Mrs. Rosemary Vodrey, Acting Chairman, in the Chair)

* (1620)

This First Minister will fight whoever is in Ottawa if it is in Manitoba's best interests for me to stand up to them. It does not matter what kind of colouring

that the Member for Crescentwood (Mr. Carr) wants to put on that, the reality is that I will speak, first and foremost, for Manitobans, and the consequences may not always be favourable to Manitoba. If he was suggesting that I ought to have given in on Meech Lake, in order to create a better environment and a better climate with respect to federal-provincial relations, he is dead wrong because I will not and that will be the case, Madam Acting Chairman. -(Interjection)- Well, that is the alternative, is to just simply agree with the federal Government. If you want to keep a good relationship and you want to agree with the federal Government on everything, that is fine, but I will not.

Madam Acting Chair, the ERDAs are an ongoing area of discussion and the Member for Crescentwood (Mr. Carr) has talked about whether or not there is in place any infrastructure, any jobs, any mechanisms in Government which depend upon renewals of ERDAs that are now going to be out of work or dismantled, or whatever have you. We are attempting, in areas that continue to be priorities, to keep those operations going to provide the kind of programming that they were intended to.

CIDO has been replaced with another initiative in the film industry, funded for this year by the federal Government, plus ourselves, under a different umbrella structure than was there before. The Member may well know that the individual corporation that was set up by the former administrations, federally, set that up in such a way that it was a private corporation through which the funding flowed and it, in our judgment, was not the best structure. We tried to change both the structure and also get a renewal of funding from the federal Government. We succeeded in getting funding for this current fiscal year which, in addition to our own funding, will keep the programming going in that area. The same thing is true, we have got one year of funding, plus our own contributions, to make up to previous levels for the educational funding in the way of BUNTEP and ACCESS and so on.

We have signed, in addition to the things I have talked about, we have signed a federal-provincial soil and water agreement that was \$12 million. We have got this North American Waterfowl Agreement which is \$100-and-some-odd million overall, but we get great multiplication value there, not only from the private sector agencies in the area of waterfowl development, but even federal funding on the American side, there is a great multiplier effect.

So that is a major agreement here to Manitoba and I do not know whether you want to throw that into the net, but it is a significant contributor to the Manitoba economy.

When you look at the ERDAs that were signed previously beginning in 1983, under the former Liberal administration, my recollection is that there was about \$100 million that was already previously committed by way of airport construction that was folded into that ERDA Agreement. Then there was the urban bus part of the agreement that was a particular initiative of Mr. Axworthy that never did get off the ground. That \$25 million is essentially lapsed, because there just did not seem to be a priority or a practical way of spending that amount of money that had been put aside. So \$25 million ended up being unspent in that area.

So when we talk about the 288, it is again one of those ways in which you can juggle the numbers and budget them to suit your own particular purpose, but that is not a hard and fast number; it is an inaccurate number if you want to come right down to the bottom line on it.

The ERDAs renewal were, I said, a top priority from the very first Premiers' meeting that I had, the very first meeting I had with the Prime Minister. I laid it out and said, we are going to have to do something to replace these ERDAs that are expiring. As I have said, we have succeeded in getting some things and not others, and we are ongoing in our efforts to spread out the numbers of different agreements that we can get with the federal Government to bring federal dollars into Manitoba. That is our long-term objective, to bring in the federal dollars in the areas in which we have an economic need and a purpose for federal funding that we can justify, and we will continue to work towards that.

With regard to whether or not there are areas of programming that will collapse without renewal of funding, well, I suppose that the two areas that I have talked about, the CIDO, that is the film industry, and also the area of education programming for our aboriginal people and northern and remote area people would be an area in which there would be some consequences to the non-renewal of an agreement, consequences in terms of employment, consequences in terms of collapse of programming that we think is of significant benefit to the province.

Mr. Carr: I am not quite sure of the First Minister's logic. On the one hand, he is telling us that he talks

tough to the federal Government even if it means that Manitoba does not get its fair share. Then, just a moment later, he says that the flow of federal funds is greater now than it was before. Maybe he is telling us that talking tough to the Prime Minister actually pays off, but he is, at the same time, arguing that he is either being penalized or rewarded for the same kind of behaviour, and I would argue that he cannot have it both ways.

What is the current status of the disease laboratory that is expected to come to Winnipeg? As the Premier will remember there was a long and bitter debate about where that site may go, whether it would go by the Mint or downtown and the initial decision of Winnipeg City Council was reversed, and we think rightly so. There has been some talk of late, however, that there may be some delays in the construction of the disease lab. Can the Premier let us know what the status of the project is, whether or not it has in any way been downsized from the initial promises by the Government of Canada, and whether or not we are on stream with that very important project?

Mr. Filmon: Madam Acting Chair, just so that the Member for Crescentwood understands. He made two points: one was with respect to relations and the poisonous and poor relations, and I said that I will talk tough and take as obstinate a position as I have to in order to protect Manitoba's interests; the second was in terms of results and I am suggesting to him that the results, in terms of total dollars flowing into Manitoba, may not be as weak as he suggests.

The federal lab is totally under federal jurisdiction and we are interested because it is a major project for Winnipeg and for Manitoba. To the best of our knowledge there has been no change in the expectation of the type of lab, the size and so on. I spoke not too long ago with the senior architect involved in the project to suggest that it will continue to be a very major facility and perhaps even greater in a sense of its effects on Manitoba—I am not talking about more dollars being spent—but perhaps have a greater benefit in terms of the kind of scientific research and attraction of high calibre research people than some people had expected initially.

Mr. Carr: Madam Acting Chair, I would like to ask the Premier a question on the Constitution and his Government's position on the upcoming round of informal hearings that we will have both nationally

and provincially when the Premier finally announces the task force.

There has been some musing of late from the Minister of Justice (Mr. McCrae)—at least as reported in the press—that he would not rule out using the notwithstanding clause if that were required to save some very important provincial legislation.

I know the Premier has spoken before on the use of the notwithstanding clause in the life of the previous Government. I would ask him today to either reaffirm his commitment not to use the notwithstanding clause or at least to let us know if there is any change in his thinking.

* (1630)

Mr. Filmon: Not having the Minister of Justice (Mr. McCrae) here—and I wish that he were here, I would have him describe as he did to me the circumstances that led to that initial front page story and then ultimately to repetitive editorial and op-editorial pieces that allege that he was anxious to use the notwithstanding clause.

Like many interviews he was being pressed by a reporter as to how far he would go with respect to trying to ensure that he protected, as much as possible, our tough drunk driving laws.

I do not think I need to describe him to the Member for Crescentwood, but he is a person who is very, very cautious in the words that he uses and the positions that he takes, in a legal sense.

For several minutes he was badgered by the reporter as to how far he would go. Never once did he raise the issue of the notwithstanding clause. The reporter kept over and over saying: but would you use the notwithstanding clause. He would not be committal on it so the reporter said: McCrae refused to rule out the use of the notwithstanding clause.

That has become the genesis of all of these repetitive, repetitive, repetitive allegations.

The fact of the matter is, I will repeat for the Member for Crescentwood that I personally see of no reason why my Government would use the notwithstanding clause, but I will hold in reserve the notwithstanding clause.

I will also not argue that it ought to be removed, because I cannot anticipate all of the possible judgments that may be made by a Supreme Court. If a Supreme Court ruled that because of freedom of association or freedom of speech or freedom of

religion we could not take legitimate steps as a Government to protect life and limb in this province, then we would have to consider it as a way of overcoming what would be clearly in our judgment a decision of the courts that was contrary to our necessity to protect people in this province.

