



**Fourth Session - Thirty-Sixth Legislature**

**of the**

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
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DACQUAY, Louise, Hon.	Seine River	P.C.
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KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
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## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 10, 1998

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

#### Standing Committee on Public Utilities and Natural Resources Second Report

**Mr. Peter Dyck (Chairperson of the Standing Committee on Public Utilities and Natural Resources):** I beg to present the Second Report of the Committee on Public Utilities and Natural Resources.

**An Honourable Member:** Dispense.

**Madam Speaker:** Dispense.

*Your Standing Committee on Public Utilities and Natural Resources presents the following as its Second Report.*

*Your committee met on Tuesday, June 9, 1998, at 10 a.m. in Room 255 of the Legislative Building to consider the annual reports of the Manitoba Public Insurance Corporation for the fiscal years ended February 28, 1997, and February 28, 1998. Previously, your committee had met on Tuesday, May 13, 1997, at 10 a.m. in Room 255 of the Legislative Building to consider the February 28, 1997, annual report.*

*At the June 9, 1998, meeting, your committee elected Mr. Dyck as its Chairperson.*

*Mr. Jack Zacharias, president and chief executive officer, provided such information as was requested with respect to the annual reports and business of the Manitoba Public Insurance Corporation.*

*Your committee has considered the annual report of the Manitoba Public Insurance Corporation for the year ended February 28, 1997, and has adopted the same as presented.*

**Mr. Dyck:** I move, seconded by the honourable member for Sturgeon Creek (Mr. McAlpine), that the report of the committee be received.

**Motion agreed to.**

### INTRODUCTION OF BILLS

#### Bill 204—The Graffiti Control and Consequential Amendments Act

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, I move, seconded by the member for Osborne (Ms. McGifford), that leave be given to introduce Bill 204, The Graffiti Control and Consequential Amendments Act; Loi sur la lutte contre les graffitis et modifications corrélatives, and that the same be now received and read a first time.

**Motion presented.**

**Mr. Mackintosh:** This is deterrent legislation to deal with the growing assault on our neighbourhoods and properties of graffiti by providing such consequences for offenders as graffiti removal and cover-up, a minimum fine, restitution, a minimum number of hours of community service, as well as suspension of drivers licences and parental responsibility where restitution has not been made.

**Motion agreed to.**

### Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members firstly to the Speaker's Gallery where we have with us today Mr. Zhou Xingbao, Consul General of the People's Republic of China.

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

Also seated in the public gallery, we have twenty-three Grade 9 students from Rosenort School under the direction of Mr. Grant Plett. This school is located in the constituency of the honourable Minister of Government Services (Mr. Pitura).

We also have twenty-five Grade 5 students from Lord Roberts Community School under the direction of Mrs. Terry Welsh. This school is located in the constituency of the honourable member for Osborne (Ms. McGifford).

Also, thirteen Grade 5 students from Sister MacNamara School under the direction of Ms. Karla Yallits. This school is located in the constituency of the honourable member for Broadway (Mr. Santos). And sixteen Grade 5 students from Sister MacNamara School under the direction of Ms. Louise Chudy. This school is also located in the constituency of the honourable member for Broadway.

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

\* (1335)

## ORAL QUESTION PERIOD

### Elected Speaker Government Support

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, the Speaker belongs to all members of the House, not just the government but also to all opposition members. In 1997, the Alberta Legislature proceeded to have an elected Speaker with the secret ballot, and just a couple of weeks ago in 1998, Nova Scotia proceeded to have an elected Speaker through a secret ballot.

Madam Speaker, I would like to ask the Premier: will he support the election of a Speaker in this Chamber, and will he support a private member New Democratic bill that will bring us into the 21st Century for an elected Speaker in the Chamber?

**Hon. Gary Filmon (Premier):** Madam Speaker, I am on record as saying that I believe that that is a matter that should be the subject of a policy announcement prior to the next election campaign, that that is something that I am open to consideration of. I understand that it can be accomplished in Manitoba by a simple change of our rules, so there is no need even to pass legislation.

**Mr. Doer:** Madam Speaker, the United Kingdom, England, has an elected Speaker in their Chamber. The House of Commons in the late '80s moved towards an elected Speaker. It is now a race between Manitoba and Newfoundland to be the last province in Canada to move away from a patronage Speaker to a duly elected democratic Speaker. I would like to ask the Premier, because it is now before the election I would suppose, to have an elected Speaker by secret ballot of all MLAs. What is the Premier waiting for? Does he want to be last to move into an elected Speaker and keep a patronage Speaker in place?

**Mr. Filmon:** I remind the member opposite, and theatrics aside, that our Speaker has been selected in the same fashion as all previous Speakers in the history of this Legislature. Indeed, my recollection is that you, Madam Speaker, were elected unanimously, and in fact, I was very proud to escort you to your chair with the Leader of the Opposition on the other side, demonstrating the support of all members for your selection. So I think we should eliminate the theatrics and deal realistically with the situation.

**Mr. Doer:** We look forward to being the second-last province. Hopefully the Premier will not wait much longer, Madam Speaker.

### Winnipeg Child and Family Services Workload Review

**Mr. Gary Doer (Leader of the Opposition):** I have a new question to the government. Madam Speaker, we have been raising the issues of workloads in Child and Family Services for the last four years, and we have been raising the issues of the workload and stress with Crown attorneys over the last year. We have called on an external operational review for Crown attorneys, and yesterday in the House, although the minister did not proceed to our recommendation, he did say he would

be meeting with Crown attorneys to try to deal with this situation.

I would like to ask the Premier: will he ask his Minister of Family Services (Mrs. Mitchelson) to meet with the front-line social workers in Child and Family Services to deal with the crushing workloads that these workers have, to deal with the crushing challenges that our kids have in our communities? Will he take some initiative to deal with the workloads of Child and Family Services workers, and will he make that commitment in the Chamber today?

**Hon. Gary Filmon (Premier):** Madam Speaker, the member opposite makes the case, as usual, by fuzzifying the facts. There is a vast difference between the Crown attorneys who work directly for the Department of Justice, our civil servants whose ultimate authority in management is the Minister of Justice (Mr. Toews), and the Child and Family Services agencies which are independent agencies funded by government, with not only their own management but their own board of directors who select that management. So the employing authority for those social workers, for those front-line workers, is in fact the management and the board of that agency.

That has been explained to the members opposite when they have raised this issue over the past week, that that agency is undertaking a strategic planning process that will involve the management, the directors and indeed the employees of those Child and Family Services agencies, and that is the way the process should be.

We know what things were like in the old days when the members opposite from the cabinet room used to set the Autopac rates, used to get into the involvement directly of management of the corporation, where the minister was the chair of Autopac. That is why the taxpayers are faced with a \$2-million lawsuit because of the manner in which they handled things by politically making decisions that were inappropriate.

We have a proper system in place, and we will follow the lines of responsibility and authority.

\* (1340)

**Mr. Doer:** Madam Speaker, it is this Premier who brought in legislation to deal with the creation of the existing Child and Family Services branch of Winnipeg. It is this Premier who took all the community-based wings of the Child and Family Services of Winnipeg with hundreds of volunteers and combined it into one agency. It is this Premier who has been responsible for 71,000 kid days in hotels and short-term shelters in the last year. It is this Premier who is responsible for the care and custody of children under The Child and Family Services Act. He cannot wash his hands of his responsibility, and I say shame, shame on him for washing his hands—for the kids of this province.

I would like to ask the Premier: does it not make just as much sense to show urgency, to deal with the crushing workloads of caseloads for Child and Family Services workers and have a solution in place in two to three weeks, as we allegedly will have for the Crown attorneys? Does it not make just as much sense to have prevention, to prevent kids from being taken into care, to prevent kids from having to go to the courts? Does it not make more sense or equal sense to have those resources in place in the next two to three weeks with leadership from this government, which is sadly lacking by this Premier?

