



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

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**STANDING COMMITTEE**

on

**ECONOMIC DEVELOPMENT**

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39-40 Elizabeth II

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*Chairperson*  
*Mr. Jack Reimer*  
*Constituency of Niakwa*



**VOL. XLI No. 8 - 10 a.m., MONDAY, JUNE 22, 1992**



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

**Members, Constituencies and Political Affiliation**

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<b>NAME</b>	<b>CONSTITUENCY</b>	<b>PARTY</b>
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Guizar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	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, Cliff	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, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	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, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

**Monday, June 22, 1992**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Jack Reimer (Niakwa)**

**ATTENDANCE - 11 – QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Ducharme, Hon. Mrs. McIntosh, Hon.  
Mrs. Mitchelson, Hon. Mr. Stefanson

Messrs. Maloway, Martindale, McAlpine,  
Reimer, Rose, Storie

\*Substitution:

Mr. Alcock for Mr. Lamoureux

**WITNESSES:**

**Bill 9—The Economic Innovation and  
Technology Council Act**

Susan Hart-Kulbaba - Manitoba  
Federation of Labour

Paul Moist - CUPE-Manitoba

**Bill 84—The Residential Tenancies  
Amendment Act (2)**

Lewis Rosenberg - President,  
Professional Property Managers  
Association

Linda Williams, Jim Martinuk and Alex  
Murdock - Winnipeg Housing Coalition

Dennis Souchay - Royal Realty, Bayview  
Housing, Columbia Holidays

**MATTERS UNDER DISCUSSION:**

**Bill 9—The Economic Innovation and  
Technology Council Act**

**Bill 61—The Consumer Protection Amendment  
Act (4)**

**Bill 62—The Business Practices Amendment  
Act (2)**

**Bill 84—The Residential Tenancies  
Amendment Act (2)**

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**Mr. Chairperson:** Will the Committee on  
Economic Development please come to order. This

committee will consider the following bills this  
morning: Bill 9, The Economic Innovation and  
Technology Council Act; Bill 61, The Consumer  
Protection Amendment Act (4); Bill 62, The  
Business Practices Amendment Act (2); Bill 84, The  
Residential Tenancies Amendment Act (2).

For the committee's information, copies of the bills  
are available at the front table. It is the custom to  
hear briefs before consideration of the bills. Is this  
the will of the committee?

**An Honourable Member:** Agreed.

**Mr. Chairperson:** Agreed.

I have a list of the persons wishing to appear  
before this committee. For the committee's benefit,  
copies of the presenters list have been distributed.  
I will read the list at this time.

On Bill 9, persons wishing to make presentations:  
Susan Hart-Kulbaba with the Manitoba Federation  
of Labour and Mr. Paul Moist with CUPE of  
Manitoba.

On Bill 84, persons wishing to make  
presentations: Mr. Jim Martinuk from Fokus  
Housing; Mr. Lewis Rosenberg, President of  
Professional Property Managers Association; Julie  
VanDeSpiegle with the Landholders League of  
Manitoba; Linda Williams, President of Winnipeg  
Housing Coalition.

Should anyone present wish to appear before this  
committee, please advise the Committee Clerk and  
your name will be added to the list.

Does the committee wish to deal with the list?  
Shall we hear from presenters wishing to speak on  
Bill 9 first and then Bill 84? What is the will of the  
committee?

**An Honourable Member:** Agreed.

**Mr. Chairperson:** Agreed. Does the committee  
wish to impose a time limit on the length of the public  
presentations?

**Some Honourable Members:** No.

### Committee Substitution

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, I would like to move, with leave of the committee, that the honourable member for Osborne (Mr. Alcock) replace the honourable member for Inkster (Mr. Lamoureux) as the member of the Standing Committee on Economic Development, effective immediately, with the understanding that the same substitution will also be moved in the House to be properly recorded in the official records of the House.

**Mr. Chairperson:** Is there leave?

**An Honourable Member:** Leave.

**Mr. Chairperson:** So agreed.

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**Mr. Jerry Storie (Flin Flon):** Mr. Chairperson, just so it is on record, we have seldom, if ever, imposed a time limit on presentations. I would not recommend, given the relatively few presenters, that we impose any time limit.

**Mr. Chairperson:** There was agreement that there be no time limit on the presenters.

At this time I would like to call then on Bill 9, Susan Hart-Kulbaba, please.

### Bill 9—The Economic Innovation and Technology Council Act

**Ms. Susan Hart-Kulbaba (Manitoba Federation of Labour):** Thank you, Mr. Chairperson. Good morning, Mr. Minister, and members of the committee.

The Manitoba Federation of Labour is encouraged by the fact that Bill 9 is before the Legislature for consideration. It marks the departure from this government's general policy of withdrawing from the economy and leaving it up to the marketplace to determine Manitoba's economic structure, who the winners are and who the losers are.

In our estimation, this strategy has been a nonstarter, one that has exacerbated the persistent recession, and is a significant reason why nearly 60,000 working people in Manitoba are without a job today. This does not include the tens of thousands of Manitoba workers who are underemployed or a part of the part-time working poor population.

Bill 9 is an encouraging sign that the government of Manitoba is closer to becoming an active

participant in the economy, helping to shape its face and ensure that Manitobans benefit from it. There can be no doubt that we have a long way to go.

In addition to the statistics I have already cited, other economic indicators paint a bleak picture of our current circumstances.

The social assistance rolls are close to twice as long as they were in 1988. There were a record number of bankruptcies last year in Manitoba—2,970, topping the previous record of 2,307 set in 1990. In per capita terms, Manitoba's manufacturing sector has suffered more than any other province in the country.

The importance of Bill 9 is that it is a recognition by government that its hands-off approach to the economy is not working. Before speaking to the specifics of Bill 9, I would like to take a few minutes to talk about labour's view of the challenge ahead when it comes to restructuring our economy.

For a host of reasons our economy is changing. The things that worked in the past are no longer enough. Change, whether we like it or not, is upon us, and how we deal with it will not only determine our economic health in the short- and medium-term, but what kind of Canada we leave for our children. How we behave today will determine the quality of life for our kids, our grandchildren and future generations. Organized labour is determined that the changes that we bring about today, changes that will impact generations to come, will focus on the improvement of workers and general society and our quality of life first and foremost.

The principal goal of a society is to provide a high and rising standard of living for its citizens. That goal cannot be attained without a full employment policy and a highly-skilled, high-wage industrial strategy. An acceptable standard of living or quality of life is not in the mix as long as between 1.5 and 2 million Canadians are unemployed.

Unemployment insurance benefits and social assistance do not replace the economic impact of full-time decently paid jobs. Similarly, transforming high-paid manufacturing sector jobs into minimum wage service sector jobs is not working either. Adopting short-sighted trade policies that place Manitoban and Canadian businesses and workers in the position of competing directly with low-wage economies does not seem to have improved things at all.

Recession and trade policy driven income tax losses, coupled with an inefficient and unfair tax structure, have severely hampered the ability of government to deliver those services that are underpinning our quality of life. Unfortunately, it has also diminished our government's commitment to education and skills training at a time when we need them most to form an important plank in the economic restructuring platform.

Many have concluded that the quality of our work force from the standpoint of literacy and technical training is an essential ingredient in meeting the restructuring challenge. Having said that, it is obvious that substantial work needs to be done in the area of government public policy both at the federal and the provincial levels. Government should be increasing their financial commitment to education and training, not withdrawing from it.

It is fine to reduce deficits when surpluses exist. It is not fine to cut an important part of the economic solution off at the knees when it is most needed. Public education has not been structured to support the educational and skills training needs of our economic restructuring strategy. We simply are not turning out enough graduates with technological and scientific training that our companies will need. Of course, governments are not the only providers of education. Companies have an important role to play in the effort to upgrade education and skills in the work force. An important opportunity exists in a joint program with unions.

\* (1010)

The Canadian labour movement is extremely supportive, both as a participant in the planning process and as a part of the implementation of nontraditional education delivery programs. About 24 percent of Canada's adult population is functionally illiterate. It is difficult to upgrade the skills of a worker if that person cannot read the bulletin board to find out where the training is or cannot read the textbooks when the classroom is found.

Co-operative education that makes a worker literate is a necessary starting point. From there the needed skills training that companies will rely on for new prosperity will have to follow. Company-sponsored training has not been at a sufficient level to contribute in a meaningful way to the process at hand. Companies have adopted the strategy of only providing enough training to workers to meet

the production process's immediate needs. This modular style of training results in only specific skills being taught to the employee and not the broad range of skills that a qualified worker should have. For example, teaching a welder how to do one or a few tasks on one type of machine rather than the broad range of skills that a certified welder would be qualified to do is not helpful.

In our view, this kind of training is only of limited value to the company, the worker and the broad economic structure of our province. It only meets the immediate needs of the workplace. Any change in production process requires new training or the replacement of the worker. This sort of training does not create any skills portability in the work force which severely impairs or fails altogether to create the kind of flexible skilled work force that attracts new business or that will support diversification by existing business.

Our major human resource challenge is clear. We must move away from the current situation that sees Canadian employers investing in formal employee training and retraining at less than half the rate accomplished by our American competitors. Three out of four Canadian employers invest nothing at all. For workers, that means that only one in 40 receives more than two weeks instruction on the job. Our shared challenge is to shift Canada to a training culture to assure that our work force has the skills and flexibility to make a high-skill strategy work.

Again, there is an undeniable link between skill training and a full employment policy. You can make it possible for all the unemployed workers in Canada to acquire new and sophisticated skills, but that effort is wasted if there are no jobs for them to fill. Training is only relevant in the context of a determined effort to create sufficient numbers of new jobs for the new skills to be put to use. Bringing about the conditions that are necessary to successfully deal with these issues are, quite rightly, important matters of public policy.

Governments should ensure that democratic institutions such as the right to organize and bargain collectively are strengthened not weakened through a tax like Bill 85. It should bring about improvements in minimum wage standards, investments in health, education and ongoing training for the entire work force and structure incentives for companies to organize work to emphasize productivity, quality and flexibility.

Canadian governments have traditionally played a key role in the area of research and development. Many important developments have come about through government-sponsored projects. The importance of the federal and provincial governments continuing this practice and devoting more resources to it cannot be overstated. The fact is much of the private sector's research and development is carried out at head office. Any resulting spinoff economic activity occurs there as well. Because most Manitoba manufacturers are branch plants with corporate head offices located elsewhere, it becomes even more important that government-sponsored research and development occur here.

Similarly, the private sector will have to adopt the same strategy and devote substantial resources to the research and development that is necessary to successfully adapt new innovations for the Manitoba milieu. As it stands now, private sector expenditures on research and development in Canada are the second lowest among the G-7 countries.