I have indicated areas, talking publicly, in which I could see that happening. If a court ruled that we could not pass legislation to order health care workers back to work in this province because of freedom of association given to unions, then I would say that would be something that would cause me to think seriously about the application of the notwithstanding clause.

Mr. Carr: Madam Acting Chair, I thank the Premier for clarifying the position of his Government.

We did have an opportunity in Interim Supply to ask the Minister of Justice (Mr. McCrae) a number of questions on the issue. As the Premier has said he is very cautious. If the Premier were to read Hansard he would see just how cautious, even deferring the subject to, I think he referred, greater authority. If I may try to cast some light on who that greater authority is I think it is the Premier.

I do not have to remind the Premier that it was the use of the notwithstanding clause by the Premier of Quebec which generated the Premier's change of position on Meech Lake. For whatever reason that change of position occurred we congratulated the Premier for it at the time.

I think what we have at issue here is a much more fundamental issue, and that is whether or not the notwithstanding clause ought to remain in the Canadian Constitution. I hear the Premier today saying he thinks it ought, because he can foresee circumstances under which a bad decision is taken by the Supreme Court of Canada, and using the argument of the supremacy of the Legislature the Premier would want to reserve the right to overrule the courts by use of the notwithstanding clause. I hope I have not misinterpreted the Premier's position.

May we then take it a step further and assume that when we get back to the constitutional negotiating table the Premier will be arguing that the notwithstanding clause ought to be left in the Constitution, just where it is.

Mr. Filmon: Two things about my comments with respect to what I have said now about protection of life and security of the people being put at risk by

virtue of what I consider to be a totally unexpected decision of high court and the routine use of it just simply to prevent people from using a language, that hardly is a reasonable comparison in my judgment.

As the Member well knows it was not only the use of that notwithstanding clause to enforce language restrictions in Quebec but the fact that the Premier of Quebec alluded at the time to the fact that he might not have had to use that notwithstanding clause had Meech Lake been in place, because it would have given him some greater power over language in his province.

What was the question—okay—and the final thing is that, yes, indeed he did interpret me correctly in saying that I could find some ultimate need for that. It is not something I can currently envisage, and it is not something that I would use in any way lightly. It would be an absolute last resort to allow us to protect security and life in this province.

Mr. Carr: Madam Acting Chair, I would like to use this opportunity if I could just to try to get some specific information from the Premier on the establishment of the task force on the Constitution. I might as well just ask them all at once not to take up more time than is necessary.

Is the Premier still committed to an all-Party task force? Does he intend to extend the membership beyond Members of the Legislature aside from the chairmanship of Wally Fox-Decent? Does he expect us to get underway before the new year or after the new year? Do recent events lead the Premier to believe that the mandate ought to be extended beyond the original intention of a Senate committee?

If the Premier would not mind just filling out some of these questions, and I will not have to stand up again.

Mr. Filmon: Yes, it is my hope that we can get the committee underway as soon as possible. Yes, it will be an all-Party committee with the only outside membership being that of the chair who would, as I indicated earlier, be Professor Wally Fox-Decent. Yes, the mandate ought to be Senate reform and other constitutional priorities, whatever those priorities would be if people appearing before the committee. Given the Meech Lake discussion, the concern about aboriginal issues, the concern about things like the Canada clause, and how we ought to deal with the definition of the fundamental characteristics of this country and the Constitution

and so on, I think are very appropriate for us to be discussing as a province given that is likely to be some of the prime area of discussion of the federal task force that has been set up.

It was my intention to propose to Opposition Parties that we ought to get the committee under way sitting now, but given that there are still discussions under way about how much we will devote to the Estimates, and whether or not we will go beyond normal hours in doing that, and because I wanted to leave the maximum flexibility to those discussions, all the pieces of the puzzle were not yet put in place. So pending the resolution amongst the House Leaders as to what time we are going to devote to Estimates between now and Christmas, I will then be able to very clearly propose a certain method of operation for that all-party committee.

That may preclude us starting to sit publicly before Christmas, depending on what decisions are made, but if it does not preclude us from doing that, then I would like to get it under way as quickly as possible.

Mr. Doer: I want to move to another topic. I think we could talk about the Constitution for hours again. I notice Lowell Murray was at it again this weekend saying the country was going to disappear if we did not resolve it in six months again -(inaudible)- and that aboriginal people and Senate reform could not be topics. We could go probably on that for a fairly long time.

I think we agree on more issues on the Constitution than we disagree. It is an interesting debate about the notwithstanding clause. I think we will have that one for a long time. I had a chance to talk to a couple of authors of that clause once, and it is interesting to hear their assessment. It is rather ironic we are asking this question. I think the kitchen deal was cut on November 5 a few years ago by Members of three different political Parties, so I think we are talking about this issue on the anniversary of the proposed agreement, which is probably historically important, but irrelevant to our discussions.

* (1640)

So I would like to move on to the other items under the western Premiers' meeting. The Premier has glowingly come back with agreements federally, western Premiers' meetings and other federal-provincial meetings about this so-called Free Trade Agreement. Well, I would argue with the Premier that he does not have a Free Trade

Agreement at all with other provinces. In fact, the biggest impediment of healthy economies and healthy trade is subsidies the provinces place on jobs and place on industry and compete against each other, whether it is in Atlantic Canada, with the Litton Company, and the examples of P.E.I. competing against Nova Scotia.

I think the orgy of money that was given to Litton, I think \$29,000 per job eventually by one province over another, the competition between ourselves and Quebec for bus manufacturers, and the subsidies given by the federal Government to Bombardier in the Province of Quebec, and the preferential treatment that Quebec has, and even in western Canada, Madam Acting Chairperson. The subsidies now, the Premier on Friday talked about the great amount of subsidies that his old buddy, the Conservative Governments in Alberta, gave to Cargill, and we have a situation in Saskatchewan.

Now, I cannot recall a period of time where western Governments and western Premiers were taking taxpayers' money to compete one against the other for jobs and opportunities. I would ask the Premier, why can he not get an agreement from his western Premiers? They are from the same political Party, they allegedly have great co-operative relationships.

We lost a lot of jobs in Brandon on Friday, and we are looking at a lot more jobs in Brandon with Simplot, if the Province of Saskatchewan goes ahead with the fertilizer operation that they have talked about, in partnership with a West German company. I would ask the Premier, where is an agreement in western Canada—on getting rid of these subsidies to corporations which put our jobs and opportunities at risk?

Mr. Filmon: Madam Acting Chair, just to add to what the Leader of the Opposition was saying, I believe that today is also Guy Fox day which is historically significant, but not relevant to this debate either.

An Honourable Member: Only for a rebel like you.

Mr. Filmon: That is right. I know that the Leader of the Opposition used to indicate that he was in favour of an interprovincial trade barrier reduction agreement, and I know that his administration worked at it very diligently, but was unable to come up with any satisfactory resolution. This has to do with direct Government procurement, which is a first step, in my judgment. You have to start somewhere.

It was impossible to put everything on the table including Crown corporations and all of those things, so after two and a half years of knocking our heads against the other provinces' policies we were able to achieve an agreement on direct Government purchases.