**Mr. Filmon:** Well, Madam Speaker, I remember when the member opposite was the president of the MGEU, and he was a very significant critic of the former New Democratic government's experiment, which he called the Philadelphia model, of decentralizing Child and Family Services. He used to tell me what a terrible system they were creating by following the Philadelphia experiment in those days, and now he is holding that up as the model that we should go back to. That is the kind of two-faced approach that we get from the Leader of the Opposition who says anything any time, if he thinks he can make some cheap political points out of it. That is not the way we are going to go in this province.

**Mr. Doer:** The Premier did not answer the question, because I asked a very serious question about the issue of kids in care, the 71,000 child days in short-term shelters and short-term hotel stays. I asked questions and we have been asking questions for the last three or four weeks about the crushing workloads.

I am pleased the Premier has now decided to stand up and answer questions on this issue, because he has been ducking for some three to four weeks. Now that he is answering questions on the issue, which we think is a step forward, will he not acknowledge that preventing kids from coming into the justice system through having enough resources to allow children to stay and have adequate care in the community, to have enough resources for proper workloads for our Child and Family Services agencies makes just as much sense as putting the resources in place to ensure that our justice system operates in an expeditious way in our system?

**Mr. Filmon:** Madam Speaker, I may not have answered directly the member's question, but I certainly identified his two-faced approach to issues, and that is what is embarrassing him right now.

Madam Speaker, indeed—

\* (1345)

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please.

**Mr. Filmon:** Still in the lead, Gary.

Madam Speaker, indeed this government believes that it is important to set up a system that serves the needs of our children and our families in Manitoba and that protects those individuals. It is a very important responsibility which we do not take lightly. That is why, having given the authority and the responsibility to Child and Family Services agencies to develop not only the network, the plans and the foundation for serving those children's needs, we ought to make sure that we observe their strategic planning exercise and that we ensure that, in taking our evidence and in taking our direction, we use the best information possible, that information that will come out of the strategic planning exercise that will then dictate what directions we take and indeed what resources we apply to the task at hand, and that is what we will do.

#### **Winnipeg Child and Family Services Workload Review**

**Mr. Doug Martindale (Burrows):** I would like to remind the Premier and the Minister of Family Services

that the reason we are asking these questions is that a child died and there is an inquest going on, and it has been very clearly shown in testimony that one of the reasons that this child died was that front-line workers have too many cases. The Premier refers to the strategic planning process. The workers asked the CEO of Winnipeg Child and Family Services to have a workload review and they were told, no, that that was not part of the strategic planning process.

So I would like to ask the Minister of Family Services: will she initiate a workload review, because it could save lives in the future and because the testimony suggests that that is one of the reasons that this child died? So will the Minister of Family Services initiate a workload review?

**Hon. Bonnie Mitchelson (Minister of Family Services):** I thank my honourable friend for the question, but I would like to caution him that we are in the process of an inquest, and I am not at liberty to discuss any issues around that inquest. I cannot take the liberty that the member for the—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please.

**Mrs. Mitchelson:** I want to indicate again that I am not at liberty, like my honourable friend is at liberty, to take certain pieces of an inquest and speak publicly on those issues. I, as the minister responsible, have to wait for the final report from the inquest and the recommendations that might come forward from that inquest, but, Madam Speaker, we have not been standing still. In my department, we have restructured and reorganized and certainly have rewritten standards and ensured that there is a greater compliance focus from my department on the Child and Family Services agencies.

I know that there is new leadership at the Winnipeg agency, and they are going through a strategic planning process. I know that the new CEO of the agency wants to ensure that children are protected in all cases, and he is working towards the end result of better services for children and families in Winnipeg.

**Mr. Martindale:** I would like to ask the Minister of Family Services if she is saying that not only will she

not comment on the inquest but that she is prepared to do absolutely nothing, instead of implementing a workload review which would be an internal process. She does not have to say anything; we just want her to do something. Will she do it now?

**Mrs. Mitchelson:** I think I have tried to indicate in my answers over the last several weeks that indeed there is a process in place to look at the way child and family services are delivered in the city of Winnipeg. Another piece that has been ongoing since February is a bringing together of many members of the aboriginal community, given that the high numbers of children in the city of Winnipeg are of aboriginal background and origin. We have brought together the AMC, the Manitoba Metis Federation, the Social Planning Council, the Aboriginal Council of Winnipeg, the Winnipeg Child and Family Services agency to look at more appropriate ways to deal with the issue of increasing aboriginal children in the agency.

So, Madam Speaker, we are not standing still. We are moving to try to ensure that the services and the appropriate services are there and available for children and families that need them.

\* (1350)

**Mr. Martindale:** Madam Speaker, will the Minister of Family Services who surely knows that, since baby Sophia's death in January 1996, 16 children have been killed in Manitoba, 11 of them at the hands of parents or guardians, is she saying that things are so bad and the caseload is so great that there are legal foul-ups in the process and the result is that people are getting custody of children where they should not get custody? Is the minister saying she is willing to do nothing about this, instead of having a workload review?

**Mrs. Mitchelson:** I can indicate to my honourable friend that the new CEO at the Winnipeg agency is very aware of the issues in the Child and Family Services system. I have said many times, Madam Speaker, that, no, we do not have a perfect system. I believe that the agency, with its independent board, does need to make the strategic planning decisions that will improve the services for children and families in Winnipeg. I am confident that they are working towards that end goal.

### Postl Report Recommendations

**Ms. Marianne Cerilli (Radisson):** When the Children and Youth Secretariat was created approximately four years ago, the original mandate was to implement and co-ordinate the implementation of the Postl report. This government is picking and choosing which recommendations to implement, and the recommendations they are not implementing are turning out to be life-and-death recommendations.

I want to ask the minister to explain why her department has not followed the recommendation of the Postl report to increase the prevention expenditures to 10 to 15 percent and the family support expenditures to 35 to 40 percent of the budget. These were not to be pilot projects; they were to be system changes.

**Hon. Bonnie Mitchelson (Minister of Family Services):** I thank my honourable friend for that question. I know that we are going to be into the Estimates of the Child and Youth Secretariat later on today, and we will have an opportunity to discuss in detail the accomplishments of the Children and Youth Secretariat, the number of recommendations from the Postl report that have been implemented and the action that we continue to take.

I want to indicate that over \$20 million that was put in this year's budget for children and families on the prevention and early intervention side is new money and new initiatives. My honourable friends sometimes criticize pilot projects, but we have indicated that those pilot projects are projects that are starting off with stable funding that will be continued year after year. But the reason they are pilots is that we want to evaluate, on an ongoing basis, how well we are doing, what the outcomes are, how families are being served better.

If we need to adjust the way we do those programs—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. The honourable minister, to quickly complete her response.

**Mrs. Mitchelson:** Thank you, Madam Speaker. Our government has clearly indicated that those will be ongoing programs, but we want to evaluate and measure the outcomes on a regular basis. The important piece for our government is that the programs work.

#### **Winnipeg Child and Family Services Caseloads—Protection**

**Ms. Marianne Cerilli (Radisson):** I would like to ask the minister if she will acknowledge or does she know that what is actually going on in her department in Child and Family Services agencies is that staff intended to do prevention work and family support are being drawn into protection work because the caseloads for protection are so high.

**Hon. Bonnie Mitchelson (Minister of Family Services):** I know that in the past the whole focus on prevention has been with the Child and Family Services agencies. Madam Speaker, our Families First document and the consultation we did with the community indicated that community wanted to take a greater responsibility, that there were many people out there in our communities that had some of the answers around how to prevent and do early intervention so that children did not need the services of the Child and Family Services system. The new money that we have put in is going to community, based on—and I know my honourable friends may be critical, but I know in many of their constituencies there are community organizations that have received the funding from the \$20 million that we have put in place to do the early intervention and the prevention. We have to ensure that the Child and Family Services agencies are working with those community organizations. The prevention is the responsibility for all Manitobans, not just one segment of Manitoba, and we need to work together to ensure that the new programs are complementing what the agency is doing.

\* (1355)

**Ms. Cerilli:** My final question for the same minister is: will she admit or does she know that any budget increases in her department intended for prevention are being spent on protection work, in hotels and for the

high caseloads for the numbers of cases of kids in care and protection in Manitoba?