If you accept that a high-wage strategy is right for Canada and necessary to maintain our quality of life, and I do accept that, then ensuring that a strong union movement exists is an inescapable part of that strategy. At the best of our economic times, high wages have only come about as the result of effective collective bargaining, reaching agreements that in the long run benefit both companies and the work force. The reality is governments and business are unlikely to pursue a high-wage strategy on their own.

In the context of economic restructuring, the central questions about the high-wage strategy become: In the search for competitiveness why do the most economically successful countries opt for a high-wage, high-skill, high-performance economy? Why is Canada opting for a low-wage strategy that demands an inevitable and continual decline in our standard of living? What strategies can be put in place to encourage economic activity that will maintain and improve our living standards rather than undermine them further?

In our view, answers to the last question are most easily found through joint union management planning and action and a vibrant collective bargaining environment. Unfortunately, from organized labour's perspective, there are those who maintain that the best way to take on Canada's

growing list of competitors is by matching their conditions. There are those who say we should compete with Third World low-wage economies by lower wages here.

If Canadians have social programs that do not exist in Mexico, then scrap the Canadian network and take away that cost of doing business. If workplace safety and health laws and regulations in Canada do not have counterparts in competitor nations, then scrap the Canadian standards. Of course, we believe that this is exactly the wrong thing to do.

Perhaps these gaps in our competitors' environment should be treated as unfair trading practices under GATT and other international trade agreements. There are remedies for unfair practices and maybe they should be brought into place in the absence of our competitors' commitment to improving the quality of life for their workers and citizens.

Canadian workers have a striking model of the outcome of low-wage development in the Mexican Maquiladora, where workers earn on average one-eighth of Canadian wages. In the past 10 years, average wages in Mexico have fallen by 200 percent. Poor environmental practices, lax enforcement of any health or safety standard and criminal disregard for workers' health have led to astonishingly high rates of cancer and birth defects.

Instead of participating in or accepting a shift to low-wage strategies in Canada, our role is to help workers in developing countries to raise theirs.

As I said at the outset, Bill 9 represents, in our view, an important departure from the government's economic nonintervention policy; however, we do have some concerns. The bill does not contain the kind of preamble that puts the work of the council into context. The potential impact of the Economic Innovation and Technology Council on Manitoba's economy and, therefore, just about every aspect of our lives is substantial.

We believe it is unwise to not provide in the act a context for the council to do its work within, a statement of principles which it can measure the relative wisdom of its actions. First and foremost, the statement should set out in clear terms that any economic restructuring should result in an improvement in the well-being and security of the citizens of Manitoba. Simply improving profits for

companies is no assurance that the benefits will be shared within the community.

Fostering economic development and economic restructuring only makes sense in the context of a broad social economic strategy to bring about improvements in the quality of life of all Manitobans, including workers, the unemployed, the poor, our rural communities, affirmative action client groups, the elderly, young people, aboriginals, and others who have not enjoyed their fair share of the benefits of a vibrant economy in the past.

An important decision has to be made by government and business to adopt and carry out a full employment policy. Our idea of full employment is straightforward. Everyone who wants to work should have the opportunity to obtain a meaningful job, one that provides satisfaction and a fair and equitable standard of living.

In our view, it is impossible to adopt a long-range, economic strategy, the kind that this bill contemplates, in isolation from many other important social and cultural considerations. That is why the reminder that a carefully crafted preamble provides is so important.

Another area of concern we have is the make-up of the council itself. Bill 9 sets membership at 35. We know that currently the members include two labour representatives, two aboriginal people, and 25 academic and business representatives, with the accent heavy on business. This is unacceptable. The preponderance of business representatives assures that one sector's point of view will be the heaviest influence on the council's work and will represent the basis of its planning and recommendations.

It is important that Manitoba's economic strategy reflects its society. We propose that labour and business be equally represented on the council and that equity groups and the three major political parties be represented as well. Each group should nominate their own representatives.

Establishing a biased point of view on the council, through a focused field of appointments, is fraught with danger and can lead to policy that benefits the few rather than the many. It will also fail to build a community consensus on activity that will get all of the stakeholders moving in the same direction.

Section 3 of the bill talks about economic restructuring. What kind of restructuring does the government have in mind? Will this result in lost

jobs and layoffs, "right-sizing" as the Manitoba Telephone System so euphemistically calls it? Will the restructured businesses shoulder their fair share of this burden?

\* (1020)

When public money is used to develop and commercialize technology with the public risk during development be rewarded by equity or realistic compensation upon commercialization—or will this become publicly funded research and development that business should be doing, reaping the benefits without the exposure to risks?

Section 3(a)(ii) and Section 4(b) speak of the council's ability to extend financial incentives, grants, loans, loan guarantees to further the council's objectives. Will public equity or public return on their risk be part of this package? If the public assumes the risks at the outset and through the development stages, what will the public receive in return when the final goals are realized?

I believe that the impact on Manitoba that the government contemplates with Bill 9 can be beneficial for workers and all Manitobans but only if it is carried out in the so-called big picture. Economic planning cannot be carried out in isolation from social planning. Social objectives can only be met through a complementary economic plan.

The key to the council's success is co-operation. Co-operation between all the stakeholders in economic success in Manitoba must be fostered at every opportunity, including Bill 9. Without the assurance that there is an honest will to identify a common objective, one that includes fairly distributed rewards and benefits, then this venture will surely fail or fall short of its real potential.

From our perspective it is difficult to focus on the big picture, and on the benefits of relationship building with government and business when we are under constant attack. Since 1988, the Conservative government in Manitoba has taken direct aim at workers and their democratic institutions. Final offer selection was repealed in spite of the obvious benefits it was bringing to the labour-management relations climate.

The Workers Compensation Act has been amended in ways that do not give comfort to workers. I am being rather kind in that. Last year's Bill 70 was passed resulting in a massive assault on publicly paid workers that stripped away their basic right to collective bargaining and fairness. This

year, the Pension Benefits Act will be amended to make it easier for business to obtain surplus pension funds, the property of the plan members, and later today, a committee of the Legislature will review Bill 85, another assault on workers' rights.

So you can see why organized labour looks with a critical eye on invitations from government to participate in joint actions that promise benefits and fairness. We are getting a little gun shy of your idea of fairness. If you want and need our co-operation, and I believe you do, then please stop attacking us. Real co-operation requires some trade offs. For example, if business and government need flexibility, then you will have to recognize workers' needs for income and job security.

The kind of co-operation we think is necessary must exist at every level, at the enterprise level, at the sectoral level and at the public policy level. Without co-operation at all of those levels, it will not happen at any of them.

We sincerely hope that the advice that we have provided today will be viewed in the light in which it was intended, as a positive indication of where we need to be going and our willingness to go there with you. Your sincerity and acceptance of us as an equal economic partner is the key to whether you make this journey alone.

I urge this committee to amend Bill 9 to take these concerns and shortcomings into account so that this opportunity does not slip through our fingers again. Thanks very much, Mr. Chairperson.

**Hon. Eric Stefanson (Minister of Industry, Trade and Tourism):** Susan, I just have one or two questions. Going specifically to the concerns you raise as it relates to the bill and your focus on an inadequate preamble, that has been given some consideration and the thought there is this, and I want to get your comments on it.

Rather than it being a preamble developed, I will use the expression "top down" or being driven by government in terms of what it should include. One of the first functions of the council itself is the development of, I will use the expression, a mission statement, a vision statement, encompassing many of the concerns that you addressed in your discussion of a preamble.

The thinking there was, again, as you say, that the success of an initiative like this is going to be co-operation, involvement, communication and so on, that the stakeholders themselves should have

some input into the development of that mission statement, and then not precluding us coming back subsequently and amending this particular bill for the inclusion of a preamble that reflects the development through the import of the stakeholders. I am wondering if you would think that that is a reasonable and acceptable approach or whether you have some concerns with that?

**Ms. Hart-Kulbaba:** I have no problem with that approach as long as the membership of the council reflects society, and I addressed that also in my bill. I would have much more comfort in the development of a mission statement if I knew that not only one group's point of views would be included in that mission. I think that we all have legitimate interests, though they may be differing, and that to gain a socially bargained position about where we should be going, all of those interests have to be given equal legitimacy and equal concern and equal respect. We may not always agree, but to say that those interests do not exist is unrealistic and I think will doom us to failure. So if you could address the issue of representation on council, I would not necessarily have a problem with the process that you have outlined.

**Mr. Stefanson:** On the issue of representation, you propose that labour and business be equally represented. Of course, you realize the make-up of the council goes beyond even those two general areas into academic and research and so on.

**Ms. Hart-Kulbaba:** Absolutely.

**Mr. Stefanson:** Are you making the suggestion that it be proportionately for them as well, or are you saying in terms of specifically labour and business?

**Ms. Hart-Kulbaba:** I am saying whatever number of business people you have on there, you should have equal numbers of labour representatives on there. In addition to that, other community groups, yes, in fact could be brought along, should be brought along. We did specifically talk about the four equity groups being women, visible minorities, physically challenged and aboriginal people.

I understand there are aboriginal people already on there. If you want to expand beyond that, that is fine. That may mean, in fact, removing some business names if you plan on keeping the council at 35 in order to balance off the numbers between business and labour, but I certainly have not capped community or other to be at exactly the same number so that it would be one-third, one-third,

one-third. I have not put that into the brief. We did not have consensus from our own people on that, but certainly that there should be other representation to reflect the community.

**Mr. Jerry Storle (Flin Flon):** Mr. Chairperson, first of all, I would like to thank Ms. Hart-Kulbaba for the presentation. I think that it echoes many of the concerns that I raised when I spoke to this bill, although there are a couple of areas that perhaps I would like to get you to elaborate.

I guess the first one is that I may end up differing somewhat with your suggestion that this is a significant departure for the government, because really what they are doing is abrogating their responsibility, in some sense, for developing an economic strategy to a council, as you suggest, made up of a group with a large majority of business leaders who have perhaps a different agenda than many Manitobans. I guess the question is, how do you build consensus and whether this is a means for developing consensus, given not only the preponderance of business people but the absence of a role for the government in setting the agenda? How are we going to develop a consensus that Manitobans generally can buy into?

**Ms. Hart-Kulbaba:** I view this as an opportunity, not that in its current form will work, but that we have an opportunity. I think it is the first thing I have seen where there is activity going to be taking place in the economic arena. As far as the government's abrogation of their rights or to give somebody else those rights, council those rights, I think that if we are truly going to build consensus, I think we will find a fair amount of it. There will be times when the economic partners will disagree and any government in place is going to have to make a political decision at that point in time about their activities.

That political decision will, of course, be judged by the populace at the ballot box at any future time, but at least it would give solid advice from the community on where there were areas of consensus and where there are not areas. As I said, the government still has an obligation to make some decisions.