The intention, and it is already under way in terms of discussion, is to take that to the next logical step which is to have Crown corporation and indirect Government purchases covered, and then to take it a further step of having subsidies and investment kinds of initiatives as part of the agreement to attempt to make a level playing field amongst us.

You may recall that in Camrose in 1989 there was a real dust-up amongst western Premiers over the issue of subsidies, and I made the point that we in Manitoba are not really in that subsidy game in terms of any direct Government grants.

The only grants that we have these days are repayable loans, and we do forego interest for specific periods of time, I believe. Up to seven years may be the longest period in our agreements, but they are all repayable. I do not know of any that our Government has signed that are non-repayable grants.

I made the point in Camrose, when in fact Premier Vander Zalm accused Premier Getty of unfair subsidies to a glass plant. What we are getting into is—there are a number of levels. Firstly, there is some Government involvement in capital in setting up a plant. Ours is in it by way of repayable loans. Some of them have direct grants.

The High Prairie one had at least \$10 million of direct—the Cargill plant at least—(interjection)—they had a lot of Government money in it.

Then you have the liquid fertilizer plant in Belle Plaine, Saskatchewan, again with Cargill, which is a significant contribution I believe in terms of capital, some \$75 million put up by the Government, and then a loan guarantee of another \$175 million that they are putting up, significant Government contributions and commitments that distort the ability of provinces to utilize their natural advantages in attracting industry, totally distorted.

Those are not the only areas. Why are all the cattle killed in Alberta? That is because of their subsidies being paid for finishing cattle in that province, which has concentrated the cattle finishing, so that cattle are moving out of Manitoba to be finished there. That is why the packing plants

are concentrating there. The subsidies are so uneven and so varied that it is very, very difficult for us to even define what we are up against.

We do know what the end results are, and the end results are very negative to a province such as Manitoba that is very little in the subsidy field.

We obviously do not appreciate that, but we have a long way to go before we convince everybody to get out of every possible thing that they are in at the present time. You know that in terms of the program that we brought in for cattle support, we did not extend that to hogs, and we are keeping a close eye as to what that does in terms of hog finishing in this province compared to Saskatchewan and Alberta that are paying subsidies to those producers.

We have a lot of work to do to try and figure out just where the subsidies are, how they are distorting the market and how they are negatively affecting our opportunity to attract investment, but it is one step at a time. The first step is direct Government purchase, as we see it, the next step is extending that agreement to Crown corporations and indirect Government purchase, and the third step is into all the areas of subsidy that affect our industrial base.

We have a ways to go, I admit it, but you have to start somewhere, and we started with direct Government purchase, which no other previous Government had been able to achieve.

(Mrs. Louise Dacquay, Chairman, in the Chair)

Mr. Doer: Madam Chairperson, my question then to the Premier is: Have we got an agreement from the Premier of Saskatchewan on the proposed fertilizer plant in Saskatchewan, and are we going to potentially lose 400 or 500 more jobs in Simplot because of the massive subsidization of the Conservatives in Saskatchewan to a private sector proposal?

Mr. Filmon: No, we have no agreement. As I understand it that plant is well underway. It has achieved its approvals in terms of environmental assessment and other approvals and is well underway.

We have great concerns about it, as does the Province of Alberta, which has something like four or five fertilizer plants that are threatened by the existence of the subsidized production in Saskatchewan.

Mr. Doer: Madam Chairperson, can the Premier tell us, what impact will this plant have on the Simplot

plant when it comes on stream? What is our strategy to deal with that given that we have failed to get the Premier of Saskatchewan to follow through on his alleged philosophy of the market place?

* (1650)

Mr. Filmon: The Simplot people have grave concerns about what the effect will be. We have met with them on a number of occasions. We are obviously staying very close to the Simplot people in terms of evaluating their place in the market and the effect that it will have on their competitive ability.

I guess the Leader of the Opposition (Mr. Doer) should be asked whether or not he has discussed it with Roy Romanow and whether or not Roy Romanow is prepared to close it down.

It is under construction, that plant in Saskatchewan. Is that going to be a campaign commitment of Roy Romanow's, to close that plant down when he gets in Government?

Mr. Doer: Madam Chairperson, I have discussed the Rafferty-Alameda project with the Leader of the Opposition in Saskatchewan—the probable next Premier of Saskatchewan. Although one should not express one's biases here today.

I did not note anything in the communique from the western Premiers or the Premier going to the western Premiers' meeting—that so-called new realities meeting—I did not see anything in the communique of the Premier about the massive Government subsidies in Saskatchewan that will potentially affect the Simplot plant here in Manitoba. I did not see anything. I may be wrong.

My question is—two questions to the Premier: At the western Premiers' meeting why did we not raise publicly our concern about this subsidy and go into this meeting—as the Premier had indicated he goes into the meeting with the Prime Minister in a, quote—you used an interesting term a minute ago about how you deal with the Prime Minister in a rather more animated way, a talk-tough way. I wrote that down.

Secondly, the Premier indicated to the media that he could not remember whether he brought up the Rafferty-Alameda dam at the western Premiers' meeting. I had raised it in my press conference before the Premier went. You sort of brushed me aside like a foreign object in your salad and said: well we got co-operation from Saskatchewan, we are not worried about the Premier of Saskatchewan.

Did the Premier raise that issue in Saskatchewan at the western Premiers' meeting in the province? The subsidy of fertilizer, did he raise it? Why did we not raise it publicly? Rafferty-Alameda, when we knew at that point in July that they were breaking the licence why did we not raise it? Why do we have a co-operative relationship with the Premier of Saskatchewan when he is clobbering Manitoba on these environmental and economic fronts?

Mr. Filmon: The fact of the matter is that these matters were raised with Saskatchewan in 1989. I could not remember whether I had raised it in 1990, because the fact of the matter is that they were under construction in 1990, well under way and well nigh completion in terms of Rafferty and Alameda.

In '88 when that was still able to be dealt with I raised it with the Premier of Saskatchewan and again in '89, and I raised the subsidy issue of the fertilizer plant in '89 when the decision was being made, but regardless of my raising it, the Premier of Saskatchewan went ahead with it. He will have to answer to the public for whether or not it is a good idea to put that massive subsidy in the fertilizer plant and whether or not it was a good idea to go ahead with construction of Rafferty and Alameda.

Mr. Doer: I was asking about the 1990 meeting because that was the period of time in which the Government, in July of that year, was breaking the agreement that was signed between the federal Government and the Saskatchewan Government. Yes, he will have to answer for part of what happens in Saskatchewan, but we will have to answer for the other part of what happens in Manitoba. We will have to answer—(interjection)—I am asking a serious question because we are dealing with the Premier of Manitoba (Mr. Filmon), with the Premier of Saskatchewan, and the question remains. The position of the New Democratic Party in Saskatchewan, in the federal House and in Manitoba has been the same on the Rafferty-Alameda dam. It may be unpopular in Saskatchewan, but they have had the same position in all three places.

My question to the Premier is: Did he not consider it a matter of principle to raise Rafferty at the 1990 western Premiers' meeting? Why did he not consider it a matter of principle when the Premier of Saskatchewan was willingly, knowingly breaking the agreement he had signed and the downstream water effect is on us? Secondly, why do we not continue to raise the issue of the fertilizer plant every

time we meet with the Premier of Saskatchewan; rather than just participate in a photo opportunity, why are we not raising these tough issues with the Premier of Saskatchewan?