**Mrs. Mitchelson:** I want to indicate that we are funding the Winnipeg agency at \$63 million this year, significantly up from when the NDP were in government, over double—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please.

**Mrs. Mitchelson:** Thank you very much, Madam Speaker. We have over doubled the amount of money that we provide to the Winnipeg agency in the years that we have been in government, but over and above that this year, there is another \$20 million in new money for community organizations, many times in partnerships with our Child and Family Services agencies, to do the early intervention and the prevention that is needed to ensure that children get off to a healthy start to life, children have the opportunities, even when they come from disadvantaged families, to grow and thrive, enter our school system ready to learn and become contributing members of society.

#### **Education System Funding—Property Taxes**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, my question is for the Minister of Finance. Yesterday I was quite disappointed in the Minister of Education's (Mrs. McIntosh) response to the question. In essence, it reaffirmed the government's position of do nothing and defending the great status quo with respect to the school divisions. There are many inequities that are there as a result of this government's inaction. I am asking and appealing to the Minister of Finance to address one of those. Over the years, north end residents have paid millions of dollars more in property taxes as a direct result of this government's inaction. Because the Minister of Education refuses to take any action, is the Minister of Finance prepared to address that particular issue?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, the member for Inkster has asked similar questions in the past, and we have had discussions

about the make-up of our property tax bills in Manitoba, in his constituency.

I think, as he knows, about half of the property tax bill does relate to education tax, and of that education tax, roughly half of it is levied by the province through the education support levy. We have basically maintained that levy at the same amount over the last many budgets. We have not increased the education support levy at all in the province of Manitoba. The other half is the special levy which is levied by the individual school divisions, and those are decisions that the individual school divisions make in terms of the programs they feel they need to offer, the priorities that they put in place.

In this last budget, we did increase funding for education in Manitoba, we did increase funding for those school divisions, and that is obviously of benefit to those school divisions.

\* (1400)

**Mr. Lamoureux:** Madam Speaker, what I am asking the minister is to recognize that there are a number of people that live in the north end, all north end residents almost, that are paying a disproportionate amount of money towards school division tax.

My question to the Minister of Finance: because the Minister of Education (Mrs. McIntosh) and this government are not taking action on the school division issue, is the Minister of Finance prepared to address the inequities of the tax burden that north end residents are having to pay because of this government's failure to address this issue of division alignment?

**Mr. Stefanson:** Again, Madam Speaker, I believe the education support levy, which is under the jurisdiction of the provincial government, is levied uniformly across Manitoba. It is the special levy. It is a decision of the individual school divisions based on their priorities, their expenditures, their collective bargaining with the teachers and other employees, the programs they want to put in place and so on. So those are decisions made by individual school boards right across this province, and I am wondering where the member for Inkster is heading and what individual suggestions he has in this area if he is suggesting there are inequities.

**Mr. Lamoureux:** Madam Speaker, I would ask the Minister of Finance to acknowledge the way in which we finance health care, as an example, if you like, and education is another social service that is being provided. There are mechanisms that this government has, and my question is: why, through the years, has this government refused to acknowledge those mechanisms and address this very serious issue where north end residents are paying an unfair portion of financing education? Why is this government refusing to use those mechanisms?

**Mr. Stefanson:** Well, Madam Speaker, I would welcome the suggestions from the member as to what mechanisms he is referring to, but I again remind him that, of the education levy on our property taxes, roughly half of that is the education support levy, and we have not increased that levy over virtually all of our budgets. So, again, the decision that we directly impact in terms of the education support levy, that levy has been held uniform for the last several budgets. It has not increased the property taxes of individual Manitobans or the people in his constituency.

The special levy, roughly 25 percent of our property taxes, is the levy that is there for the autonomy of individual school divisions to give them a revenue source for the priorities that they believe need to be addressed. Again, if there are adjustments taking place relative to the school division he represents to other school divisions in Winnipeg or across Manitoba, many of those are reflected as a result of the individual decisions being made by that school board.

#### **Pharmaceuticals Costs—Charge to Manufacturers**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, we have before the Legislature two bills that provide the Department of Health with the authority to charge manufacturers costs. In the province of Ontario, the Ontario government has put in place a regulation that permits the government to charge to manufacturers of drugs the cost of any projected overruns in the use of drugs that are on the formulary in Ontario.

My question to the Minister of Health: is the Minister of Health anticipating planning or is it part of his process that the government of Manitoba is

similarly planning to charge manufacturers costs for overutilization, overuse of drugs that are listed on the formulary or are listed in a plan by manufacturers that goes to the Province of Manitoba.

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the member's reference to the bills in the Legislature with respect to the cost of processing their applications to be included in our formulary is part of the cost-recovery process there.

The question with respect to the policy announcement in Ontario was a very apt one. That has not been a matter that we have contemplated in our planning. This is a policy initiative in Ontario that is somewhat new. We have not had an opportunity to discuss it with the Ontario Health minister as to their rationale, logic and detailed planning behind it. But I can tell the member at this particular time, it is not a particular matter that has been under study or review within the Ministry of Health.

#### **Pharmaceuticals—Multiple Sclerosis Coverage**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, my supplementary to the minister with respect to pharmaceuticals. There is no doubt there has been a major delay with respect to the utilization and getting the Betaseron program off the ground and running, doing a disservice to those patients who require it.

Regardless of who the minister blames for it, can the minister outline for me whether or not he will now put in place a plan for those other MS drugs that are coming on stream so that those victims and patients who require those drugs will not have to go through the delays in order to get the much-needed drugs that they require with respect to MS, or for that matter, other ailments, Madam Speaker?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, I appreciate the question from the honourable member for Kildonan with respect to Betaseron. It is not a matter of blaming any individual groups. The plan, of course, was to have the MS Clinic host this particular process. They have one physician; when we started, they had two. That has created some difficulty, because the case with Betaseron and with other

potential drugs that may have approval for the formulary is that they do require a physician to be involved in the process.

Part of the challenge that our department is working on with the MS community today is to ensure that we have sufficient physicians who are part of these programs. I am sure the member would agree, that is, the recruitment to the MS Clinic is not a particular matter over which he or I have direct control, but it is the area that has to be addressed. We hope that there will be sufficient resources to deal with future drugs that may be approved.

**Mr. Chomiak:** Madam Speaker, my question then for the minister: is he putting in place a process at the department and through the formulary program to ensure that these new drugs that are coming on stream can be expeditiously approved and a system put in place so that we do not have the wait not only for the approval that took a long time, but as well as for the implementation that is also taking a long time?

**Mr. Praznik:** Madam Speaker, the concern that the member has in this area is one that I certainly share. That is why, in fact, we have made changes to the formulary approval process that has allowed for a greater number of approval time periods during the course of the year so that we can make adjustments on a much speedier basis. That is also the reason why we implemented a yellow light approval process for drugs that are in that gray area, in essence, of not knowing whether they should be approved or not. The committee then can recommend a test or pilot. Betaseron is the first. One thing that we are learning out of this is we obviously have to have a host for those pilots that has a sufficient physician base to handle the demand, and that is something we are attempting to work on with the appropriate bodies. But I appreciate the member's concern. It is one that I share.

#### **Manitoba Telecom Services Rural Service**

**Mr. Tim Sale (Crescentwood):** Madam Speaker, evidence mounts daily that the government misled Manitobans seriously in their promise of no harmful consequences from the sale of MTS. The CRTC has said what every broker knew, that the company was

sold much too cheaply. We learned a couple of weeks ago that rates are going to have to go up \$38 million, \$6 a phone, just to cover the income taxes as a result of privatization. Now it is clear that our concerns about service to rural and northern customers of the telephone company are being realized. They face ruinous increases. I want to—

**Madam Speaker:** Order, please.

#### Point of Order

**Hon. James McCrae (Government House Leader):** Madam Speaker, I think I cannot be accused of intervening too often in this place with respect to the management of the Question Period, but honourable members know, on both sides, that there are Question Period guidelines: We are reminded about them almost every day. I could be talking about the honourable member who is on his feet now or one or two others this afternoon who have been asking questions. There is a tendency not to follow the guidelines. One of those guidelines calls for a well-drawn sentence as part of your preamble, or another one calls for not being repetitive when it comes to asking the questions, asking one question at a time and not—sometimes we have heard as many as three or four or five questions at one issue. I think the honourable member here—[interjection] The honourable member for Crescentwood (Mr. Sale) says he has not got to his question, but he had completed three complete statements before he even—

**An Honourable Member:** It was one sentence.

**Mr. McCrae:** No, it was not. It was three separate sentences. I was counting them, and Hansard will bear me out. Are we going to get three questions to follow? Madam Speaker, that is my point of order.