**Mr. Storle:** You make an interesting point. I guess your suggestion that somehow the mandate should be enshrined in legislation, that we should have some sort of context for the debate is an interesting one. For a number of months, for a number of years

we have been pushing the government to establish some sort of economic summit made up of the people that you talked about, certainly having significant representation from business and labour and government to establish such an agenda. I am wondering whether you would think perhaps holding that kind of summit to work on the kind of preamble you talked about would be a useful idea.

\* (1030)

**Ms. Hart-Kulbaba:** Yes, I do think that would be a very helpful idea. I think you could then broaden input of Manitobans into developing that rather than having 35 people in a room develop that. I think there is an opportunity to get, in the labour movement we would call it more grassroots consensus around that, more grassroots support for any initiative that would be coming out of such a council if in fact they had broadly come to some consensus as to what they believe that council should be doing.

I think that could only help the council function down the road. I think there has been a significant amount of co-operation between labour and business in other fronts and it is continuing. I am right now, for instance, sitting at the national level on an economic restructuring project, co-chairing it with Tom d'Aquino. I mean we do have our differences no doubt, as you may imagine, but I think that the discussion is what is helpful.

If we do not take that discussion, sort of from the top down, and I think that is one of the problems we have with it, then it is going to be only those people who are involved in the project right now having those discussions. We have an obligation to sell to our own membership, to our own supporters, the positions that we have taken. As leadership in this country, that is one of the obligations that we have.

I think an economic summit would help that kind of activity rather than having leadership talk in isolation and no support for it from people in the community.

**Mr. Storle:** Just a couple of other questions on specifics of your recommendations. One is that the council, I guess, be instructed perhaps to look at the possibility of equity participation to ensure that there is some sign of public recouping of taxpayer's money that is invested or provided as incentives.

I am wondering whether you would support an amendment that would specifically ask the council

to look at that kind of an avenue, or is recommending it enough?

**Ms. Hart-Kulbaba:** We would appreciate an amendment and would support it.

**Mr. Storie:** A final question. One of the things that I was concerned about was the size of the council as a decision-making body, because what the government has done is take a body that was really a granting council—The Manitoba Research Council—and eliminated it, and folded in now an advisory body. So we have an advisory body and a granting body all rolled into one.

I am wondering whether the composition of this group and the size of this group will be or can be an effective group for making those kinds of decisions, or is it in fact too large and too diverse?

**Ms. Hart-Kulbaba:** Which decisions were you talking about—the granting decisions or the advisory?

**Mr. Storie:** Both, I suppose.

**Ms. Hart-Kulbaba:** I think it will probably be difficult for the whole committee to deal with granting issues. It is fairly large for that. It is huge amounts of paper besides.

The advisory capacity is not necessarily difficult. It is even less difficult if there is only one group at the table, right? But in order to accommodate all the groups that play an active role in our economy, you are going to have to have a fair size council to begin with. So probably, realistically, you are looking at anywhere between 25 to 35, at any rate, in an advisory capacity to have decent representation.

**Mr. Storie:** Well, there is only one other area, and I guess I will get into a debate with the minister at some point about the principle of this bill and, I guess, our belief that it is fundamentally a sham, that what they have done is eliminate the Manitoba Research Council and tried to restructure it in a way that will be more appealing to this government's particular interest groups.

Having said that, I agree that notwithstanding the motives for doing it, there may be in fact some opportunity to gain something from this council. I am concerned because the government really, although it suggests it is appointing an independent body, it is carefully selecting the participants, No. 1, and No. 2, it is choosing the chief executive officer.

If this body is truly going to be independent, do you think the government should be choosing its chief executive officer?

**Ms. Hart-Kulbaba:** No, I think the council should choose the CEO, and any staff to it. I think it is important to note as well, when we were asked to put names forward, it was not indicated how large the council would be. We were given some fairly specific parameters for the kinds of people that we would nominate in terms of having had—they wanted the labour people to have had experience with labour adjustment issues, and workplace enterprise level restructuring, job training and retraining issues.

When I saw the list come out, I was quite astounded and certainly wondered how much of that kind of experience was required by the other nominees who sit now on that council. How many in fact would have anything close to that?

It seems that the people on that council have been chosen differently for different situations. It sounded to me like there was an attempt to keep the leadership of the labour movement outside while putting the leadership of the business community inside, and having practitioners from the labour movement be there, but not necessarily practitioners from the business community be there. That was disturbing to me.

I hope that we can see some of that turn around too. I would like to see something more than a phone call come out when these things happen and that something is required to show what skills you would bring to the council or what skills are required for government to appoint. I would also like to see—and I said so in my brief—that the parties knowing what qualifications are required then put forward their own names. I think then it is incumbent upon them to choose what CEO they will hire for the council.

**Mr. Storie:** One final question, I guess. The government, in its wisdom, has set aside \$1 million to be spent this year or to be used from the economic innovation fund. I guess, given your preamble to your discussion and sort of outlining the crisis that we are in in terms of Manitoba's economy—the working people who are suffering, the people who are looking for work who are suffering—does it strike you that \$1 million is a rather, I guess, pessimistic amount of money to deal with any of those problems?

**Ms. Hart-Kulbaba:** I guess for me that depends on what government has in mind for happening in the first year. If they see the first year only as set-up, as getting the thing structured and in place, then that is probably not unrealistic. If they actually plan to do something within that first year, then I would have some concern, yes.

**Mr. Reg Alcock (Osborne):** Mr. Chairperson, I have just a quick question to Susan. You made the comment about the composition of the council and that. Has there been any consultation with you relative to direct appointment or the process by which you might not just put forward names, but might actually select the people who represent labour on the council?

**Ms. Hart-Kulbaba:** We got a phone call, not from the minister, but from someone working in the department who was in the Minister of Labour's (Mr. Praznik) office at the time, for me to get two people to replace the two people we would have had on the Manitoba Research Council. The requirements for that were given over the phone that they wanted somebody who was off the shop floor who had experience in restructuring and labour adjustment issues and that they would take whatever two names I brought them. So that is what I brought them. I was quite surprised to find out that is not necessarily what the rest of the council looks like.

\* (1040)

**Mr. Chairperson:** Thank you very much, Ms. Hart-Kulbaba.

**Ms. Hart-Kulbaba:** Thank you.

**Mr. Chairperson:** The next presenter is Mr. Paul Moist. His brief has been circulated so Mr. Moist, you may begin.

**Mr. Paul Moist (CUPE-Manitoba):** Mr. Chairperson, Mr. Minister, members of the committee, CUPE represents some 20,000 public-sector workers throughout Manitoba and is pleased to have the opportunity to speak on Bill 9.

The province's stated intention in announcing in November 1991 the creation of a new Economic Development Board of Cabinet, an Economic Development Secretariat and the new Economic Innovation Technology Council was to "help get the Manitoba economy moving."

CUPE certainly concurs that the province has a significant role to fulfill in terms of managing Manitoba's economy. We question, however, what

Bill 9 will accomplish towards this end. Manitoba's economy has fared badly in the current recession as evidenced by the following statistics. In terms of economic growth—and all of these are 1991–10th out of 10 provinces; employment growth, eighth out of 10 provinces; interprovincial migration, eighth out of 10 provinces; urban housing starts, ninth out of 10 provinces; building permits, eighth out of 10 provinces; manufacturing shipments, 10 out of 10; average weekly earnings, ninth out of 10 provinces; investment, eighth out of 10 provinces; a record number of bankruptcies in 1991; a loss of some 17,000 full-time jobs; some 60,000 registered unemployed Manitobans in January 1992, which is the highest recorded number in the past 25 years.

The most telling statement of the province's commitment to economic growth is the government's budget which, in the case of the present administration, has focused on deficit control and the creation of favourable conditions for private sector investment. The province has instituted cuts in its own work force, imposed a bargaining freeze on 48,000 public sector workers, curtailed grants to public schools and municipalities and offered tax breaks to business. The result of these efforts has been the creation of one of the poorest economic performances in the country. Perhaps the argument might be that our economy might have performed worse were it not for these measures. Not surprisingly, we would reject outright such notions.

Organized labour believes the province must take some more concrete steps in the area of stimulating the economy, including: (1) the establishment of an employment creation fund to put Manitobans back to work; (2) establish labour adjustment and training funds to assist workers in industry in managing change; (3) oppose the proposed North American Free Trade Agreement in favour of sectoral trade agreements which will benefit all parties; (4) develop a high-profile campaign condemning the federal transfer payments, demanding reversal of these policies and restoration of former funding levels; (5) aggressively pursue a third Core Area Agreement amongst the three levels of government with an emphasis on socioeconomic concerns vs large-scale bricks and mortar projects; (6) develop community improvement funds including a community infrastructure fund, housing improvement fund and a community living and development fund; (7) develop environmental

enhancement funds such as an urban transportation fund and an environmental improvement fund which focuses on community recycling and industrial environmental innovation.

With respect to the Economic Innovation and Technology Council, the proposed council which is already meeting mentions labour as a "stakeholder" among other groups. The Premier's (Mr. Filmon) own November 8, 1991, news release in part stated that the council would "provide a forum for consultation and dialogue between business, industry, labour, government and research community."

While the aforementioned statement implies some measure of status for labour, the reality is we have been afforded two out of 28 positions on the council, which have been filled to date. With respect, in CUPE's view this hardly amounts to fair treatment of a stated stakeholder. What it does amount to in our view is tokenism, with the union movement being all but avoided by the province.

Rather than expressing only our dissatisfaction with such treatment, we also wish to express our view that the council will be unlikely to fulfill its objectives as expressed in Section 3 of the proposed bill if it does not contain adequate representation from representatives of the province's work force. Further, the council is not likely to have an impact of any consequence on the provincial scene if it mirrors the rather negligible results which have been derived from provincial environmental legislation such as WRAP and The Ozone Depleting Substances Act.

What, if anything, of a quantifiable nature has emerged from the province's round table on the environment, and in our view we are contemplating a round table on the economy.

We believe many Manitobans will share our skepticism when any level of government suggests a new initiative in the area of economic research, given the state of the \$100-million federal National Research Council, which is little more than an attractive building on Ellice Avenue.

We submit that the public wants something more from government in the area of economic growth than mere talk and public relations. They want jobs and an adequate amount of basic public services, along with an end to this government's and the federal government's blind adherence to a market-driven economy.

CUPE cannot comment on Bill 9 in isolation of the steady stream of attacks we have faced from this government. The government should not expect labour's full co-operation when our status as a major stakeholder amounts to two out of 28 seats on the proposed council. Government cannot abolish our bargaining rights, intrude upon workers' rights to organize, destroy our workers compensation system on the one hand, and on the other hand invite us to partake in tripartite ventures in which our representation is curtailed to the point where it might well not exist at all.

CUPE has no specific recommendations to make regarding Bill 9 other than to offer the views we have expressed herein along with our observations that Manitobans and their economy deserve much more than is offered in this proposed legislation. We would submit that Bill 9 ought to be withdrawn until such time as all stakeholders have been consulted with and afforded more fair and equitable treatment than has occurred to date.