Mr. Filmon: We raised the issue with the Premier of Saskatchewan on numerous occasions at many meetings. We met at a hands across the border thing in July of 1989, or late June of 1989. We met the western Premiers in Camrose, and it was an issue then. We met in 1988, and it was an issue then. We talked over the phone, and it was an issue then. This was the centre focus of the meeting in Lloydminster; it was about the report of the western Ministers of Finance. He may recall that was what took most of the discussion at that meeting, 90 percent of it. Consequently, that is why I could not recall whether or not we had talked about that as an issue, because this was the major focus.

He may recall, the Leader of the Opposition (Mr. Doer), that there was more than one western Premiers' meeting in 1990. Environmental issues were discussed at both, but we were trying to get a number of issues dealt with on the table. The Premier of Saskatchewan—the Leader can ask him—has heard from me time and time and time again on Rafferty and Alameda. I have never hesitated to pull a punch from him, but he made, in my judgment, the silly question: Did you raise it at that meeting at Lloydminster? Frankly, there were so many issues that we were spending a lot of time on that I could not recall from my speech as to whether I did or not. That does not mean I have not raised it with him on numerous occasions.

Mr. Doer: Then my question is to the Premier (Mr. Filmon), now that he has looked at his records. We had publically stated that the Premier, at that point, was breaking the license. Since that time, the federal Environment Minister has concurred with that assessment. My question to the Premier is: How can we say in the Speech from the Throne that we have an excellent relationship and co-operative relationship with western Premiers when the Premier of Saskatchewan is potentially putting 400 jobs at risk with subsidization of a plant and we cannot get anywhere with him? How can we say we have co-operative relations with the Premier of Saskatchewan when we are getting clobbered in terms of the impact of downstream water in the Rafferty-Alameda? We do not know what the impact is.

* (1700)

How can we say we have co-operative relations when the Premier of Alberta is subsidizing this Cargill plant in Alberta? I do not know what he will do with Pocklington's plant, the \$70 million that he has now nationalized after giving away that much money with Pocklington. Of course, the Premier of Saskatchewan also has given money to Peter Pocklington. How can we say we have co-operative relations with these Premiers? When we look at issues where there are some really tough decisions to be made, these Premiers continue to work in a way against Manitoba's interest. Why do we not just be honest and say that they are not working in a co-operative way with us?

Mr. Filmon: I disagree with that. I have said publicly—and I guess I could be criticized for this—that I have co-operative relations with the Leader of the Opposition, but I will tell you, we rarely agree on anything these days, but that does not mean that we do not have co-operative relations.

We can talk; we get our House Leaders together to try and structure the Estimates process to get through them in reasonable time, and perhaps to effect use of the rules, to enable us to get in the 240 hours of debate within the time that we have between now and Christmas, and all those kinds of things I think are being co-operative. I will tell you, I do not agree with most of what the Leader of the Opposition is saying in terms of policy issues these days and did not throughout the election campaign. That does not mean that I do not have co-operative relations with him.

Mr. Doer: Yes, can the Premier indicate to us what his next move is on the Rafferty-Alameda dam if we are unsuccessful? If the federal Government is unsuccessful at court, what is the next move in the strategy?

Mr. Filmon: Firstly, I might just by way of embellishment also say that the western Premiers have been strong allies in dealing on a number of issues working together to fight federal offloading and transfers, getting together in the court case against the CAP cuts so that we could protect the federal spending responsibilities with respect to the provinces, working on the GATT round talks, having a concerted effort so that all three prairie provinces went one after another to Geneva and made their presentations to a number of the international trade diplomats and so on.

Those are issues in which we can co-operate for a positive effect, hopefully for us. I mean, co-operating and having a co-operative relationship does not mean you will always agree and does not mean that from time to time you will not have strong disagreement with individual decisions being made.

With respect to Rafferty-Alameda, the strongest position that we have is the federal Government's court challenge. It is the federal jurisdiction, the federal responsibility. If we cannot stop them through that kind of exercise, then I cannot go out there and lie down in front of a bulldozer regrettably.

Mr. Doer: The Premier is indicating where he has co-operative agreements with the western Premiers. I think all of us were talking a little earlier about the constitution, I do not think we saw them in our corner that week in June, Madam Chairperson. I think we saw them in Brian Mulroney's corner. In fact, I do not think we saw Grant Devine and Don Getty in our corner when the CF-18 contract came down.

They acted like Tories first and Tories second and Tories third, and western Tories, and did not act like western Canadians at all. We can continue on this debate; I am sure the Leader of the Liberal Party (Mrs. Carstairs) wants to get in on this, on the western Premiers' meeting. We have a number of other questions to go after, later tonight as well so I will—I know it is five o'clock and we are onto private Members' hour and I will cease and desist till eight o'clock.

Madam Chairman: The hour is now 5 p.m., I am interrupting the proceedings for private Members' hour. The committee will return at 8 p.m. this evening. Call in the Speaker.

IN SESSION

PRIVATE MEMBERS' BUSINESS

Mr. Speaker: The hour being 5 p.m., time for private Members' hour.

PROPOSED RESOLUTIONS

RES. 1—PHARMACARE CARD

Mr. Speaker: On proposed resolutions, the Honourable Member for The Maples (Mr. Cheema), Resolution 1—Pharmacare Card, the Honourable Member for Inkster.

Committee Change

Mr. Kevin Lamoureux (Inkster): Prior to entering into the resolution, Mr. Speaker, if I could have leave to make a committee change.

Mr. Speaker, I move, seconded by the Member for The Maples (Mr. Cheema), that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: Osborne (Mr. Alcock) for Crescentwood (Mr. Carr). Thank you.

Mr. Gulzar Cheema (The Maples): Mr. Speaker, let me just get my breath. I just got stuck in the middle of traffic. It is not very good.

Mr. Speaker, I move, seconded by the Member for Inkster (Mr. Lamoureux),

1. WHEREAS seniors have made a significant contribution to their community and economy through their lives; and

WHEREAS many seniors are required to pay for their food and housing, as well as other necessities including drugs, out of fixed incomes; and

WHEREAS the Pharmacare program in Manitoba is in effect to subsidize the costs of pharmaceuticals for all Manitobans; and

WHEREAS Manitobans, including seniors, must purchase their prescribed medications with their own money and then apply for reimbursement of purchases exceeding the deductible amount; and

WHEREAS seniors may experience cash flow problems resulting from a fixed income; and

WHEREAS drug prices are steadily increasing at a rate at least equal to the rate of inflation; and

WHEREAS seniors frequently require proportionally more prescribed drug therapy than other segments of the population; and

WHEREAS seniors experiencing cash flow difficulties may delay or refrain from purchasing necessary drugs; and

WHEREAS the need to make application for reimbursement and the time required to process the rebate may cause undue hardship for seniors.

THEREFORE BE IT RESOLVED that the Legislative Assembly urge the Minister of Health to consider adopting a Pharmacare Card System for seniors which will eliminate the need for seniors to

pay for prescribed medications in excess of the Pharmacare deductible amount; and

BE IT FURTHER RESOLVED that this Assembly urge the Minister of Health to consider the implementation of a Pharmacare Card System for all Manitobans.

Motion presented.

Mr. Cheema: Mr. Speaker, we have brought this resolution—this is the second time; it was brought in 1989. It was one of our election promises in 1989, '88, and 1990.

Mr. Speaker, this issue has been debated in this House at great length. The last time when we brought this resolution forward the Minister of Health (Mr. Orchard) said that he was going to look into it, and he was going to study the cost benefits and cost factors.