**Madam Speaker:** Order, please. On the point of order raised by the honourable government House leader, indeed, I would agree. Our question, according to Beauchesne 409, should be a question, should seek information, be brief and comply with the rules and practices of the House.

\* \* \*

**Madam Speaker:** I would ask that the honourable member for Crescentwood please pose his question now.

**Mr. Sale:** I will try to be brief. Will the Minister responsible for telecommunications tell the House why he did not even bother to go to Thompson to represent the needs of northern Manitobans and remote and rural users of the telephone system when the Minister responsible for the Saskatchewan system was there in person? Why could he not even drive down the street and use the video link?

**Hon. Glen Findlay (Minister of Highways and Transportation):** Madam Speaker, I am sure the member will agree we had a very reasoned and responsible submission to make to CRTC with regard to high-cost areas, and a staffperson, the Telecom policy officer, made the presentation. It would have been no different if I had been there. The position was thought-out, presented on paper and submitted to the commission, which they will review and respond to over the course of time.

\* (1410)

**Mr. Sale:** In the presentation, why does the minister feel it necessary to say, and I quote: No less important to the interests of those living and working in rural and remote communities is the knowledge that the delivery of their service will not be terminated.

Why is he concerned that their service may be terminated, Madam Speaker?

**Mr. Findlay:** Madam Speaker, I am sure everybody in this House is concerned about where costs will go in terms of delivering services, basic services and high-quality basic services, to citizens all over Manitoba. I do not think it is fair that MTS or other Stentor companies should be required to pay the extra costs to get the last mile. All players in the telecom industry should be part and parcel of paying the costs to do that, because they want to run their messages over those lines. So that is why we are making the presentation, to be sure that both the basic telecom providers and the citizens receiving that telecommunication service are treated fairly and reasonably in the overall evolution of the telecommunications industry in Canada.

**Mr. Sale:** Madam Speaker, is the government, then, finally acknowledging that its theories that markets can do everything, that there is no problem when we just privatize, everybody will get service, were in fact wrong, that we need to find ways of providing fair, equitable and affordable services for all Manitobans and that the market cannot do that? Is he now finally admitting that?

**Mr. Findlay:** Madam Speaker, the answer is an emphatic no. Because CRTC, as a regulator, has introduced competition to the country which has led to a 70 percent reduction in long-distance rates which every consumer benefits from, it is in the process of rebalancing. I can guarantee you, compare apples to apples across this country, Manitoba citizens, whether in the city of Winnipeg or rural locations, have the lowest total cost telecommunication services in the country when you consider the reduction in long distance along with the increased cost for local service. The evolution has been positive for the consumers of Manitoba.

#### **Desktop Management Services Bidding Process—Vendor Presence**

**Mr. Jim Maloway (Elmwood):** Madam Speaker, my question is to the Minister of Government Services and concerns the \$150-million computer contract between this government and SHL and the hardware contract for the 7,000 computers. Unsuccessful bidders are looking for answers from this minister as to how vendor presence was defined, which accounted for 25 percent of the points assigned. They want to know why vendor presence counted for 25 percent of the points, which heavily favoured IBM, and the price of the equipment provided counted for only 15 percent, which again favoured IBM, which was one of the highest-priced bidders.

Will he now come out of hiding and give the bidders in this House a definition of vendor presence so we might try to understand why IBM was given such a helping hand?

**Hon. Frank Pitura (Minister of Government Services):** I would just like to clarify for the honourable member's information that he has indicated that cost was a 50 percent requirement; it is actually a

total of 35 percent of the total evaluation criteria. If the member is talking about vendor presence, there is also vendor stability, there is level of technological investment, investment in research and development, delivery capabilities and commitments and performance bonding, which all contributed to the general aspect of the general qualifications area, so vendor presence was a very small part of the overall general qualifications. I look forward to the member in discussion in Estimates and going through this in a much more detailed way.

#### **Bidding Process—Hardware**

**Mr. Jim Maloway (Elmwood):** Madam Speaker, I would like to ask the minister what he confirmed: that several companies, including at least one Manitoba company, quoted lower prices than IBM for the actual hardware provided.

**Hon. Frank Pitura (Minister of Government Services):** With regard to the overall contract, I have to remind the honourable member opposite that the Province of Manitoba entered into a contract with Systemhouse for the provision of services, and that is totally a desktop management service.

With respect to the contract that was signed between Systemhouse and IBM, that was a separate contract and is part of their ongoing commitment or their commitment within the contract to the Province of Manitoba to supply the province with the necessary hardware to make sure that we had a totally managed desktop environment.

**Mr. Maloway:** The minister just refuses to answer any of the questions. I would like to ask him a final supplementary.

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. Will the honourable member please pose his question now.

**Mr. Maloway:** I would like the minister to tell this House whether he can confirm that a B.C. company was actually the lowest-priced bidder for the actual hardware provided?

**Mr. Pitura:** I would just like to re-emphasize again for my honourable friend that, with regard to the overall

contract that was issued with the Province of Manitoba, that contract is between Systemhouse and the Province of Manitoba. Systemhouse—

**Madam Speaker:** Order, please.

#### Point of Order

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, I cite Citation 417—

**Madam Speaker:** On a point of order?

**Mr. Chomiak:** On a point of order—that indicates answers to questions should be concise and not provoke debate. Madam Speaker, I have patiently listened through three questions by the member for Elmwood, which the minister has refused to answer. The minister may not have to answer the question, but he should not go off and provoke debate.

I remind you of your earlier ruling with respect to questions by our members when you admonished us to get to the point and get to the question. I ask you to call the government to order and ask the minister to do likewise.

**Madam Speaker:** The honourable government House leader, on the same point of order?

**Hon. James McCrae (Government House Leader):** Yes, Madam Speaker. I too was listening very carefully, as was the honourable member for Kildonan, and frankly at the moment he rose on his point of order there was no disorder in this House. People were listening carefully to what the honourable minister was saying. He was not provocative. There was no debate that was being provoked, certainly not by what the Minister of Government Services (Mr. Pitura) was saying.

The Minister of Government Services was indeed dealing with the issue being raised by the honourable member for Elmwood. I find no point of order here, Madam Speaker.

**Madam Speaker:** Order, please. On the point of order raised by the honourable member for Kildonan (Mr. Chomiak), indeed the honourable member did have a

point of order. I would remind the honourable minister to respond to the question asked.

\* \* \*

**Madam Speaker:** The honourable minister, to complete his response.

**Mr. Pitura:** Thank you, Madam Speaker. I would just add to my honourable friend across the way that we are in the middle of the Estimates process, and I look forward to having further discussion during that process with my honourable friend.

#### Mining Reserve Fund Headquarters—Lynn Lake

**Mr. Gerard Jennissen (Flin Flon):** My question is for the Minister of Energy and Mines. The minister will recall I wrote him a month ago suggesting that the Mining Reserve Fund account could be headquartered in Lynn Lake. Since then he and I have received support for this proposal from many sources, and the minister has said he was seriously considering the proposal. Contrary to the suggestion made yesterday by CIBC PR officers, Lynn Lake is not about to get a private ATM and still Lynn Lake needs banking service, not extra charges to cash cheques.

Could the minister suggest what progress he has made regarding the proposal to move the Mining Reserve Fund to Lynn Lake?