**Mr. Stefanson:** Paul, I really only have one question. In your conclusion, in your first paragraph, you make the statement that government should not expect labour's full co-operation when our status as a major stakeholder amounts to two out of 28 seats on the proposed council.

So you are saying, well, without repeating it, recognizing that there are certainly other vehicles to obtain input in terms of the consultation process that will take place at the council level, in terms of potential changes ultimately to the makeup to the council and also the additional flexibility the council has, the act provides to a maximum of 35.

Why would you at this stage make, or what do you mean by that statement I guess I should ask you?

**Mr. Molst:** Mr. Chairperson, through you to the minister, I guess we would like some sort of a normalization of the relations between labour and the government. We have, I guess, what I would call normal relations when it comes to labour matters such as filling appointments on the Labour Board, appointing arbitrators to the, along with business, expediter arbitration list. There are things we do each and every day with each other that we have to do with each other no matter who is in positions of influence in the labour movement or who is in power here.

I do not know why we cannot normalize our relations in the area of research and economic development. You are not consulting with us if you make a phone call and ask us for a couple of names over the phone ostensibly to replace our representation on the Manitoba Research Council. That is not what was going on here. This is greatly expanded beyond what the parameters of the Manitoba Research Council are and were. I do not know whether you have repealed that legislation yet.

I guess I am saying that we have an organization that just spoke to you prior to myself that represents organized labour in the province, that could be consulted with. We could discuss the makeup of what the council is going to be and we could make some more meaningful representation to you, but that did not happen in this instance.

You may have time to address the concerns that we have raised and I happen to think that if you do go ahead with the creation of this council, we should participate fully in it.

**Mr. Stefanson:** It may not be a fair question, but certainly looking at the makeup of the council and realizing that one of their major functions is to interact with all stakeholders in Manitoba which certainly labour is a major stakeholder, I certainly have confidence in the ability of those individuals to do just that. It might not be fair to ask you if you would concur with that.

**Mr. Molst:** Well, Mr. Chairperson, when I look at the make-up of the 28 appointees to date, I guess I ask the government, do they not have confidence that one appointment from the Chamber of Commerce, one appointment from the academic community—I mean you are overloaded with one end of the spectrum. Within the union movement we have a substantial amount of public sector workers who organized.

\* (1050)

One part of the bill I will comment on, when you talk about technology transfers between Crowns and the private sector, I happen to agree that we have missed the boat in that area. You know that your Crowns are heavily unionized, and many of our members own and develop the technology that makes those Crowns as efficient as they are.

We do not have big links or good links between the Crowns and the private sector, and there is a huge role for public-sector trade unionists, along

with the appointees that Ms. Hart-Kulbaba made from the private sector, from the machinists' union, from the steelworkers' union. When you say to me, can those people not represent the view of labour, they certainly can. The labour movement is made up of a lot more components than the industrialized sector. Just like you have canvassed the whole spectrum of the business community and the whole spectrum of Chamber of Commerce communities, we think you have fallen short of canvassing our community.

I guess I will answer your question, yes. I think they will do a good job. They need some assistance there, and they need some representation from the sectors I have just told you about.

**Mr. Storle:** There are two questions, I guess. Sometimes it is difficult to separate what the government's intentions are with respect to this bill in terms of the short term and long term. In the front of your presentation, you talked about the press release that was issued when this council was created. You talked about an initiative to get the economy going. I am wondering whether it is your impression that this council is designed or structured to get the economy going as opposed to perhaps some more long-term kind of body.

**Mr. Molst:** I guess, through the Chairperson, we are a little bit confused on that, and that is why there are no specific recommendations on it. The research component and the interchange of bringing people into a room who work in different sectors, who may be able to share something with each other, I think is probably worthy of pursuit. Then I see components of the bill that say one of the requirements of the council will be to present to the minister an annual statement of the economy.

The government receives, from various venues, statements of the economy. They receive the labour movement once per year. We present our annual brief, the Chambers come in, I am aware, the the manufacturing association, the small business association, consumers' groups, women's groups, aboriginal groups. The statements on Manitoba's economy could fill this room, I guess, each and every year.

I am confused with what the council's role is, if it is R and D and developing relations between groups that are not meeting right now, I probably think we need more of that. If it is a body that is going to create reports so that we can all read them again,

there is a bit of twin role there that I do not understand. It goes beyond research and development which was what its predecessor had a focus on. I guess the final comment on that would be one of the speeches at second reading by one of the people speaking to it, I am not sure, talked about this council will not be worth much if it does not survive the life of this government. I tend to agree with that.

**Mr. Alcock:** Thank you, Paul.

**Mr. Molst:** Oh, it is the member for Osborne (Mr. Alcock). Okay. I tend to agree with that. I do not think governments should be creating any institutions, no matter who the government is, if they are not going to be of value to all citizens. If this council gets started up and simply gets removed two or three years hence, it will not have served anyone very well, and some of our comments on make-up and things like that are related to that.

**Mr. Storie:** Mr. Chairperson, well, I share some of your confusion over the rationale for the introduction of this piece of legislation. As I said, the more one looks at it, the more I think it was part of a PR exercise rather than any strategic restructuring of research and development initiatives or technology commercialization issues.

I guess the bottom line, however, is this government is probably going to pass this legislation. They are probably going to disregard your suggestion, at the end of your brief, that this piece of legislation be withdrawn, which leads me to—

**Mr. Alcock:** Just ask.

**Mr. Storie:** Well, we will ask. The member for Osborne (Mr. Alcock) suggests we ask and we will continue to ask, but this minister may not take the suggestion too seriously. I am not sure.

The question though is if the government proceeds and your group CUPE and other labour groups want to have a say, I guess, in setting the direction that this council would take, would CUPE be willing to participate in an economic summit that helped to set the agenda for this council?

**Mr. Molst:** Through the Chairperson, I am weird enough that I read Hansard, and I know that has been called for for a number of months. There is no question that the labour movement through the Manitoba Federation of Labour would be pleased to participate in an economic summit that might give

some scope. It might give some perspective, not only to this council but to all avenues of labour-management relations in the province.

It is nice to talk about us working together to get the economy moving as two or three or four stakeholders when the other four days of the week we are at each other's throats through wage freezes or through a tax on legislation that has been in place for decades.

All of this has to be put in context, speaking only for CUPE, but I am sure through the federation we would welcome an economic summit where all equal partners were brought together.

**Mr. Storie:** Thank you, Mr. Chairperson.

**Mr. Stefanson:** I just have one final question, Mr. Chairperson. In the bill itself, Section 3(d), Paul refers to "to provide a forum for dialogue between, and consultation with, the stakeholders;" and certainly labour is a stakeholder. That forum and dialogue can obviously take place in many ways. You can tell from the dialogue around this table already, one of the thoughts certainly was that, in dealing with the economy and economic issues in certain forums, it is probably important to depoliticize it and to give everybody an opportunity to put their thoughts and beliefs and what should be done for the economic future of Manitoba on the record. Certainly, that particular provision allows this council all kinds of flexibility to either hold a forum, an economic summit, to do it annually, however often deemed necessary to consult in a whole range of ways with labour, with other stakeholders in our community.

I guess following on the heels of the question the member for Flin Flon (Mr. Storie) asked you, whether you see that as an important function of this council, and that this kind of a provision in the bill gives them that kind of flexibility to consult in many ways, and I guess more importantly the importance of, to a certain extent, depoliticizing some of the discussion, recognizing that the governments of the day still have to make the final decisions and implementation in many respects.

**Mr. Molst:** Through the Chairperson, insofar as it goes I think it probably is a good provision in the bill, but when you mention it is a sort of depolitical feature of the bill, there are many features of this bill that are, excuse me, as political as hell, subject to Order-in-Council approval.

When I look at Section 4(b), I mean making grants and loans and incentives to live up to what the council is supposed to be doing, whether it is technology transfer, or there is even mention in here under 3(e) of personnel transfer. I can see some of those people from the Crowns that I talked about being transferred to the private sector to help them implement customer-based service systems or whatever you want.

We have a lot of expertise. When it comes to the bucks or a lot of the heavy decision making, it is subject to Order-in-Council approval and that hits at the independence of the council in a negative way. I know you cannot give this council or any creature of government complete carte-blanche freedom to spend whatever they want on worthwhile ventures, but you strike at their independence when you make things like even appointing the CEO an Order-in-Council appointment. You strike at their independence and the integrity of the council.

\* (1100)

But I can agree with you that (d) is a good provision. Having said that, the government of the day ought to call this economic summit, not some committee of government. It ought to be chaired by the Premier of the province and perhaps yourself, and it ought to have some stature as a forum to bring together partners, not just labour and business but others, to set a framework for this council and other creatures of government, other committees of government, so at least to whatever extent possible we are working in the same direction.

**Mr. Stefanson:** Just briefly, Mr. Chairperson, your comments led to another question about 4(d) setting fees, charges and so on. Do I take it then that you would be supportive of, within appropriate parameters, providing certain delegated authority to an organization such as this?

**Mr. Moist:** Through the Chairperson, providing we have the proper representation which is garnered through our parent body, the Federation of Labour, if the council is going to exist and if we are going to have proper representation on it along with other stakeholders, yes, we would like to see them be able to function more independently.

**Mr. Chairperson:** Thank you for your presentation, Mr. Moist.

Are there other further presenters on Bill 9, The Economic Innovation and Technology Council Act? If not, we will then proceed to Bill 84.

### **Bill 84—The Residential Tenancies Amendment Act (2)**

**Mr. Chairperson:** At this time we will have presenters on Bill 84, The Residential Tenancies Amendment Act (2). There has been a slight reallocation of time through mutual consent. The first presenter, Mr. Jim Martinuk, will now be presenting with Ms. Linda Williams. That way, Mr. Lewis Rosenberg, President of the Professional Property Managers Association, will be first.

**Mr. Rosenberg,** do you have a written presentation?

**Mr. Lewis Rosenberg (President, Professional Property Managers Association):** No, I do not.

**Mr. Chairperson:** You may proceed then.

**Mr. Rosenberg:** We had short notice on this and did not have time to prepare a written presentation.

**Mr. Chairperson,** my name is Lewis Rosenberg. I am president of the Professional Property Managers Association, which is a professional organization that represents approximately 37 property management firms in Manitoba, representing approximately 40,000 residential apartment units in the province.

We have reviewed Bill 84 and we are glad that the government has introduced this bill. As The Residential Tenancies Act currently exists, it is impossible for us to administer security deposits. We, in our previous two briefs on Bill 13 and Bill 42, had brought this up to the government and it was not amended at that time. The way the act reads, we would have to forward all of our security deposits into the Rentalsman's office. Because the act reads in such a way that every security deposit in its exact dollar-for-dollar amount has to go into a separate trust account, we would end up in our companies having two and three and four thousand bank accounts in our office.