Now he had more than two years to study the cost benefits and cost factors. I hope today that the Minister of Health (Mr. Orchard) and the other Members of the House will approve this resolution. I go into some of the information which I feel very strongly is important to understand why this Pharmacare card is important.

Mr. Speaker, each person must pay an established amount which the current Tory Government has tied to the cost of living, effective April 1989. The Pharmacare deductible per family for persons aged 65 years of age and over has been increased from \$85 to \$88 for the year 1989. That is a 4.1 percent increase. The latest increase in the amount for seniors comes after the Tories already raised the amount for the seniors from \$75 to \$85 in the summer of 1988.

Mr. Speaker, the Pharmacare program pays 80 percent of the cost of the prescribed drugs over and above the amount.

The problems are, Mr. Speaker, that all persons must pay for their drugs up-front causing a cash-flow crunch for those on fixed incomes. Those hardest hit are often seniors who use a proportionately higher amount of prescribed medication. As a result, seniors may delay in the purchase of essential prescribed medication or they may refrain from purchasing drugs at all.

*(1710)

Secondly, the application process may obstruct reimbursement to seniors who do not have ready access to the appropriate forms or simply find the

paperwork difficult to fill or to process. The very elderly with, for example, impaired vision may be unable to find someone to assist in the preparation of the necessary paperwork.

Furthermore, the necessary paperwork entails a delay in their rebate as applications must be processed and rebates be approved.

These delays have been as lengthy as 10 weeks. For the last two years there has been some improvement; however it may take, minimum, as many as ten days for the reimbursement to be approved.

The concept of the Pharmacard is not new, Mr. Speaker. In other parts of the country it has been implemented to some extent, not the way we are asking the Minister of Health (Mr. Orchard). In Saskatchewan, they have not a single program which is a little different and Ontario has almost the same program. As the Minister of Health indicated during the last debate, the Ontario Ministry of Health was having a number of problems because the seniors were being overprescribed medication, and they were costing much more money than they anticipated.

So the concept is not new, and the last time the New Democratic Party also tried to follow that and the Member for Churchill, Mr. Jay Cowan and then the Leader of the Opposition (Mr. Doer), the Member for Concordia spoke on the issue also.

We have persistently explained to the Minister of Health (Mr. Orchard), and I think it is a very important, and it is a very economical way of dealing with the current problems facing seniors because as our population is aging we have the population above age 65 about 30 percent. By the year 2000 it is going to be about 40 percent, and by year 2020 it is going to be roughly about 80 percent. In some parts of Manitoba, it is already more than 70 percent of the population, for example, in the western part of Manitoba.

So, considering all the factors, and making sure that the seniors get the best benefit and they also continue to have the best possible care, I think it is very practical, it is very economical, it is a sensible way of dealing with the problem.

The Minister of Health (Mr. Orchard) gave us that it is going to cost us about \$2 million to implement the program and possibly maybe \$2 million to \$3 million more to have the further program implemented.

In his comment in 1989 the Minister of Health made some remarks that they may be considering a so-called smart card and they may be combining this health card with the smart card and I think we have to first try the senior's card and make sure this is applicable, we do not have any problems with that card, so that can be expanded because the smart card concept is a very different one. The smart card concept probably will go in terms of rationing medical services in the future, and I think it will be dangerous to put some of the information, which is very important for the patients' personal point of view, some of the information which must be confidential.

So we do not want to confuse those two issues and I think it will be worthwhile to just proceed with the pharmacare card for seniors and then expand at a later date for those patients who also require medicine for a long term, like people with chronic disabilities, people with diabetes or other chronic illness. I think it will be a practical way of dealing and it will save money in the long run, and with the technology we have today I think it is worthwhile doing it because now we have the billing system for physicians which is an electrically transfer system. Why do we not go for a system which will serve the 13 percent of the population.

Mr. Speaker, I have been going through some of other negative comments made by the Minister of Health in 1988 and '89. I would simply encourage him to look into this. He has now four years and I think it will be worthwhile to implement the card. With those remarks I will end my speech and I hope that all Members of this House will support our Pharmacare Program.

Hon. Donald Orchard (Minister of Health): Mr. Speaker, I want to thank my honourable friend, the MLA for Maples—it is kind of difficult to get used to the changed locale, same face, new place. I want to thank him for bringing this resolution to the House again, as he has indicated already that he has brought to the House on previous occasions. Let me tell my honourable friend and the House that we take the issue very seriously and we recognize the hoped for good intent that my honourable friend has in mind for the seniors of the Province of Manitoba in proposing the pharmacare proposal.

Let me tell my honourable friend that, as I have indicated before, we too were investigating the operations, the mechanics, the benefits, the disadvantages of offering a pharmacare to seniors

and possibly others in the Province of Manitoba, and we too were looking at that as we prepared platform and policy initiatives to advance to the people of Manitoba on previous election campaigns.

We did not do it, particularly in the 1988 election when we had a number of pretty serious discussions because at that time I could not answer the very direct questions as to what are the advantages, disadvantages, costs, who benefits, et cetera, and how will the pharmacare system fit into the health care system, and is it a workable proposal.

Without having those kinds of answers at my disposal, we elected not to undertake the commitment and policy in the 1988 election.

Since that time, I want to share with my honourable friend, a couple of things. First of all, the pharmaceutical, the prescription drug program in the Province of Manitoba, the Pharmacare program, is undergoing some rather interesting changes since its inception in 1975. I want to draw to my honourable friend's attention one of the WHEREASES where it is indicated that drug prices are steadily increasing at a rate at least equal to the rate of inflation.

I am not taking issue with my honourable friend's statement, but our analysis of price increases over the last couple of years are indicating that, in fact, pharmaceutical prices since the passing of the federal legislation, rather than increasing it roughly 3 percent or 2 percent above the inflation, that the CPI have levelled off and, in fact, increased in price below CPI by almost 2 percent. I tell my honourable friend that is reflected in our budget because a significant amount of our lapsed funding in the department, in the ministry, last year was a lapse in funding in the Pharmacare program.

The interesting thing is that is in part caused by demand but also by lowered price increases, lower than anticipated when we made our budget. That, Mr. Speaker, despite some changes that we have made internally within the department to streamline the refund process, because I recognize, as my honourable friend has identified, that seniors in particular, Manitobans on fixed income as well raising a family, and other Manitobans who, although they are not seniors, still have the constraints of fixed income or lower income, face a financial hardship with having their monies tied up awaiting refund on the Pharmacare program.

That was a problem that was a very serious one when I came into office in May of 1988 as Minister of Health, and I want to tell my honourable friend that we put some initiatives in place. We used staff vacancies that were in the department and the commission, primarily the commission, though I must say at that time to put emphasis on quicker turnaround at the heavier time of year when refunds come into a greater degree at year end than in other times of the year. We cleaned up a backlog—and I am going by memory here—but there was a waiting time of approximately three months that we inherited in May 1988. We succeeded in whittling that down and turning it around so that there is a significantly lower turnaround time. On average, we are probably less than a couple of weeks now.

We did that because we recognized the need of people on fixed income. Now the success of that program in the first year was such that we repeated it for the next two ensuing years. We have had rather rapid turnaround in terms of the claims, so that the waiting time is not as large.