**Hon. David Newman (Minister of Energy and Mines):** Madam Speaker, on the face of it, it sounds like a nice convenient and efficient solution to the dilemma of attracting a financial institution to the community. The rationale, of course, behind the threshold amount for deposit by the credit union movement is that they want to ensure that there is sufficient capacity for the community to, in effect, own, operate and support in local community building ways, the financial institution. So to simply move money in is not the answer, but if they were close to a threshold and a modest deposit, or what would be a relatively significant deposit were to be made, we are prepared to look at that as part of the overall solution, but it is a complex problem.

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

\* (1420)

### **Committee Changes**

**Madam Speaker:** The honourable member for Point Douglas with committee changes.

**Mr. George Hickes (Point Douglas):** Madam Speaker, I move, seconded by the member for Broadway (Mr. Santos), that the composition of the Standing Committee on Law Amendments be amended as follows: Swan River (Ms. Wowchuk) for Elmwood (Mr. Maloway); Selkirk (Mr. Dewar) for Osborne (Ms. McGifford), for Thursday, June 11, 1998, for 10 a.m.

**Motion agreed to.**

**Madam Speaker:** The honourable member for Gimli with committee changes.

**Mr. Edward Helwer (Gimli):** Madam Speaker, I move, seconded by the member for Pembina (Mr. Dyck), that the composition of the Standing Committee on Law Amendments for Thursday, 10 a.m., June 11, 1998, be amended as follows: the member for Rossmere (Mr. Toews) for the member for Ste. Rose (Mr. Cummings); the member for Lakeside (Mr. Enns) for the member for Arthur-Virden (Mr. Downey); the member for Gimli (Mr. Helwer) for the member for Springfield (Mr. Findlay); and the member for Portage la Prairie (Mr. Fauschou) for the member for Riel (Mr. Newman).

**Motion agreed to.**

### **MEMBERS' STATEMENTS**

#### **Arborg Early/Middle Years School SEEDS Canada Foundation Award**

**Mr. Clif Evans (Interlake):** Madam Speaker, yesterday I was pleased to be a part of what was a commemorative day for the Arborg Early/Middle Years School as the students and staff officially celebrated a milestone in their environmental endeavours by being

officially designated as an Earth School by the SEEDS Canada Foundation.

The school received this prestigious status after completing and recording 1,000 environmental action projects. Arborg Early/Middle Years School is only the third school in Manitoba to receive this recognition and in fact one of only 97 across all of Canada to reach this level of success.

Under the SEEDS Canada Foundation program, students undertake projects, which are designed to enhance the environment, and receive recognition as they proceed through the program. Arborg Early/Middle Years School enrolled in the learners in action program in the fall of 1992 and since then have progressed through the green school, jade school and emerald school levels to the point where they have now achieved the highest level of achievement possible in this program.

Over 4,500 schools across Canada have registered in this program, and less than half are expected to complete 100 projects because of the huge amount of work and organization that is required. This fact illustrates what a tremendous accomplishment it is for the students and staff at Arborg Early/Middle Years School to complete 1,000 projects and to be acknowledged for this accomplishment by receiving the Earth School status.

Madam Speaker, I know that all members here in the Legislative Assembly would want to join me in offering our sincerest congratulations and say how proud we are of the Arborg Early/Middle Years School for this tremendous accomplishment.

#### **Manitoba Baseball Hall of Fame**

**Mr. Edward Helwer (Gimli):** This past weekend I had the pleasure of attending the Manitoba Baseball Hall of Fame induction banquet in Brandon, an event which recognized the men and women who helped build this fine sport in our province. As the member for Gimli, I was delighted to see several Interlake residents inducted.

For example, for more than half a century, Teulon resident George Ledochowski has been a commanding

presence when it comes to local baseball. In addition to his years as a player and coach, he played an integral role in the development of the high-quality Green Acres Park. Stonewall resident Gladwyn Scott's ongoing involvement in baseball has also benefited others. Whether it was playing with teams in Cardale, Foxwarren, Hamiota, Miami and Carman or coaching and managing teams at the local, national and international level, Scott's dedication to the game of baseball has been exemplary.

Baseball has always played an important role in the life of Winnipeg Beach resident and former journalist John Robertson, who became the first media inductee in the Hall of Fame. Baseball fans in Winnipeg, Regina, Montreal and Toronto long enjoyed his coverage and support of the game.

I would be remiss if I did not mention the Fort Whyte Baseball Club as well, for a number of Interlake players spent time with this team and provided a great source of entertainment to many fans over the years

Once again, congratulations to the organizers of the Manitoba Baseball Hall of Fame for recognizing the province's outstanding baseball players, promoters and supporters. I know they have set a fine example for others to follow as the game continues to flourish in Manitoba. Thank you, Madam Speaker.

#### **Westman Child and Family Services**

**Mr. Doug Martindale (Burrows):** I rise to pay tribute to Child and Family Services of western Manitoba who held their dinner and annual general meeting at Brandon University on Thursday, June 4, which I had the pleasure of attending. An impressive 180 people from many communities in western Manitoba were present, a testimony to the widespread community support given to their agency.

The meeting was conducted efficiently and with a sense of humour by the outgoing president, Maggie Ramsay. During the meeting, staff and volunteers were honoured for their long service and dedication. Volunteers provided an amazing 4,779 hours of service in 1997 and '98. The agency had fewer children in care year over year and are very supportive of prevention,

including their Elspeth Reid Family Resource Centre and the Victoria Day Care Centre which they operate.

While there are still some outstanding issues between the agency and the provincial government, their main funder, Westman Child and Family Services, their executive director Mr. Kenneth Knight, the board, staff and volunteers are to be congratulated for doing such a fine job on behalf of children and with such widespread community support.

#### **70th Anniversary—Ladies Auxiliary Brooklands Weston Legion Branch No. 2**

**Ms. Becky Barrett (Wellington):** On Sunday, May 31, I was privileged to participate in the 70th anniversary of the Ladies Auxiliary of the Brooklands and Weston Legion Branch No. 2. Since 1928, the Ladies Auxiliary has provided support to servicemen, to victims of the 1950 flood, to the Salvation Army and the Heart Fund, to the Shrine Circus, to Poppy Day, to visiting veterans and auxiliary members in hospital. As well, they have donated a wheelchair, player piano, recreational equipment, suction cart and cash to the Deer Lodge Centre and Veterans Manor, to the Children's Hospital, the Seven Oaks Hospital.

Cash donations have been made to various charities, including the Cancer Society, the Heart Fund, the Rainbow Society, Ronald McDonald House, the CJOB shut-ins fund, the provincial council scholarship fund, the Legion sports foundation, Legion housing, the Shrine Circus Daddy Club, the joint hospital and metropolitan committees and various other in-memoriam contributions. As well, they have presented annually two scholarship awards to students at Cecil Rhodes and Brooklands Schools in the community. They have donated, as well, cash and furnishings over \$60,000 to the local branch during these 70 years.

They actually have one remaining member of the charter legion in 1928, and that is Mrs. Mary Blundell, of the 13 who started the Legion Auxiliary. I know all members will join with me in recognizing the women of the Ladies Auxiliary who carry on the tradition of hard work, sheer determination and benevolent donating of funds to ensure the continued support of veterans, auxiliary members and their families, who never forget the auxiliary motto of Service not Self.

## ORDERS OF THE DAY

### House Business

**Hon. James McCrae (Government House Leader):** Madam Speaker, I have a number of housekeeping matters related to the business of the House. I would like to obtain the unanimous consent of the House, notwithstanding the sequence for consideration of Estimates as outlined in Sessional Paper 142 tabled on March 24, 1998, and subsequently amended, to consider in Room 255 the Estimates of the Children and Youth Secretariat following completion of the Estimates of the Department of Housing. This change is to apply until further notice.