In single-deposit bank accounts we would not be able to earn enough interest in order to pay the tenants the interest that is prescribed in the act on security deposits. Therefore, we would have to turn them over to the government who would then be responsible for the administration and paying out the interest on all of these security deposits which I also imagine would be an administrative nightmare.

The problem we see with this amendment is not that it is an amendment that will work. However, the reason that this whole section was brought in was

to deal with the problem where tenants lose their security deposits. Security deposits currently run with the land. Therefore, the only time that a tenant is in danger of losing his security deposit is when the building they live in burns down or is condemned, so that there is no further income in the property. The government, the Department of Consumer Affairs already has the right to attach the rents to pay for any lost security deposits.

We have been told that over the years this loss has run from \$2,000 to \$3,000 a year in an administration of, I have been told, \$10 or \$15 million worth of security deposits. There is an absence of a clearly demonstrated need here. We are talking about killing a flea with a thermonuclear device—not a hammer—with the increased costs that we will have to incur to administer security deposits under this act.

Our association is proposing that we undertake a similar situation as with The Real Estate Brokers Act where the Winnipeg Real Estate Board has a blanket bond that underwrites losses by their membership to the general public. We are prepared to enter into the same kind of arrangement. Fortunately, we have not had time to thoroughly investigate it. We have spoken to some insurance brokers about the possibility of a blanket bond with an underlying cash fund to deal with this problem.

We are talking about something in the neighbourhood of a \$100,000 cash fund with a \$1-million blanket bond on top of that to give this \$2,000 to \$3,000 a year loss problem \$1 million worth of security. This would be, of course, open to any of our members and our membership is open. For people who did not choose to be members, as in The Real Estate Brokers Act, can arrange their own security.

We believe that the tenants must be secure, that the security deposits have to be—they have to know for a fact that if they pay their security deposit and they pay their rent and they do not damage their apartment, that they will get back their security deposit. That is a given. Our association is prepared to undertake guaranteeing this.

We believe it offers more security than any other form of security that can be offered because an individual can still empty his trust account and run. It has never happened, but it could happen. Our association is not going anywhere. We have been around since Duff Roblin was first elected Premier,

and we believe we are offering a legitimate alternative to an administrative nightmare. This act does help us, but it still, in our opinion, is not enough for the problem that it is trying to cure. Thank you.

**Hon. Gerald Ducharme (Minister of Government Services):** As in real estate, a realtor cannot use those deposits. Will you also, with your members, not use the deposits if you surrender your bond?

**Mr. Rosenberg:** Some companies do use them—

**Mr. Ducharme:** No, they do not.

**Mr. Rosenberg:** Not in real estate. I am not talking about real estate, I am talking about security deposits.

There are a great number of apartment building owners who are not brokers. Under the current act, they are allowed to use those security deposits. However, the security deposit liability runs with the land, so that if that owner loses his building for whatever reason, or he disappears to Mexico with the security deposits, the government can and has attached the rent and has the security deposits paid for out of the proceeds of the building.

**Mr. Ducharme:** I ask the question, though, would you go on record as saying that you—you said on record that you would like to have the same rules as the realtors and set up the same way as the realtors do. Under The Real Estate Brokers Act, the realtors cannot use those deposits. Are you saying yours would be the same, but however would allow them to use those deposits for cash flow?

**Mr. Rosenberg:** I was talking about the surety bonds regarding the protection for the public if a realtor does take off with the deposits. That is what we were talking about. The two acts are different and they are two different issues.

**Mr. Doug Martindale (Burrows):** Mr. Chairperson, can I ask Mr. Rosenberg, what is your fundamental problem with the bill as it stands—or pardon me, with the amendment? Is it that you believe you cannot get the interest that you need in order to meet the government requirements, or is it the requirement to set up separate trust accounts, or is it both?

\* (1110)

**Mr. Rosenberg:** I am sorry, with the bill as it currently exists?

**Mr. Martindale:** Well, how about the bill as it currently exists and the amendment? Maybe you could address both.

**Mr. Rosenberg:** With the bill that currently exists, we cannot earn enough interest to pay the tenants the money they require and to administer these deposits. It costs a lot of money to administer them, and the current interest rate is 3 percent paid on deposits. I am not sure what the current interest rate is at the bank on a single-deposit savings account. I imagine—I have not looked lately, but it is probably around or just under 3 percent. On top of that is the administrative cost of looking after these deposits and having them in the trust fund and having that balance every year, for those of us that are real estate brokers.

What the current act is asking us to do, when a tenant gives you \$200 for a security deposit, is to open a separate bank account, put that \$200 in that account, and then when the tenant moves out, to take that \$200 plus interest and give it to the tenant. It is a straight dollar flow system—same dollar in, same dollar out. In order to do that, we would have to open a bank account for each and every tenant. This was something that was realized when the government brought forth a chartered accountant as a consultant to see how the regulations would be written to administer this.

We talked about this in our two previous formal presentations on the two bills. With anybody that has more than 25 or 30 tenants, it would be an administrative nightmare. Our only alternative, which is an alternative in this act, is to turn all of the deposits over to the Department of Consumer and Corporate Affairs through The Residential Tenancies Act; one, because we could not earn the interest to pay the tenants; and two, because there is no way to administer it even in an office that is highly computerized. You would have to have a separate bank deposit book for each one of these deposits also. It would not work.

The way the bill is written now, we can pool the money, write the cheque out of our operating trust account for each deposit taken into our operating trust account, and have the surety of some kind of financial instrument whether it is a letter of credit, a surety bond, a GIC, a TDR, whatever it is, that money or that cost can be offset to earn interest and it can be pooled so that you are only operating two trust accounts instead of thousands.

**Mr. Martindale:** Would turning over all deposits to the government be a serious problem for the Professional Property Managers' Association?

**Mr. Rosenberg:** I think it would be a serious problem for the tenants. My own experience with getting government cheques is that it takes longer than 14 days to process the paperwork. You have to remember that the tenant moves out on June 30; he has to get his deposit back by July 14. In that time, a report has to be filed whether or not the deposit can be refunded or not. So, therefore, our industry would be giving the reports to the department on, say, July 10 or 11, and the tenant is entitled to his cheque on July 14.

For any of you who have ever received a government cheque based not on something that is programmed into the system, but something that has to have a report filed before the cheque is issued, I do not think the tenants are going to get their money back in time.

**Mr. Martindale:** On the other hand, when you and I were on the Landlord and Tenant Review Committee, you will recall the staff telling committee members that for security deposits which were not returned by landlords, a major problem in terms of staff time was that a third of all deposit time taken on getting them back was in trying to find the deposit and find the landlord. Presumably, it would be a major improvement for those problem cases where landlords do not return the money if it was held by the department.

**Mr. Rosenberg:** The problem cases you are right, but we have found that what we did not know on that committee was the problem cases involve \$2,000 to \$3,000 a year worth of security deposits out of millions of dollars worth of security deposits returned. So we are talking about—average deposit is around \$250—12 tenants a year that have this problem. That protection is in this act and this amendment for them.

**Mr. Martindale:** Do I take it that you are opposed to this amendment, Bill 84?

\* (1120)

**Mr. Rosenberg:** No, I am not opposed to the amendment. It is a welcome change. I am proposing another alternative for the government to consider. This amendment is necessary for those people who will not or cannot become our members. What I am proposing is a second amendment to

come hopefully in the future through negotiations with the government whereby our association, like the Winnipeg Real Estate Board, can look after this liability for our membership.

**Hon. Linda McIntosh (Minister of Consumer and Corporate Affairs):** Mr. Chairman, just indicating that—a comment and a question—just a comment in response to would it be a problem for the landlords to have the security deposits all turned over to the government. I do not think it would be, as your reply indicated, depending upon the number that got handed over to the government. I could indicate that it could be a problem for government in terms of increasing the cost and size of government thereby increasing the burden on taxpayers to handle a large number of security deposits. We do have about 125,000 tenants or rental units in the province, and if all of those got turned over to the government, I think we would substantially increase the cost and size of government, which I am reluctant to do if there is an alternative that is more acceptable to all parties concerned.

You indicated an alternative which is intriguing. We do know that in many facets of the marketplace where we have bodies of people like you mentioned, the real estate people, but we also see it happening in other jurisdictions as well where there is a fund available. I am not discounting that I had not heard that alternative until today. I do think we still require this amendment for a variety of reasons. I am certainly willing to explore the concept that you raised, and I am wanting to ask if you have had a chance to discuss this with more than just your own organization you mentioned. You just sort of put this idea together recently. Have you had a chance to talk to any of your tenants about it, for example?

**Mr. Rosenberg:** That is why we do not have a written brief on this subject. In reviewing Bill 84, this came up on Thursday in our executive meeting. We have not had a chance to review it, we have not had a chance to talk to the Real Estate Board nor the Law Society nor the Canadian Medical Protective Association, which are all similar types of surety situations. We have not had any time to do any research on it. I thought, we thought that we would bring it up in committee to get it out in the public forum and as something that we, if your department thinks that is a viable alternative for our association to, over the next few months, prepare an in-depth written brief on the subject.

**Mrs. McIntosh:** Mr. Chairman, we have with us today in the audience some members of tenant advocacy groups who have heard that concept presented, so they may wish to ponder that in their minds as well. It is not a subject for this particular amendment, but it does have applications in thinking for the long run, so perhaps those discussions could take place in your own group. When you have something more definite in terms of an accurate proposal or, you know, a full-fledged out proposal, I would be certainly willing to take a look at that, discuss it with landlords who are not a part of your association, discuss it with tenants who might have some views on it. Certainly I have heard, ironically enough, some tenants put forward an idea similar to that just in casual conversation—well, why do they not have a fund like—so I am intrigued that you brought it forward.

**Mr. Chairperson:** Thank you Mr. Rosenberg.

**Mr. Rosenberg:** Thank you.

**Mr. Chairperson:** Did you have a reply? I am sorry.

**Mr. Rosenberg:** Not really, just that we will undertake to present a written report on this concept to the government in the next three or four months.

**Mr. Chairperson:** Thank you very much for your presentation. The next person on the list was Julie VanDeSpiegle, but I understand she is not here, and she will try to endeavour to make a written presentation to us before 12:30. Therefore, we will call on Linda Williams and Jim Martinuk from the Winnipeg Housing Coalition.

**Ms. Linda Williams (Winnipeg Housing Coalition):** Hello, I am Linda Williams from the Winnipeg Housing Coalition. I am here with Jim Martinuk from Fokus Housing and Alex Murdock from Indian & Metis Friendship Centre.