* (1720)

In addition to that, for any one, particularly seniors or any one on fixed income who wish a more regular refund, there is refund available on a much quicker basis. Monthly filing, if one wishes, is accessible, and there is indeed a special program and process of quicker turnaround on the refund if one so desires that from the commission. All of these initiatives we have put in place in the last two and a half years to try to come around some of today's problems with the existing system. While we attempt to build a system for the future and, indeed, for Manitobans whether they be seniors or otherwise who are on fixed income or limited income, we have two other programs.

First of all, the lifesaving drug program whereby certain groups of very expensive pharmaceuticals are provided free of charge to families who do not have the financial capacity to afford them for members of the family. Then, of course, my honourable friend knows that under the social assistance program, pharmaceuticals are covered as part of social assistance so that those disadvantaged income groups in Manitoba have other programs which allow much less costly access to needed pharmaceuticals.

What we undertook, because those are administrative initiatives, if you will, which helped to

clean up the process that we inherited, enabled us a much quicker turnaround and people having refunds owing to them now can have those refunds on a fairly quick turnaround time. That, in all fairness, has to be recognized because it certainly was not the circumstance when I assumed the office of Minister of Health; there were problems with the turnaround.

What we took on as an additional initiative was we tried to identify—okay, what are the problems, in terms of bringing in plastic card technology in the Pharmacare program as it may well apply to seniors or to others indeed. I can tell my honourable friend, as I did last year when we dealt with this resolution, that there are many technologies that are in the stage of development and, in fact, in some cases, implementation which give plastic card technology capability to a number of health care services.

Because all provinces are basically being challenged with decisions in the same regard, Manitoba took the initiative a year and a half ago to host the national symposium on plastic card technology in the Province of Manitoba, and we did that in May of last year, I believe it was. Pardon me, May of this year. We undertook planning of it last year, but hosted it in May of this year. That symposium brought together experts from across Canada and internationally to try to help us to come to grips with a number of issues around plastic card technology such as the ability to protect confidentiality of information contained there. The value and utility to the system for a number of areas, other than simply the refund of a cost-shared program.

I just want to deal still briefly with the information aspect of the new emerging technology in health card and health care. I want to deal with it this way. Also when I came into the office of the Minister of Health, two other problems were pointed out. The abuse of addictive pharmaceuticals, narcotic pharmaceuticals, because of the method by which we prescribe those; and secondly, that a lot of seniors tended to be overprescribed medications and that was detrimental to their health status.

So we did two things, Mr. Speaker. We brought in the Triplicate Prescription Program, effective January of this year, whereby the method of prescribing narcotic pharmaceuticals, a narrowed list, was changed significantly. With the co-operation of the Manitoba Pharmaceutical Association and pharmacists across the length and

breadth of this province and the College of Physicians and Surgeons, we now have a tracking method. That simple initiative of tracking method on the way narcotic pharmaceuticals are prescribed have given us optimism that our estimate of \$750,000 per year of savings, from those narrowed group of pharmaceuticals, narcotic pharmaceuticals, may well be achieved and exceeded in its first year. That is very optimistic because what we are talking about is no longer an abuse of prescription of those kinds of drugs which are harmful to the individual if overprescribed, and some of them indeed may well end up on the street.

Secondly, we funded through the Health Services Development Fund, Mr. Speaker, through St. Boniface, a study project on seniors and their chemical dependency to pharmaceuticals.

Hopefully, through that pilot project under the Health Services Development Fund, we will be guided by further policy changes and initiatives which will prevent seniors throughout the length and breadth of this province falling victim to the overprescription and overreliance on pharmaceuticals as the cure-all to the natural aging process, and very much guide us as Government into policies which will encourage wellness activity, community participation and other areas of activity amongst the seniors of Manitoba so that instead of feeling that the only remedy is to see a physician and get a prescription for what ails me, one might find easier and more ready access to activity programs, support groups in the community, and initiatives that promote wellness and try to get us away from the formal medical model of how we tended to treat the natural process of aging.

We are very hopeful of the outcome being positive from that pilot project at St. Boniface under the Health Services Development Fund. We again see a significant opportunity to develop policies with knowledge that probably not only contain the growth of cost and may even reduce some of our line-by-line expenditures, such as the triplicate prescription process and policy is going to do, but have the benefit of very much increasing the health status of the target population, in this case namely the seniors, who are part and parcel of the test project at St. Boniface.

That is a double win, Mr. Speaker and I think you can well appreciate that, because any time we can develop policies that save taxpayers' money and increase the status of health among Manitobans, we

are benefitting. I want to close by saying to my honourable friends that I very much appreciate his objective in bringing this resolution forward, and I would suggest that the resolution is a good one with the exception of a modest amendment that I would like to make to add greater clarity and benefit to this resolution.

I would move, seconded by the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson),

THAT the resolution be amended by striking all words after "THEREFORE BE IT RESOLVED" and replacing them with the following:

"... that the Legislative Assembly of Manitoba do congratulate the Government of Manitoba for its leadership in sponsoring the successful National Symposium on Personal Health Card Technology held in Winnipeg on May 2nd and 3rd, 1990; and

"BE IT FURTHER RESOLVED that this Assembly urge the Government of Manitoba be guided by the findings of the National Symposium on Personal Health Card Technology."

Thank you, Mr. Speaker.

* (1730)

Mr. Speaker: It has been moved by the Honourable Minister of Health (Mr. Orchard), seconded by the Honourable Minister of Culture, Heritage and Recreation (Mrs. Mitchelson),

That the resolution be amended by striking all words after "THEREFORE BE IT RESOLVED" and replacing them with the following:

"... that the Legislative Assembly of Manitoba do congratulate the Government of Manitoba for its leadership in sponsoring the successful National Symposium on Personal Health Card Technology held in Winnipeg on May 2nd, and 3rd, 1990; and

"BE IT FURTHER RESOLVED that this Assembly urge the government of Manitoba to be guided by the findings of the National Symposium on Personal Health Card Technology."

The amendment is in order. The Honourable Member for St. Johns.

Ms. Wasylycia-Lois (St. Johns): Mr. Speaker, I am pleased with the opportunity to participate in this debate on a very serious subject matter and regret in that context the frivolous treatment that has just been given this very serious issue by the amendment of the Government of the Day, by the Minister of Health (Mr. Orchard).

The amendment proposed by the Minister of Health is the most self-serving, frivolous amendment to a very serious matter, following on the heels of a deplorable, dismal record by the Government of the Day when it comes to issues facing senior citizens and the difficult economic circumstances they find themselves in.

By submitting that amendment to this House, he has made a mockery out of this debate on a very serious issue for the senior citizens of this province, the people who have built this province, who have worked hard to ensure that we are able to enjoy the benefits that we do today. I regret very much that approach by all Members opposite on the Government bench because it is clearly a collective decision on their part and I think they should all hang their heads in shame for bringing forward such a frivolous self-serving amendment.

I appreciate, Mr. Speaker, that this matter is before the House, and that the Member for The Maples (Mr. Cheema) has brought it forward. It has certainly been a topic of discussion and debate by this Chamber on numerous occasions over the last several years, and I am pleased to see that the amendment before us attempts to follow somewhat the traditions established by a former Health Critic for the NDP Caucus, Jay Cowan, who was diligent, very diligent, over the last couple of years in raising this issue in the House and bringing forward very constructive proposals.

So I appreciate, Mr. Speaker, the subject matter being before us, but I do regret that the resolution by the Member for The Maples (Mr. Cheema) is a watered-down version, a weakened resolution to that proposed by our former colleague, Jay Cowan.