**Madam Speaker:** Is there unanimous consent of the House to alter the sequence for the consideration of Estimates in Room 255 for the Estimates of the Children and Youth Secretariat to follow the completion of the Estimates of the Department of Housing, this change to apply until further notice? [agreed]

**Mr. McCrae:** I wish to obtain the unanimous consent of the House, notwithstanding the sequence for consideration of Estimates as outlined in Sessional Paper 142 tabled on March 24, 1998, and subsequently amended, to consider in Room 254 the Estimates of the Department of Finance following completion of the Estimates of the Department of Government Services. This change is to apply until further notice.

**Madam Speaker:** Is there unanimous consent of the House to change the sequence for consideration of Estimates in Room 254 to allow the Department of Finance to follow the completion of the Department of Government Services Estimates, this change to apply until further notice? [agreed]

\* (1430)

**Mr. McCrae:** I believe yesterday the House gave its consent to waiving private members' hour today, but we also went on to talk about what would happen tomorrow, that being Thursday, and I think we talked about the potential or the possibility of having private members' hours tomorrow morning, but there have been further discussions, and instead of doing that, there seems to be some agreement that we should deal with

bills for the two hours between 10 and noon tomorrow morning and thereafter it would be the intention to proceed to the consideration of the Estimates. We are getting close to the end of the Estimates, and I know that this will be a great disappointment for the Leader of the Opposition (Mr. Doer) and perhaps one or two others. I do not know anybody else, though. We will look at the situation respecting private members' hour tomorrow afternoon at some point tomorrow.

I would move, seconded by the honourable Minister of Labour (Mr. Gilleshammer), that Madam Speaker do now leave the Chair, and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

**Motion agreed to.**

\* (1440)

## COMMITTEE OF SUPPLY (Concurrent Sections)

### GOVERNMENT SERVICES

**Mr. Chairperson (Gerry McAlpine):** Order, please. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 254 will resume consideration of the Estimates of the Department of Government Services. When the committee last sat, unanimous consent had been granted to have all questions and answers considered under line 8.1.(e) Information Technology Services.

**Mr. Jim Maloway (Elmwood):** At the outset, I would like to ask the minister if he has any of the information that was asked for at previous sittings.

**Hon. Frank Pitura (Minister of Government Services):** I think the last time we sat I indicated to the honourable member that we were at least within a week to two weeks of getting most of the information that you wanted back, so I trust that he will have patience with us until the time he gets that information.

**Mr. Maloway:** Could the minister explain in detail the relationship between his department and the Department of Finance as it relates to things like the Y2K

problem, as it relates to things such as the computer contracts, the flow of money for the computer contracts?

**Mr. Pitura:** I am advised that the chief information officer, the CIO, has the overall responsibility for information technology issues right across the provincial government. The four areas that are basically addressed under the CIO is the area of better systems, better methods, desktop, and the year 2000.

So different groups are in charge of implementing the different initiatives. For the part that Government Services and the role that Government Services plays, we are involved with the implementation of the desktop. The other three areas are found nested in different committees under the CIO.

**Mr. Maloway:** How long has this arrangement been in place? How long has the chief information officer been in charge of these areas?

**Mr. Pitura:** At the outset of this process, which would go back a couple of years, the Information Technology Review officer was couched in the Treasury Board area. Starting in January of 1998, a chief information officer was put into place which then took the position out of Treasury Board and placed it under the Information Technology area as a chief information officer.

**Mr. Maloway:** So the chief information officer then would be in charge of dealing with the payments for the purchase of the computers? The chief officer would be involved in the financing of the computer contract, would he or she?

**Mr. Pitura:** The one-time cost associated with purchasing of the computer hardware is being financed through the organized corporation that is called GISMO that we talked about the other day, and so the funding is coming through that corporation for the purchase of the hardware.

**Mr. Maloway:** Could the minister describe the operation of GISMO as to when it was set up, who the board of directors are, and how it is operating at the current time?

**Mr. Pitura:** I think that the best advice I can give my honourable friend on this is that that would be a question that would be best asked of the Department of Finance as this corporation is under their purview.

**Mr. Maloway:** The reason we are doing it this way though is that in a way I would like to have both departments in the same room at the same time, because my previous experience has been such that when you go to Finance, they refer you back to Government Services. When you go to Government Services, they refer you to Finance. It seems to me that the two groups are simply conspiring together to hide the information. No one wants to accept responsibility for any of this information, it has been my experience, so that is why I would like to find out exactly what it is you know about GISMO and how it operates before we go into Finance and ask the same questions.

**Mr. Pitura:** My main role as Minister of Government Services and having the responsibility for the Desktop Management initiative is from the standpoint that there is sufficient financing, financial dollars or dollars available to make the purchases of the hardware and that these dollars will flow from the departments to Government Services in regard to the supply of the hardware to their desks, and then in turn we have our contract with Systemhouse. We are dealing with them on the supplying of the hardware, so that the overall essence of our responsibility in Government Services is to ensure that the Desktop Management initiative takes place and it takes place on schedule and it does everything it is supposed to do for the corporate structure within government.

**Mr. Maloway:** Well, the minister will know that back in I believe it was January his department had just paid for the first 500 units, I believe—was in the process of paying for the 500 units. Can he tell me where the money came from, the path of the money, I guess, to pay for those first 500 units?

**Mr. Pitura:** Well, those dollars flow out of this corporation, GISMO, which is the corporation that was put in place by the Department of Finance for the purposes of funding the Desktop Management program and, I guess, the other three initiatives as well.

**Mr. Maloway:** The minister has had plenty of time to discover information that has been asked many times now, and that is who the lowest price bidder was for the actual hardware provided. Would he answer that question now? Just minutes ago in Question Period he said that he wanted to answer it in the Estimates. He has all the high-priced help here right now to provide him with the actual answers. We know what the answer is. I just want him to put it on the record, and, as the minister responsible for this department, I want him to put it on the record as to who the lowest price bidder was.

\* (1450)

**Mr. Pitura:** Well, I think I will respond to the member this way because he indicates that he has the answer to the question he is asking. To me, that is in itself, I do not know, questionable antics, I guess. I give him an example of this, that if we were going into the leasing of building space and we wanted 10,000 square feet of building space and our lowest price bidder came in and gave us the lowest price and said we have 9,000 square feet, so we go to the bidder that gives us 10,000 square feet but it is at a higher price. So of what worth is it then to know that that was the lowest price bidder because you were not getting the full amount of the specs within your request from that low-price bidder?

So I have to turn around and ask the honourable member: what is the value of knowing who the low-cost bidder is? Besides, he says he knows already. So if the rest of the RFP proposal was such that the bidder came in short on the rest of the requirements and, as a result, did not get the bid.

**Mr. Maloway:** Well, the suspicion—and well founded, I might add—is that the entire process was rigged to favour high-price providers, that the lower price local providers were cut out of the system. I guess the minister could solve the problem by simply revealing the point system, the definition of terms that made up the point system, and the order of ranking. I think that would solve the problem, because I can tell you that a number of the bidders are prepared to accept that they lost the contract fair and square. It is just they do not believe that it was fair and square, and I think I know enough of them to know that they are realistic. They are business people; they have a long experience in the

business. They know when they are being had, and they know when they lose contracts that it is just part of a day's work, these things happen; but, when the original specifications were drawn up in such a way that one could see the writing was on the wall from day one, then clearly there is a suspicion there that it was not handled properly. I want the minister to come clean with us and tell this committee and give us all the facts so that we can let these unsuccessful bidders know that they, in fact, lost fair and square.

**Mr. Pitura:** Mr. Chairman, I think, again, I have to remind the honourable member that the Department of Government Services has a lot of contracts, a lot of consulting contracts, a lot of contracts awarded for building construction, building renovations, cleaning contracts, amongst other things. I would just like to share with the honourable member that very often the companies who do not win the contracts often are upset because they do not win the contracts, and so what they will do is tend to say, well, you know the contract bidding process was not done right because, if it had been done right, I would have won. Well, I am sorry but that is not the way it always works.

I know, and the member knows, that when you go out seeking employment in the world, in the job market that, when you go for an interview, there is going to be one successful person for that interview and the rest of them are going to be unsuccessful. I have been in that position where I have been unsuccessful, and when I found out who got the position, I said, well, I am just as good as that person is, if not better. Why did I not get the job? But that is what happens. One is selected and the rest are not.