**Mr. Chairperson:** If I could just—do you have a written presentation?

**Ms. Williams:** No, we do not. We just wanted to speak in support of this amendment.

**Mr. Chairperson:** If you could just pull your mike a little bit closer.

**Ms. Williams:** Okay, I am just going to let Jim and Alex speak on some of their experiences with security deposits and getting them back.

**Mr. Jim Martinuk (Winnipeg Housing Coalition):** Amongst the group that I am with—the disabled

community is rather small. We have seen in a couple of instances landlords withholding the damage deposits from one tenant and saying you tore the rugs up and all this other stuff, and then he would turn around and do it to another person, because these apartments tend to be modified for the disabled. So it is not likely anybody else is going to be moving in.

Then when people start talking to each other and all of a sudden they find out that, hey, wait a minute, he cannot get my damage deposit too. People tend to get a little sceptical, then you try and get it back and go to the Rentalsman and it just becomes one long drawn-out fight.

A couple of my friends have ended up losing the deposit because it has been too late. We have found out too late that they could have done something about it—with the damage deposits.

Oh, another thing we have noticed as well, our rent increases—somebody moves out or they get evicted, and then the rent goes up beyond the guideline—the next person moving in. It is not often that it happens, but it happens.

This tends to be the smaller landlord. It is not the major buildings that do this, but it tends to be the smaller ones we have noticed.

Then there is the old thing about the discrimination against people in chairs. Somebody in a chair comes up, and right away it is, well, we do not have any accommodations for you, even though there are other ways of getting around it, to modify the apartment, the accessibility to it.

Basically the problem with most of the buildings is the accessibility, because quite a few of the suites, once you are inside the building, you can manoeuvre around in even the older blocks, but it is to get the accessibility to these places. Even if you tell them where to go to get money for it, they just have a lot of problems with that. This is as far as they have gone.

**Mr. Alex Murdock (Winnipeg Housing Coalition):** I was just going to comment on damage deposits. I think damage deposits are one of the items that, in my opinion, have now slipped through the cracks. It has been overlooked for a long time. I have been involved with housing for about 14 years at the Indian & Metis Friendship Centre and this is one problem that I have had with tenants.

It is really hard to get back the damage deposits from the landlord. Once the landlord has that

damage deposit, they have all kinds of reasons to keep the money. They use it for moving expenses. A lot of tenants tell me that they clean their apartments and the landlord will turn around and charge them anyway. They use the damage deposit for rents. If they may be behind in their rent, they will take the damage deposit and use it for the rent money.

I had a client last week, we had tried to get the damage deposit back. We had condition reports. We had the rent receipts. We had just about everything there to get the damage deposit, but still we did take it to the Rentalsman's office and still it probably will end up with Small Claims Court. So damage deposits are a real concern.

With this piece of legislation, I hope we have good protection for tenants. Tenants do not have that much money to argue for themselves. The landlords, in my opinion, have lawyers to help them out.

**Ms. Williams:** I just want to add that a lot of the people who seem to have problems with security deposits are on welfare, and they are the ones who are hurting by having to supply two and three damage deposits, you know, when they have to move, often as a result of poor conditions in the rental units that they are living in.

It actually is our taxpayers' dollars that are going for these damage deposits and going into the hands of landlords who, for many reasons of their own I think, are not giving back damage deposits. I think the largest reason is because of poor condition of some of the units, and they are trying to get tenants to help pay for whatever they have to do with those units that really were no fault of the—often are no fault of the tenants. I think this is why all of what we said today is why we support this kind of amendment, making it stronger for tenants and not having to go through all these hassles.

**Mr. Chairperson:** Thank you very much for your presentation.

\* (1130)

**Mr. Martindale:** Mr. Chairperson, I would like to thank the three presenters, Mr. Martinuk, Mr. Murdock and Ms. Williams for their presentations. I think it is good for us, on this committee, to be reminded of the problems that tenants have with security deposits, and that those problems are still continuing.

I appreciate that you support the amendment. I believe you support it because it strengthens the protection for tenants. Is that correct?

**Ms. Williams:** Yes, it is.

**Mr. Martindale:** Are you people of the opinion that this will end the kinds of problems that people have been experiencing, such as people losing their deposit, having difficulty getting it back, landlords using the deposit to clean apartments that have already been cleaned, or to pay for back rent, or in the case of social assistance recipients, that it will end the hardship for people having to take money out of food or personal needs in order to pay for security deposits?

**Ms. Williams:** Yes, we agree it would do all of the above that Mr. Martindale has mentioned.

**Mrs. McIntosh:** Not really a question so much as a comment in response to what you have said, because you have identified some ongoing problems that have as well to do with the distribution. I am hoping that the amendment we have brought in here will do, in fact, what we are all hoping it will do. It would be to ensure that the money is always there when the tenant needs to get it.

You have talked as well about some of the problems of the distribution of the money that is there in terms of who is entitled to it at the end. So we have a lot of those disputes that continue to go on, and I am hoping that some of the other clauses in the act will help landlords and tenants be able to come to a more satisfactory and swifter conclusion on some of those disputes. That one example was mentioned here, as to who gets the money when it is done.

In the meantime, I believe this amendment will, hopefully—I am always afraid to say 100 percent guarantee because I do not know if there is any such thing in the world—but certainly make it more definite that the money will be there for the tenant at the end of the tenancy. I am hoping, as well, that it will make it less cumbersome on those legitimate landlords who ensure the money is there. I do not want to be killing mosquitoes with sledge hammers, but I do want to get the mosquito killed.

So with your help, I thank you for the input that you have given, and I hope we will continue to receive that kind of input from both you and the landlord representatives who appeared here today. It is very helpful to me as minister.

**Ms. Williams:** Thank you.

**Mr. Martindale:** I just have one more thing that I forgot to say to Mr. Martinuk. There are a couple of things that you addressed that really do not have anything to do with this particular amendment, but I hope that where there are rent increases above the guidelines, you and organizations that work with the disabled, will see that people get to the Rent Regulation Bureau and appeal their rent increase and also it is discrimination. We hope that landlords do not discriminate against the disabled, and that if they persist, you or others will help them with a complaint at the Human Rights Commission.

**Mr. Martinuk:** Yes, we do that already.

**Mr. Martindale:** Good.

**Mr. Chairperson:** I would like to thank Ms. Williams, Mr. Martinuk and Mr. Murdock for your presentations. Thank you very much.

I would like to call on Mr. Dennis Souchay, please. Mr. Souchay, do you have a written presentation?

**Mr. Dennis Souchay (Royal Realty, Bayview Housing, Columbia Holidays):** No, I do not.

**Mr. Chairperson:** You may proceed then.

**Mr. Souchay:** I am going to be very brief. I am speaking in favour of the amendment and also of the presentation of Mr. Rosenberg.

What else I want to point out here is that it is not a tenant-landlord issue. We are exactly of the same mind as the administration on the tenant in that the tenants entitled to the deposit must receive them on time. So it really is not an adversarial situation. We want to co-operate, of course, with the department and the tenant. What Mr. Rosenberg suggested is certainly achieving this end. I urge the department to implement the same sort of system that the Securities Commission has implemented with the Real Estate Board by having a blanket bond.

**Mr. Chairperson:** Thank you very much for your presentation, Mr. Souchay.

Are there any further presenters on Bill 84? Since all presentations have been heard regarding Bills 9 and 84, we will proceed with detailed consideration of the bill.

How does the committee wish to proceed with the bill? Shall we proceed in numerical order? What is the will of the committee?

**Some Honourable Members:** Numerical order.

**Mr. Chairperson:** Agreed.

### **Bill 9—The Economic Innovation and Technology Council Act**

**Mr. Chairperson:** Does the minister have an opening statement?

**Hon. Eric Stefanson (Minister of Industry, Trade and Tourism):** Yes, I do, Mr. Chairperson, a brief one, thank you. I am pleased to see Bill 9, The Economic Innovation and Technology Council Act, that was introduced by the Premier (Mr. Filmon) in December, now has reached the committee review stage.

This is an exciting piece of legislation that sets in place an important structure to help guide and influence the Manitoba economy. As the Premier remarked, The Economic Innovation and Technology Council Act plays a very important role in our government's planning to build a strong Manitoba economy.

The Economic Innovation and Technology Council has been created through a restructuring of the Manitoba Research Council. Technical operation of the Manitoba Research Council will continue without interruption as an operation of the new council. The EITC will have wider representation and a broadened mandate than the former Manitoba Research Council enjoyed.

The Economic Innovation and Technology Council will strengthen the working relationship between government and the private sector by providing a forum for consultation and dialogue. The council will have the ability to identify the needs of industry and make recommendations for a long-term strategy to help Manitoba businesses take advantage of developing technologies.

A new \$10 million fund, in addition to the base funding for the technology centres and the entrepreneurial spirit of Manitobans, will drive the new council. The fund, financed by proceeds from the sale of Manitoba Data Services, will be used to provide loans, grants and other financial incentives to stimulate research, economic restructuring, the commercial technology transfer carried out by the private sector.

Twenty-nine council members appointed represent the academic, business, labour and research sectors of our province. Russ Hood, who was vice-president of UMA Engineering Ltd., will chair the Economic Innovation and Technology

Council. Mr. Hood's experience and demonstrated ability as the chair of the Manitoba Research Council will be a valuable asset in co-ordinating a rapid start on the work ahead of these special Manitobans.

The council will draw upon the experience, ideas and strengths of Manitobans by promoting dialogue, co-operation and consultation between the major stakeholders in our economy, government, business, labour, the research community and the public in general. By widening the scope and identifying new economic growth opportunities, the council will harness these new ideas and put them to work for Manitobans. The \$10-million fund will support this initiative.

The appointment of 29 individuals who will spearhead the activities of the Economic Innovation and Technology Council are outstanding examples of our province's greatest resource, Manitobans themselves. These men and women have a successful track record as innovators.

The EITC has begun consultation with Manitobans. It has also initiated the preparation and development of the council's operation and mandate. The council will immediately begin to look at all phases of development and commercialization including government institutions and the allocation of government resources. Their findings will form the basis of long-term recommendations aimed at taking advantage of developing technologies.

The EITC is poised to bring together all groups with a stake in a stronger economy from the business that develops the technology to the employees who ultimately benefit from the new jobs that technology has helped to create.

The Economic Innovation and Technology Council offers Manitobans an important opportunity to play key roles in building a strong economy through innovative applications of new technological development opportunities. I see this organization remaining in place for many years and playing an important role in the future economic development of Manitoba.

Government alone cannot generate real economic growth nor create new long-term jobs. It is Manitoba's entrepreneurs and innovators who create wealth through real jobs and real growth. Thank you, Mr. Chairperson.