Mr. Speaker, the resolution before us deals with part of the problems, part of the concerns of our senior citizens' community in Manitoba. It is clearly absent; there is no reference at all in this resolution to the whole question of the advisability of continuing this system of deductibles for senior citizens. I want to, at the outset, put on record our very grave concerns with the absence in this resolution of a very critical aspect of the question of a Pharmacare card and deductibles for senior citizens.

The resolution proposed back on October 4, 1988, by Jay Cowan included the concept proposed by the Member for The Maples, as well as a very specific reference to the question of deductibles

and, in fact, very clearly said, be it further resolved that this Assembly urge the Government to consider eliminating the present Pharmacare deductible of \$85 for seniors.

Mr. Speaker, that was made for a very good reason, a very serious reason. I will pursue the reasoning behind our position today which is to say while we support in principle the approach and the resolution by the Member for The Maples (Mr. Cheema), we deeply regret that it is lacking very much in terms of a comprehensive approach and in terms of a very serious attack on the economic insecurity facing the senior citizens in this province.

When that resolution was introduced back in October 4, 1988, it was done so for a couple of reasons. It was done so because of the recent moves by the Government across the way, the Government of the Day, having just introduced a significant increase in the deductible for senior citizens. At that time outrage was expressed and, in fact, the then Member for Churchill, Jay Cowan, stated publicly that had previous Governments implemented automatic cost of living increases like the Conservatives just have, the deductible for seniors would be \$160 instead of the present \$88.50.

Mr. Speaker, we have seen a constant increase in the deductibles under the present administration for senior citizens going from when they took office, \$75 to, in short order, \$85; by 1989, \$88.50; by 1990, \$92.75. Now that is getting awfully close to the projection by our former Member, Jay Cowan, when he said we would be soon looking at a deductible level of \$160 for seniors in short order.

We are dangerously close to approaching that level to the creation of a very grave situation, an already grave situation, for senior citizens in this province. On top of that, what we would consider a very callous approach to the needs of the senior citizens of our province today, seniors in Manitoba had to endure the harsh consequences of another Conservative policy change and that, of course, is the impact of the federal legislation Bill C-22, which changed the patent legislation and, in fact, resulted in senior citizens seeing increases in drug prices running two and a quarter times the rate of inflation.

Mr. Speaker, the combination of those two policies which tells us just exactly what Tory philosophy is when it comes to senior citizens, is currently having a very harsh impact on senior

citizens. If the trend continues it will force more and more of our senior citizens into poverty. That was said most succinctly on May 24, 1988, before the true agenda of the Manitoba Conservative Government was understood, before it was clear that this Government was intent on a course of action to increase the Pharmacare deductibles for senior citizens on a very regular basis, heaping hardship upon hardship.

* (1740)

That situation then was described very well by individuals working with seniors. I am quoting now from an article that appeared in *The Sun* on May 24, 1988, where Bev Lundgren, President of the Age & Opportunity, said yesterday: It hardly seems fair to have seniors pay for the Government's budget problems. She said: Seniors will be especially hard hit because medication is already expensive and most require it. That is followed by a comment from Olga Foltz who said: It starts a vicious circle of people ending up sick from lack of nutrition, but it is one of the few things you can change. You cannot change your rent or hydro bills.

Mr. Speaker, the outrage from the community was immediate, and it was very vocal because the impact of the decisions and policies of this Conservative Government and their counterparts in Ottawa have been very, very acute. One wonders if, in fact, there is much of a commitment to senior citizens, when you put these policy changes in the context of the remarks made by the Prime Minister of this country, Brian Mulroney, not too long ago in Vancouver, as I have raised in this House previously, when he said that people over the age of 71 should be at home in bed having milk and cookies.

I think those comments are serious on their own, but what is really serious is the fact that they indicate their reflection of a policy which actually harms the senior citizens of this country, discriminates against the senior citizens of this country. One has to keep in mind, at all times, the changing nature of our population, so that we can always analyze and constructively criticize Government policies of the Day. I hope the Minister of Health (Mr. Orchard) is taking into account those changes, not only in terms of this whole area, but with respect to the health care field as a whole, and keeps remembering that Manitoba is likely to see by the year 2000 approximately 15 percent of its population being 65 years of age or more, likely to be making Manitoba

the province with one of the highest percentages of senior citizens anywhere in this country.

Mr. Speaker, I hope also that the Minister of Health (Mr. Orchard) and all of his colleagues in his Cabinet are always looking at the figures and statistics of income security pertaining to the elderly in the Province of Manitoba, and always mindful of the fact that our senior citizens are among the poorest members of our society, that senior citizen women are among the poorest of all poor in our society today, and be ever mindful of the facts, as presented by many organization, by Statistics Canada, by the Social Planning Council of Winnipeg, which clearly show that one in every three elderly households is living below the income level, and keeps in mind that in the inner city of Winnipeg slightly more than 45 percent of inner city households are below the low-income line.

It is important to keep those statistics ever before us in order to determine the effectiveness and the sensitivity of our policy decisions. It is precisely in that context, Mr. Speaker, that we on this side of the House are anxious to see this Assembly pass the strongest possible resolution when it comes to Pharmacare in the Province of Manitoba.

It is why we on this side of the House will be reviewing the resolution, as proposed by the Member for Maples (Mr. Cheema), and very seriously considering an amendment to that resolution, which will ensure that this Legislative Assembly sends a strong message to the Government of the Day urging Conservatives in the Province of Manitoba to eliminate the present deductible of now \$92.75.

We make that constructive criticism of the Member for Maples' resolution because of our concerns for the economic situation facing the elderly in Manitoba today. We make that suggestion as a positive contribution to what this House can actually do with respect to poverty facing senior citizens today.

Above and beyond all of that, Mr. Speaker, we deplore the reduction of this debate to a trivial, frivolous one by the amendment of the Minister of Health (Mr. Orchard). It does no one in this House any good to have a very serious issue reduced to a self-congratulatory, self-serving resolution.

I hope that in the course of this debate the Minister of Health and Members of the Conservative Government will come to their senses, live up to

previous commitments to review this area seriously and address, in concrete terms, the reality of the economic situation facing senior citizens of our province who rely very heavily on a quality health care system that is accessible and affordable to all of them. Thank you, Mr. Speaker.

Mr. Lamoureux: It is actually a great pleasure to stand here this afternoon to comment on my colleague's resolution that he submitted to -(interjection)- the Minister says, put a bit more feeling into it. The Member for Maples (Mr. Cheema) has brought forward to this Chamber a very positive resolution that can make a positive difference in Manitoba. I think the Minister of Health (Mr. Orchard) and the Government of the Day would have been serving Manitobans a lot better had they given more serious thought to the resolution.

The previous speaker before me pointed out the lack of seriousness the Government has given to this resolution, and on some of the points, I must say that I concur with some of the remarks that she has put before this Chamber.

I would like to go over a few points, a few whereas of this particular resolution. We start off with the drug crisis that is steadily increasing at a rate at least equal to the rate of inflation. Mr. Speaker, as we have the drug crisis increasing, it is becoming harder and harder for seniors that are on a fixed income to be able to afford to buy the drugs up front. In many cases, this leads to seniors that are unable to acquire the drugs because they do not have the money to put up front.