I would also like to remind the member that with regard to the contract that Systemhouse let for the procurement of computer hardware, each and every individual who bid had the opportunity and was invited to come and have a discussion with Systemhouse as to why they did not get the contract. As far as that is concerned, that is a very open system. They all had that ability to have that discussion, and Systemhouse would have met with them and had that discussion.

**Mr. Maloway:** Well, that is not in fact what happened. In fact the definitions of such things as vendor stability

and presence were not provided. So the people were not apprised of how many points would make up these particular classifications, categories.

I would like to ask the minister again: would he give me a definition of vendor presence? I would like to hear that one again. That was a good one. I would like to hear that one a second time.

**Mr. Pitura:** In response to the honourable member's question, probably one part of the process that he may not be aware of is that when the RFP, the request for proposal, is put together, when there are, as in this particular case, 11 companies that—or actually there were 39, I guess, that originally requested the papers, the RFP to quote on—each and every one of them are invited to a bidders conference. So the very question that the member is asking about vendor presence is a question that the potential bidder could ask of the potential contractor, which was Systemhouse, who, at that time, with all the bidders in the presence of them, would be able to explain what the definition was and what they were looking for within the RFP with regard to vendor presence.

I am sure that within the RFP proposal itself that the criteria, and I am not familiar with the criteria of vendor presence, that those kinds of criteria would be spelled out in the RFP proposal so that the potential respondent to the RFP would have a knowledge and have the same knowledge as any other company bidding with regard to what it meant.

**Mr. Maloway:** Well, they did not have a definition of what it meant and you do not have a definition of what it meant. I would like you to put it on the record. Give me a copy of this definition of vendor presence. What does it mean?

**Mr. Pitura:** I have with me a section in the request for proposal that was put out by Systemhouse. It states here that an important aspect of product selection is choosing manufacturers that are stable, with continued good prospects in the industry to protect technology investments. As product features leapfrog each other, it is important to focus on long-term prospects of the manufacturer and their products. Please provide the manufacturer financial information and corporate

profile information related to market trends and applicable product acceptance. Independent references would be an asset.

So I do not know if that gives the member the proper definition or not. I would point out again that within the general qualifications area, vendor presence is just one small part of that, that the other areas such as research and development are important. The level of technological investment is important. The delivery capabilities and commitments and performance bonding all make up that. So if you are taking the general qualifications at 25 percent, you are looking at about 4 percent of the overall qualifications attributed to vendor presence. So it is not a huge factor in the weighting average.

**Mr. Maloway:** Mr. Chairman, I think the minister should just come out and admit that vendor presence, which is blue sky, was just another way for IBM to rack up some points against some of its competitors.

\* (1500)

I would like to ask the minister then, regarding Fleet Vehicles, in the bidding for the cars, what sort of criteria are used there? Is vendor presence a consideration?

**Mr. Pitura:** I am advised that with respect to the question of fleet vehicles, there is a different process in place with respect to the purchase of fleet vehicles. I will try to explain it, and I may have to ask my deputy minister to help me out as we go along.

When the exact specifications of a product are known, i.e., the colour, length, horsepower, all those technical specs are known. Then it could be put out in what is called a tender process. The tender process asks for a response back to the tender for those specs. Then price becomes the bottom line of choice.

Now, when you get into an area where the actual technical specifications are not known, then you go into an area of a request for a proposal document which then the different areas of the document have to be assessed. So you get into not so much the technical aspects of the document as much as the areas that we

are talking about with regard to the evaluation criteria of product quality, general qualifications, technical specs and cost.

**Mr. Maloway:** Mr. Chairman, will the minister tell us then why the specifications were not known when it comes to this computer contract? And if they are not known, why were they not known to each of the people who were bidding?

**Mr. Pitura:** Well, in answer to that, the reason that technical specs were not put into the RFP and then converted to a tender is a fact that as the desktop rollout is taking place—and do not forget that this rollout is taking place from October or November 1997 to March 31, 1999—that indeed over that period of time—and I think the honourable member, if I can quote him correctly, said that the maximum time for inventory on a shelf was something like 18 days, if I am not mistaken.

**An Honourable Member:** Eleven.

**Mr. Pitura:** Eleven days. So that in terms of the product specs having an ability to change rapidly over that period of time allows for that change to take place. So we knew that when we started off the process—if you were getting Pentiums, just as an example, and then by the time the process was done you are into Pentium II, that change was allowed to take place. Whereas in a tendered document, that would not take place. The total delivery would take place at that time.

**Mr. Maloway:** I cannot really believe that the minister is saying this. It was a complaint from the unsuccessful bidders as well that there was a lack of technical specifications. I fail to understand how it could be any different from quoting for the automobiles. It is very easy. We do this every day. We write down a list of specifications we want for a computer, we send it out to two or three companies and ask for quotes. What is so difficult about that? That is technical specification; that is the same. All you did was you required those technical specs to be quoted on for the first 1,000 computers of the 7,000 in total. So what do you mean you did not use any technical specs?

**Mr. Pitura:** Just to clarify for the honourable member that there was a minimum hardware configuration within the RFP, but then it was open for the responses to come back with whatever they saw fit to be in excess of that. There was a minimum configuration that was required; beyond that, the door was wide open.

**Mr. Maloway:** So, Mr. Chairman, were there extra points given if they provided better hardware and better specifications?

**Mr. Pitura:** From that point of the evaluation, that was part of the ongoing requirements with regard to the cost. It was placed in that area in terms of evaluation.

**Mr. Maloway:** I still do not understand why with a contract this big that you could not provide for technical specifications? Why would you not do something like that? I heard that mentioned to me that the definitions were not there for market presence and vendor stability and these other kind of nebulous terms that they were using. I understood those were not there, and I just did not believe. I thought it must have been a mistake when I was told that there were no specifications, or the specifications were not properly laid out. I just thought that was probably not really believable, but now the minister is confirming it that there were no specifications. So how the heck did these people know what they were actually quoting on in the first place?

**Mr. Pitura:** Mr. Chairman, here are the minimum hardware configurations—

#### Point of Order

**Mr. Maloway:** On a point of order. Does the minister have another copy of that so we can sort of go through it as he reads through?

**Mr. Chairperson:** The honourable member for Elmwood does not have a point of order.

\* \* \*

**Mr. Chairperson:** The honourable minister, to continue with your response.

**Mr. Pitura:** I will just share some of the specs with the honourable member, because it is quite lengthy. For example, the processor has to be base configuration of 166 megahertz Pentium with MMX technology; power configuration, Pentium 233 megahertz with MMX technology.

If you take a look at the diskette drive, it is a 3.5 and a 1.44 megabyte. The video on board, one megabyte RAM, PCI 64-bit 1024 x 768, which would be the—whatever it is called—pixels. [interjection] Everybody got a copy of this. This is the RFP, request for proposal, by Systemhouse that everybody got. So that minimum configuration was there.

**Mr. Chairperson:** Order, please. If the minister is going to read the whole document then, I would ask that he table it for the committee's benefit, unless you are going to conclude your response at this point.

\* (1510)

**Mr. Pitura:** It is concluded.

**Mr. Chairperson:** Okay, thank you.

**Mr. Maloway:** Mr. Chairman, so if that is the case then, I fail to see why it is any different than his assertion that the car companies ask for quotes based on the year, model, colour, different features in the car, and that they all compete against one another. The key is then price. Now what is the difference? When the member for Transcona (Mr. Reid) and myself send out requests for bids to Dell and Gateway, and other people for Powerland, Mind, for quotes on computers, we do exactly what he just read. We specify what it is we want. Sometimes we specify brand names of hard drives and so on. We ask for quotes, and price becomes paramount. Price is the only thing that really matters in that case. What is the difference?