\* (1140)

**Mr. Chairperson:** Does the member for the official opposition have an opening statement?

**Mr. Jerry Storie (Flin Flon):** Before we proceed too far, I am wondering whether in fact the minister would consider a recommendation that was made by one of the presenters earlier this morning, and consider I guess withdrawing or suspending passage of this legislation at committee stage until such time as we can establish or hold an economic summit in the province to consider, among other things, the mandate that might be given to this particular body.

The minister acknowledged that one of the first tasks of the council will be to set its own objectives and its own scope of operation. I am wondering, given his, I thought, rather sympathetic hearing this morning with respect to that suggestion that we suspend this and put for once the horse before the cart, that we in fact define on a consensual basis what it is this group is supposed to do before we set about giving them funds to do it. This government may have started this office as some sort of PR exercise, I think the two groups that presented this morning saw some potential in this group, long-term potential, and I think that there may in fact be some. But clearly the most important thing that we can do is make sure that the mandate they actually have fits with the needs that are perceived to be out there. So I am wondering, first of all, whether the minister would contemplate doing that.

**Mr. Chairperson:** Does the critic for the second opposition have an opening statement?

**Mr. Reg Alcock (Osborne):** Yes, thank you, Mr. Chairperson. I want to frame this in the nature of a question to the minister. I am not going to do anything to attempt to amend this bill, or change it without the support of the minister at this point. I am saddened by the bill, and I stated that in the House. I do not see this as a significant departure from anything that this province has done in the past, and I do not see this as a significant initiative economically at all.

We are a small province. We have to make some very tough decisions about where we are going to apply very limited resources, and those decisions have to stick beyond the life of any particular government. I do not think that this bill in any way addresses that.

It is nice to see activity. It is nice to see the government at least getting down to thinking about

the question of economic development and research and development in particular. It is an extremely important area. It is an area we have talked about in the House a great deal, but I must confess that this seems to be little more than the image of activity as opposed to any kind of realistic underpinning.

I am not certain that I share the position of the critic for the other opposition party relative to an economic summit. We experienced one of those when Mr. Mulroney came to office. I am not certain that the product was particularly useful. I think that one of the problems is the underlying fact that two things have to happen. A group of knowledgeable people representing the interest of Manitoba have to make some tough decisions about where we are going to apply resources, and those decisions have to last longer than the life of a particular government.

If we are going to have a council that is going to do that, it has to get itself distanced from government. I think the appointments that this government has made to the board thus far are excellent. I think they have managed to attract and put together a group of very talented people, but I note that in a bill with 29 sections that includes the definitions, repeals and proclamations and identity sections, there are 15 referrals to Order-in-Council of the minister. This council virtually has no ability to act independently at all. I think that is a significant flaw.

What I am going to be looking for, and what I am looking to this minister for, is one of two things. There has been a suggestion that we put this on hold. I am not certain that I want to see a commitment by the government to economic activity or economic development delayed any, but I would like the minister to seriously reconsider two things. One is that the council be appointed by the bodies they are drawn from so they are seen to be truly independent of government, and that include the leaders of the two opposition parties, so that should governments change in the future that there is an expression of confidence by the Legislative Assembly in this body, and that they can continue to do their work beyond the life of any one government.

If there is any economic recommendation that is made by any of the people who are writing on economic development in the public sector right now, it is that the decision time frame is too short,

and that you have to look beyond the four-year life of the government.

The second thing is that the government take a significant step back from the council. If you are going to empower the council to operate, let it operate. Do not refer every one of its critical decisions back to government. If that is what you are going to do, then do it yourself. I mean right now all you have is a front for what is an enormous amount of government decisions. I think that is unfair to the members of the council, and I think it is unfair to the public, because you are building up expectations you are not going to meet. Thank you very much.

**Mr. Stefanson:** Mr. Chairperson, in brief response to the member for Flin Flon (Mr. Storie), we would oppose a delay. We think there are too many issues that need to start to be addressed. The three main areas of responsibility for the council: managing our existing facilities and laboratories here in Winnipeg and in Portage la Prairie; managing the \$10-million fund that has been put in place; and, of course, advising on policy programs and so on, part of that being consultation with the stakeholders. We think that there is a great deal to be done and that this council should be put in place.

Very briefly on the two concerns that the honourable member for Osborne (Mr. Alcock) raises, there are other avenues to enhance the autonomy in the delegated authority through what issues have to come to Treasury Board, and that is certainly something that we will be looking at in terms of giving them some flexibility and autonomy in terms of decision making.

Secondly, on the issue of appointment, there was concern about appointing them from existing bodies, that the individuals are on the council for the individual expertise and background they bring, as opposed to their representing particular interest groups, so to speak. There is room for discussion I guess on that kind of approach, but if you look at the list of individuals, they are all there because of the individual strengths they bring to the committee.

**Mr. Chairperson:** The bill will now be considered clause by clause.

**Mr. Storie:** Mr. Chairperson, I am agreeing I guess with the member for Osborne (Mr. Alcock) in that I do not think that we are going to be proposing any amendments.

The minister has already indicated that the government intends to proceed, notwithstanding the concerns that were expressed this morning and that have been expressed in the Legislature. I think that is unfortunate. I think I indicated when I spoke to this bill that while the minister says that there are many important things this council has to get on with, including managing the existing programs operated by the Manitoba Research Council, the fact is that bodies were in place to do those things.

The government has created this sense of urgency by attempting, in my opinion, to take political advantage of the situation in a rather superficial way, rather than to address the problems. There are bodies, as was pointed out this morning, reporting to the government on specific sectors of the economy, making recommendations. It is not clear that this \$10-million fund, of which the government has set aside \$1 million for this fiscal year, is in any way significant enough to address, in a serious way, the problems that we are confronted with. So I guess we have expressed our concern.

I have one other concern that the minister raised in his opening remarks. I would like just to clarify for the record what exactly the minister meant when he said that this body would get on with the business of commercialization of government activities or government operations. Somewhere in his remarks he used those words. I would like, for the record, the minister to clarify what it is he meant or what it is he said.

**Mr. Stefanson:** Mr. Chairperson, what I said was the council will immediately begin to look at all phases of development and commercialization, including government institutions and the allocation of government resources.

The two parts that you are focusing on are including government institutions and the allocation of government resources. Well, I think the latter speaks for itself and we can get into a debate about how much, but we have clearly added additional financial resources if you look at the lines in our budget to this whole sector, in terms of going from two point some million to almost \$4 million in terms of enhancing the allocation to MRC by an additional \$750,000, putting in place a fund of \$1 million in operating which also provides for \$1 million in loan authorities, so actually \$2 million for innovation and technology.

The other is the issue actually addressed by one of the two delegations, the opportunity to look within our government institutions for enhanced technology and development in terms of how they function and/or in terms of utilizing the expertise that they have developed in those areas in terms of additional market and commercial opportunities. Clearly the towns in many respects are very innovative, some of the things that they are doing, and there is opportunity to utilize that expertise on the commercial front.

**Mr. Storie:** Well, I am just more concerned—the minister clarified it by—I misinterpreted the word “institution” for agencies, I guess, or activities. Is the minister now saying that part of the role of this body is to look at privatization, the commercialization of government institutions? Are we talking about the use of Linnet for land-based information systems and the use of Systemhouse for operations currently being provided by MTS? What exactly does the minister—

**Mr. Stefanson:** Mr. Chairperson, not at all. We are not talking privatization at all here. We are talking at least two issues or two ways of utilizing those particular institutions in terms of the internal expertise that they either generate and/or need and become vehicles themselves for innovation and technology. Of course they are large users of services and products and so on and represent an opportunity for companies, Manitoba companies, who do a lot of business with government institutions, to enhance their kind of technology and innovation in terms of providing those services.

So it is the interaction of what they are currently doing, where they can develop innovative and additional technological ways, and in terms of the people who provide services. We are not talking privatization of those institutions.

**Mr. Alcock:** Just a couple of quick questions for clarification of the minister. First is, why, given the nature of this organization, has government been so reluctant to step back from it and let the organization function independent from government?

\* (1150)

**Mr. Stefanson:** Mr. Chairperson, that, to a large extent, is the whole intent, is that—you asked a question about autonomy, and we can look at dealing with autonomy through other mechanisms as it relates to the reporting relationship to Treasury

Board, various autonomy can be provided to the council.

Clearly an intent is that this council will not be viewed as an arm of government. They are there to deal with the entire issue of innovation and technology, to deal with all of the stakeholders, and to provide policy and direction to government, to present an annual report, to go through every three years a thorough review. I fundamentally believe that this structure will be in place, as we discussed in Estimates very briefly, for many years to come.

**Mr. Alcock:** Leaving aside, though, the question of how the members get appointed for a moment, I will come back to that one. Given that, you have now selected 35 people that you have faith in, that you believe are there for their expertise. Why can they not select their own chairperson? Why did government choose to select the chairperson?

**Mr. Stefanson:** I think, at this stage, certainly in terms of the first year of operation, a part of this new organization is taking over responsibilities of Manitoba Research Council and there is merit to some continuity in terms of those functions, so that the chairman who is currently in place is the same individual.

We also had the benefit of seeing him perform at the Manitoba Research Council, and I can assure you he is doing, in my opinion, an outstanding job on behalf of Manitobans and therefore, merit is being put in place in this particular position, and I can also assure you, in my opinion, has the confidence of many of the stakeholders and the people who have been involved in innovation and technology to date in our province. With those thoughts in mind, there was merit to appointing Mr. Hood.

**Mr. Alcock:** Mr. Chairperson, I am not offering any comments on Mr. Hood at all. I think he is doing an excellent job also.

However, the intention here is to establish an organization that operates at arm's length. There are some 15 references to Lieutenant-Governor-in-Council or to the minister for decisions to be taken on behalf of this council. I can understand, as the minister has mentioned relative to some continuity here, then perhaps the minister would be willing to put a sunset clause in the provisions that make those appointments by Order-in-Council.

You have a chairman appointed now. Perhaps when it comes time to select the next chairperson,

the minister would be prepared to accept a friendly amendment that would sunset out all of those controls by government?

**Mr. Stefanson:** I have already indicated that many of the operational controls can be dealt with by authority of Treasury Board granting additional autonomy. There are certainly some aspects that I would think any government of whatever political party would want ultimate say on in terms of depending on the level of financial support being provided to any particular entity. Of course, much of what this council will be doing will be recommending and focusing on government policies and programs and providing us advice in terms of improvements and changes that might be required.

**Mr. Alcock:** Mr. Chairperson, why, if you have a board of 35 people that you have faith in, do they have to get the approval of Lieutenant-Governor-in-Council to enter into contracts?

**Mr. Stefanson:** I apologize, could you repeat the question?

**Mr. Alcock:** I wish I could go through them all. I understand the minister is not going to accept any amendment or change to it, but it just strikes me that your actions on this bill do not support your intentions. You say that you have an organization that you have faith in, that you want to have operating at arm's length, and yet, you are not prepared to give the council autonomy.