Some would argue, and myself included in that, that it could be more costly for Governments if the prescribed drugs that are necessary to better the health of our seniors are not being administered or given to the seniors, Mr. Speaker. Instead of taking a prescription, you will have a senior, because of the limitations of being on a fixed income are not able to go out and get that drug that they feel is necessary in order to prevent them from visiting the doctor or possibly going into the hospitals. Seniors frequently require proportionately more prescribed drugs, drug therapy than other segments of the population.

This resolution goes a long ways in pointing that out, Mr. Speaker. It points out the need, at least for us now, to look at having a Pharmacare Card Program for the seniors. I myself would not necessarily want to just limit it to the seniors, as my colleague from the Maples has pointed out that

other provinces have Pharmacare Card Programs. We look next door to the west of us in Saskatchewan, and we will find that they have a Pharmacare Card Program for all of the residents of Saskatchewan.

So whether you are 14 years old or 64 years old, whatever your age, that you are able to purchase the needed drugs up front and not have to pay and wait for the rebate. After all, the rebate, Mr. Speaker, is something that does not come to you the following day. There is a waiting period, and as I have tried to point out, those that are on a fixed income do not necessarily have the money at hand in order to make that purchase up front, Mr. Speaker.

* (1750)

In 1988, the Liberal Party came up with an election promise that if we were put into Government that we would implement the Pharmacare Card Program, Mr. Speaker—good positive campaign promise, and I would argue would save the province Treasury money, the more we had programs of this nature.

When we went into the Session, we found that the New Democrats did introduce a resolution, and they agreed with us in principal that the Pharmacare Card Program was in fact a good program, but it should go a bit further than that.

The Member for St. Johns (Wasylycia-Leis) commented on that in her speech, and she was referring to the fact that the deductible should be dropped for our seniors. I believe, Mr. Speaker, that the previous speaker, the Member from St. John's, was in Cabinet prior to '88, that this is an idea that I hope they just did not give thought to during the election after the Liberal Party made the announcement of this program, but one has to ask the question where were they, Mr. Speaker, when they were in Government? If their intentions were serious and they wanted to allow our seniors a break on prescription drugs, then why did not they drop the deductible back then? Why would they have to tag on at the end of a resolution or at the end of a policy announcement from the Liberal Party? Can they not just recognize the fact that the Liberal Party has a very valid resolution and vote on it accordingly?

I do not think and I do not believe that there is any need for the New Democratic Party to try and make a political win, if you will, by trying to state at this stage of the game that the deductible should be forgotten, Mr. Speaker, because that could have

been done when they were in Government, and they are well aware of that.

It does disappoint me, the amendment that the Minister of Health (Mr. Orchard) has brought forward, because it really changes, and maybe I should use the word "butchers," the resolution that my colleague from The Maples has introduced into the Chamber.

The Member for The Maples (Mr. Cheema) is talking about establishing a Pharmacare card. Nowhere in the amendment does it talk about the establishment of the Pharmacare card. Rather, they seem to be intent on, as the Member from St. Johns (Ms. Wasylycia-Leis) points out, patting themselves on the back and saying that this is what we have done. Mr. Speaker, they have not done what they think they have done. We have brought forward something in which the Minister of Health (Mr. Orchard) has had more than one opportunity to recognize the worth of a program of this nature. The New Democrats have recognized that worth and have come onside with us on this particular issue.

Now, the Minister of Natural Resources (Mr. Enns) one time stood up during Budget Debate and talked about good programs and good initiatives. All it takes from the Opposition Parties, either the Liberals or the New Democrats, is to bring up a good idea. Mr. Speaker, I would argue to the Minister that in fact this is a good idea, an idea that can be implemented. We have seen other provinces across Canada implement these programs. So one has to ask the question, why this Government is not recognizing, as the Minister of Natural Resources has pointed out, a good idea, why this Government feels it is in their best interest to move an amendment that really changes the intent of what the Member for The Maples (Mr. Cheema) is trying to get across.

Mr. Speaker, if you go around and you talk to some of these seniors that rely on prescription drugs, as my colleague, the Member for The Maples (Mr. Cheema), as a doctor, has done, you will find that the seniors are in dire need of a program of this nature. The Member for The Maples has brought forward this resolution on behalf of the Liberal party. Instead of using up my full 15 minutes and allowing it to come to six o'clock—because in the previous debates, we have never really had a vote on this issue. I would be interested to see what the Government—or maybe even allow the Minister of Health (Mr. Orchard) to stand up and defend his

amendment, because he did not really say why the resolution, as proposed by the Member for The Maples, does not deserve the serious consideration that it does warrant, and to stand up and defend what it is that he is proposing.

Mr. Speaker, I would appeal to his Cabinet colleagues and in fact the Conservative Caucus as a whole to read over the resolution, to then read the amendment and see how seriously it has changed the intent of the resolution. The intent of the resolution, as brought forward from the Member for The Maples (Mr. Cheema), was very serious. It dealt with an issue in a very fair way. It is not something that came out of the blue; it has been well researched. Other provinces across Canada have implemented programs similar to this. I encourage the Minister of Health's (Mr. Orchard) colleagues to read what it is the Liberal Party, through the Member for The Maples, is in fact proposing and then read what it is that the Minister of Health is proposing as an amendment to the resolution.

Mr. Speaker, I am sure, I am convinced that if the Conservative Caucus as a whole was to read the amendment and read the resolution that, like myself, they too would be somewhat disappointed that an issue that affects not only my constituents, but the constituents that we all represent, this is in fact the fastest growing segment of our population. We are aging as a population overall. This type of a resolution is something that would make life easier for many of our—in my case grandparents but soon to be parents—seniors throughout the province.

That is why, Mr. Speaker, I do not think that we should be putting off so easily what it is that we are proposing, that it should be dealt with much more seriously than how the current Government has seen fit to deal with the matter at hand, because as the Minister of Natural Resources (Mr. Enns) says, if you have a good idea, let us know about it. Let us know about it is what he told us. This is a good idea. There is no reason why we cannot implement a program of this nature.

On that note, Mr. Speaker, I will leave it up to the Minister of Health (Mr. Orchard), Conservative colleagues, to talk about this resolution at their next caucus meeting, to ask the Minister of Health why he felt it was necessary to move an amendment of this nature. The Minister of Health had an option. He did not have to move an amendment. He could have just simply allowed it to come to a vote as it currently stands. What is wrong with that? Then he would

have allowed the Conservative Party to be on the record in terms of how they feel towards the Pharmacare card program. My hat is somewhat off to the New Democrats even though they wanted to drop the deductible, but at least they did not move an amendment to try and defer the actual vote on the seriousness or on the resolution itself as moved by the Member for The Maples (Mr. Cheema).

I am thinking if I can prod the Minister of Health just a little bit more, maybe he would rescind his amendment to this resolution. The reason why, Mr. Speaker, I believe he should rescind the amendment to the motion is so that all of us in this Chamber will then have an opportunity to be able to vote on the resolution itself, so that when I go and

knock on the door I can say to my constituents that they opposed—or they were for, the Pharmacare card program. That is what I would like to be able to convey to my constituents, the Member for The Maples (Mr. Cheema), the Member for Thompson (Mr. Ashton), no doubt. That is really what we want, Mr. Speaker, an ability to be able to answer our constituents in a fashion in which is very conclusive.

Mr. Speaker, before it is—

Mr. Speaker: Order, please; order, please. The hour being 6 p.m., I am leaving the Chair with the understanding that the House will reconvene at 8 p.m. in Committee of Supply.

Legislative Assembly of Manitoba

Monday, November 5, 1990

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