You make the point that you can do this through Treasury Board changes, et cetera. You could do it now. You could make some of those provisions transitional until the new organization is up and running. You have a whole bunch of options to choose from. Instead of that, you have chosen to tie this organization directly to government so that all the significant decisions of this organization will be made either by the minister or by the Lieutenant-Governor-in-Council. That is contained within this act.

**Mr. Stefanson:** Mr. Chairperson, that is not the case. There is certainly nothing, in fact, the act is structured—there is nothing precluding the council from establishing advisory committees and, as I suggested, a major part of their function will be their interaction with the stakeholders.

In terms of autonomy, I think the bill is drafted to provide, recognizing that ultimately government is

responsible for some of the actions, some of the financial support. Clearly it is my intent, at the Treasury Board level, to request additional autonomy in terms of how the council functions on a day-to-day basis. But there is a fine line between the degree of independence and autonomy you give in terms of the day-to-day operations and in terms of some of the financial programs that are funded by government.

**Mr. Alcock:** Mr. Chairperson, government has a great many relationships with organizations that it funds and which act on its behalf. Yet, in this one, this organization is appointed by the Lieutenant-Governor-in-Council, the senior officials are appointed by Executive Council. It cannot provide grants, loans, loan guarantees or incentives except with the approval of Lieutenant-Governor-in-Council. It cannot enter into contracts, except with the approval of Lieutenant-Governor-in-Council. It cannot even make its own by-laws without approval of Lieutenant-Governor-in-Council. So, other than putting out a few press releases and running around talking to a few people, what can it do on its own?

I mean, I am sorry. This is your bill. It is in your act. If you believe it should be autonomous, then demonstrate that belief by taking some of these sections out and letting this body of people that you say you have faith in and that you say represent the best in this community, let them act.

**Mr. Stefanson:** Mr. Chairperson, as I have already indicated, we can address many of those issues through Treasury Board adjustments and Orders-in-Council in terms of trying to give them additional autonomy, but as they proceed we might want to make further adjustments one way or the other. We might give granting provisions up to a certain dollar amount. We might enhance that over a period of time. We might change that.

This act is structured in such a way that it has the outer limits of what are provided in the act, but there is nothing precluding us providing additional autonomy, and it is clearly my intention to do just that. The act is one structure that gives you the overall parameters. That does not mean that that is necessarily how it is going to function in many respects in terms of enhanced autonomy.

**Mr. Alcock:** Mr. Chairperson, we can do some of that right now. Will the minister accept any amendments to those sections of the act?

**Mr. Stefanson:** Mr. Chairperson, no, I feel we can do it through other mechanisms. Secondly, it is an important point that the honourable member brings up. I think we will be having our first annual report sometime next year. Clearly, if the council itself is frustrated by the kinds of authority it does or does not have, it can certainly acknowledge that and recognize that in the annual report, and there will be the opportunity for us to deal with it, if it is a problem.

I do not think it is going to be a problem. I have had discussions with some members of the council in terms of how we can address the day-to-day autonomy that they require. I feel we can do that, but if it is a problem it can certainly be raised in the annual report and addressed by the Legislature at that time.

**Mr. Chalrperson:** During the consideration of the bill, the title, the preamble and the table of contents are postponed until all other clauses have been considered in their proper order by the committee. I understand there will be no amendments to this bill.

Clauses 1 through 29—pass.

Preamble.

\* (1200)

**Mr. Storie:** Mr. Chairperson, just a final comment. The minister's reluctance to countenance any change at this point, I think lends credence to the suggestion that this is by and large a PR exercise, that in fact the government really does not want an independent body, No. 1; No. 2, that they are not interested in a representative view of the broader interests of Manitobans in the economy.

Manitoba's interest in the economy is not the sole purview of the Chamber of Commerce, but includes of course a whole series of much larger questions with the direction our economy takes in the next decade and beyond. I think comments that you heard this morning from two groups who are, in some people's views, representatives of one-third of the consensus that is required to really make progress in our economy, and that includes business, labour and government.

I think the government's insistence on passing weak legislation that looks to be more public relations oriented than anything else is unfortunate. If the minister insists that the government, with its majority on committee, is not going to countenance amendments, then I guess we can only sit and watch over the next period of time to see whether in

fact this council can make any progress on the issues without the real involvement of a lot of other people that should be there.

**Mr. Chalrperson:** Preamble—pass; Title—pass; Table of Contents—pass. Bill be reported.

### **Bill 61—The Consumer Protection Amendment Act (4)**

**Mr. Chalrperson:** We will now proceed to Bill 61, The Consumer Protection Amendment Act (4). Does the minister have an opening statement?

**Hon. Linda McIntosh (Minister of Consumer and Corporate Affairs):** Pass.

**Mr. Chalrperson:** Does the critic for the official opposition have an opening statement?

**Mr. Jim Maloway (Elmwood):** Mr. Chairperson, in the interests of brevity, I will pass. I made a 40-minute speech on this in the House already, so I think we have put all of our comments on the table at that point.

**Mr. Chalrperson:** Does the critic for the second opposition have an opening statement?

**Mr. Reg Alcock (Osborne):** Pass.

**Mr. Chalrperson:** The bill will be considered clause by clause. During the consideration of the bill, the title and preamble are postponed until all other clauses have been considered in their proper order by the committee.

Clause 1—pass; Clause 2—pass; Clause 3—pass; Preamble—pass; Title—pass. Bill be reported.

### **Bill 62—The Business Practices Amendment Act (2)**

**Mr. Chalrperson:** Bill 62, The Business Practices Amendment Act (2). Does the minister have an opening statement?

**Hon. Linda McIntosh (Minister of Consumer and Corporate Affairs):** No, Mr. Chairperson.

**Mr. Chalrperson:** Does the critic for the official opposition have an opening statement?

**Mr. Jim Maloway (Elmwood):** I also made another 40-minute speech on this bill, so I will pass.

**Mr. Chalrperson:** Does the critic for the second opposition have an opening statement?

During the consideration of the bill, the title and the preamble are postponed until all clauses have

been considered in their proper order of the committee.

Clause 1—pass; Clause 2—pass; Clause 3—pass; Clause 4—pass; Preamble—pass; Title—pass. Bill be reported.

### **Bill 84—The Residential Tenancies Amendment Act (2)**

**Mr. Chairperson:** We will now consider Bill 84. Does the minister have an opening statement?

**Hon. Linda McIntosh (Minister of Consumer and Corporate Affairs):** Mr. Chairperson, a very brief opening statement simply to indicate that Bill 84, the amendments to The Residential Tenancies Act, is to simplify and make easier for landlords the ability to control the money they collect for security deposits. It is also to ensure greater security for the tenants, and it is also to assist the government in a smoother administration of this particular item. I believe that the amendment will be beneficial to landlords, beneficial to tenants and beneficial to government.

**Mr. Chairperson:** Does the critic for the official opposition have an opening statement?

**Mr. Doug Martindale (Burrows):** It would appear that Bill 84, hopefully, will correct a long-standing problem, namely the small number of unscrupulous landlords who do not return security deposits. If my understanding is correct, it adds one more option for landlords in terms of security deposits. In the existing act there are two and this adds one more. Am I able to ask some quick questions at this stage? Okay, after my honourable friend maybe?

**Mr. Chairperson:** Does the critic for the second opposition have an opening statement?

**Mr. Reg Alcock (Osborne):** Actually I will just frame a question, and then we can get back to Mr. Martindale. I only have one question. We support the intention of the bill.

We had an interesting presentation by Mr. Rosenberg who suggests a modification and a different approach, and I realize that is not within the scope of this bill, but I would be interested if at some point the minister could comment on whether or not they are willing to entertain such further suggestions. As far as the bill itself goes, we will support the passage of it.

**Mr. Martindale:** In paragraph 5(a) it says "as may be prescribed by regulation." Can the minister tell us if she knows what might be in the regulations yet?

**Mrs. McIntosh:** We have a sense already of the types of financial instruments that may be proposed to Landlord and Tenant Affairs. We do not wish to identify specifically at this point for fear of eliminating any choices or options, but as we begin to have proposals brought forward from landlords, there will be three criteria that will be kept in mind in dealing with any suggestion for financial instrument.

Those will be: No. 1, that it be controlled by government, i.e. by the director. So No. 1 will be that it come under our control; No. 2 will be that it will be secure, it has to be a secure instrument; and No. 3 will be that it will be liquid and can be converted to cash. Those three criteria, if met, if they satisfy the director, will be ones that will be considered.

**Mr. Martindale:** It seems to me that part of the problem of landlords—and we heard this in one of the presentations—is that interest rates are very low. I do not think that we had this problem when landlords were required to pay 3 percent interest but the bank interest rates were 12 percent. I would be interested in knowing how long is it since the 3 percent has changed? I think it has been 3 percent for a long, long time, but I wonder how long.

**Mrs. McIntosh:** The interest rate last year, I believe, was 4 percent so it has come down. Prior to that, I think it was above 4 percent, 6 percent, so it has been coming down.

**Mr. Martindale:** Final question: The final paragraph of the amendment says it comes into force on the day The Residential Tenancies Act comes into force. Can the minister tell us if she is any closer to proclamation of the act?

**Mrs. McIntosh:** Well, every day we are closer, Mr. Chairperson, and every other day the member asks me and reminds me that he is looking forward to seeing this proclaimed.

As I had indicated before, we were targeting late spring, early summer. We are now one day into early summer so obviously it was not late spring. I certainly can indicate that we are working as quickly as we possibly can, and we are getting closer and closer each day. We now have completed our interviews for the chief commissioner, for example, and we have our space allocated and the staff

completing the work that they were doing in order to get ready to proclaim.

So I am hoping that we will be seeing an early proclamation, but I really still cannot give an exact date because things like this keep cropping up as we get closer to the final date.

**Mr. Martindale:** You must have known I had another question. If this was one of things that was holding it up and we are out of committee today—this should be passed on Wednesday—what other things might there be that are holding up the proclamation? Would you commit yourself to summer or September 1?

**Mrs. McIntosh:** Mr. Chairperson, we are finalizing the regulations now. That was the biggest thing that was taking time because they were very difficult to craft and it is a huge act.

I am hesitant to give an exact date, because if I give an exact date and do not hit it, then one is criticized in ways that may not be justified. Suffice it to say, we are working very, very quickly and the end of the road is in sight. As soon as I am ready to proclaim it and able to make the announcement public, I will be certain to let the member for Burrows (Mr. Martindale) know, because he has shown great interest in this all the way along.

**Mr. Chairperson:** The bill will be considered clause by clause. During the consideration of the bill, the title and the preamble are postponed until all the clauses have been considered in their proper order by the committee.

Clauses 1 through 6—pass; Preamble—pass; Title—pass. Bill be reported.

Committee rise.

**COMMITTEE ROSE AT: 12:13 p.m.**