**Mr. Pitura:** Mr. Chairman, I think the honourable member and I can probably enter into this debate for a long period of time. The honourable member is saying that, when he orders computers, he specifies what he wants exactly and that cost is the only factor that is involved in the purchasing of that computer. But I would like to ask the member, I guess, if you get a

computer that has an enhanced capability over the quote, the technical specs that you are asking for, and there is a slight incremental cost, whether at that point cost is that factor, as opposed to also whether you are purchasing a computer as an ongoing—do not forget, when you are purchasing that computer, in the case of the provincial government, we are purchasing on the basis of a 66-month ongoing contract with this particular company. Their responsibility to us is to ensure that we have a system that will be in place, that will transfer data, that will give us the ability to do one-stop shopping for customers and the taxpayers of the province of Manitoba, and it is important for those computers to be operative.

They have made the choice that to deal with who they thought would be able to give them that assurance that they would be able to have a product that would perform that job. When we are buying an automobile, we are not entering into a 66-month contract with the automobile manufacturer. We may be entering into that type of a contract with the financing arm of the company, but we are not obligated to enter into that kind of a long-term contract with the automobile manufacturer.

But in the particular case of the provincial government—and I reiterate—our contract is with Systemhouse. Systemhouse has the contract to deliver a certain product to the provincial government. If they do not, there are penalties to be paid, and the ultimate penalty is that they do not have the contract anymore. So their job is to ensure that they have a product that will be reliable, and it is their choice in the end as to how they procure that product.

I would also remind the honourable member that, if you are looking at the terms of the Manitoba contractors, the suppliers, there are approximately 16 computer firms in the province of Manitoba that are now in the process of having subcontracts with Systemhouse to help in the Desktop Management initiative. These computer companies are spread out throughout the province. There is one in Dauphin, Swan River, Thompson, The Pas, some in Winnipeg, Swan River, Russell. So they are spread out all over the province in terms of the subcontract supplies to Systemhouse for desktop initiative.

**Mr. Maloway:** How long a warranty did each of the computers come with or provided with from IBM?

**Mr. Pitura:** Mr. Chairman, the computers have a four-year warranty.

**Mr. Maloway:** I still fail to see a lot of difference here between the procurement of cars from General Motors or the procurement of computers from IBM. I do not really see a lot of difference. I think it is very easy to specify exactly what it is you want in the tender, the specifications that you want in the tender, whether it is cars, whether is computers, no matter what it is. Then, it really does come down to a question of price. That is, price is the one common denominator that all of the bidders can understand.

When you start giving 25 percent of the points to nebulous concerns, such as vendor presence, stability and so on, then you lose any kind of semblance of fairness in the process. I mean, if it were equal equipment, all provided, you know, 166 megahertz, and all the specifications were equal, then the bidders would quote their prices. Then it would be easy to make a decision as to which one was the best.

But that was not done here, and that was not done here because IBM has never been known as the lowest-price provider of equipment. I mean, I know why it was provided, why it was set up the way it was set up. I mean, just on a price point, IBM would never win. I can pretty well guarantee that. They are not known as the low-price producer.

So you worked up a system that would give IBM the edge here by coming up with nebulous definitions of vendor stability and vendor presence, and there is a whole host of other ones that you have here. Certainly that is not fostering a positive view of how this government operates within the industry. The minister alludes to keeping the losing companies happy by giving them contracts. That is exactly what I said yesterday; that is exactly what you have done. When the losers, the unsuccessful bidders complained, what you did was you gave them, in one case, the right to install computers in another corporation for IBM. You gave another one something else. You have just simply put some grease in the squeaky wheels to keep them off

your case. So I know what you have done; you cannot tell me any different there.

I would like to get back to the whole question here about the Fleet Vehicles and ask a single question on that, and that is: do you still involve yourself in the practice whereby the manufacturer provides, I believe it is, \$240 free monetary reward or inducement to each of the dealers, sort of to keep them happy and give them the right to put their nameplates on the backs of the cars?

Now I recall back to one other previous, glorious minister, here, of Government Services, one of this minister's predecessors, when we discussed this whole matter. One of the companies did not provide this incentive but certainly the other two did. I am not sure which one did not, but one of them provided, I think, \$240. Another one provided \$120. So what you had here was a spectacle of the car companies basically, gratis, giving the car dealer, in that case, \$240 a car, for having done nothing, perhaps not even seeing the car, plus they put the name of the dealership on the car.

Then we got into the whole question about where the warranty work was being done and—[interjection] No, no, the warranty work was being done at different dealerships. At that time there was one dealer in particular who had very close connections to the Conservative Party who was doing the lion's share of the work. I do say that after those questions were raised two or three years ago now, the very next year the work sort of evened out a lot more, and that one particular dealer's share dropped substantially and others began to share in it.

If the minister could update us on what is happening with that incentive.

**Mr. Pitura:** As I recall, I think we had this conversation last year as well, in terms of monetary credits. At that time, I am not sure, I think maybe one of the automobile manufacturers was involved with the credit system to their dealers. According to our information here, out of the big three, GM, Chrysler and Ford, Ford is the only one that awards a monetary credit, and that is a hundred dollars to their dealer as a

credit for the sale to put their logo on the back of the car.

**Mr. Maloway:** I still have great difficulty understanding why this is done. Now let us get this straight. The Ford Motor Company of Canada pays the local dealer a hundred dollars for the right to put the dealer's name on the car. Let us get this straight. Ford has already got its name on the car, okay. So Ford is paying, you know, Bob Kozminski Ford or Cam Clark Ford or Mid-Town Ford, they are paying each one of these guys a hundred dollars to put Bob Kozminski's name on the car. I would think it should be the other way around. It should be Mid-Town Ford pays Ford a hundred dollars to put their name on the car. I think this is a pretty crazy incentive program myself.

**Mr. Pitura:** I guess I have to say I probably agree with the member on this one, that it is really something that is difficult to understand. However, that is the agreement that the automobile manufacturer makes with that dealer. I would suggest that, if he wants to pursue it any further, he might want to contact Ford Canada as to what their rationale is.

\* (1520)

**Mr. Maloway:** Mr. Chairman, this minister is a little more sensible than the previous one that was here. I would ask him to contact Ford Canada and ask them if they might consider reducing the price of the vehicles to the government by \$100 and forget giving the incentive to the dealership. I cannot see where this would make the Chrysler dealers and the GM dealers all that happy once they know that Ford dealers are getting this \$100 freebie per car. So I would think it should be the minister taking the initiative here and saying: Listen, Ford, if you can provide \$100 to the dealer to put their name on these cars, maybe you could just reduce the price of the quote by \$100 and let the taxpayers benefit. Good idea?

**Mr. Pitura:** Yes, it is probably a good idea if that were in fact the case. I would say to the honourable member that it is probably a good idea that we do contact Ford to find out why they put the \$100 credit on. I guess the only qualification I would give to that would be that, indeed, Ford Motor Company of Canada might do this with all fleet sales across the country. It

may be a standard policy of Ford Motor Company with respect to not only Manitoba but all the rest of the provinces. So from that standpoint, if that is the answer, I would get back. I would have to be satisfied with that as an internal policy with the Ford Motor Company, and there is not very much one can do about it to get them to change.

**Mr. Maloway:** I appreciate that. I wonder if the minister would endeavour to write the letter to Ford, and then let us know what the response is.

**Mr. Pitura:** I will endeavour to do that.

**Mr. Maloway:** Before we move on to line by line and enter Finance Estimates, I would like to ask the minister whether he has had the time to contemplate the questions about the Internet policy that he does not have currently in the department, whether or not he has been able to discover some policy here or formulate and promulgate some sort of policy in the last 24 hours, 48 hours.

**Mr. Pitura:** I guess, again, I have to go back to the honourable member and indicate to him that the chief information officer is ultimately the person who is responsible for a policy with regard to the Internet use and any kind of security policies with respect to the Internet. The Desktop Management Unit, we are simply the providers of the hardware and the enabling for this hardware to be hooked up to the Internet. So that is part of our responsibility with the Department of Government Services. The overall policy with regard to use of the Internet, the security issues associated with the Internet, is to be dealt with and put into place by the chief information officer.

**Mr. Maloway:** I am not sure whether the minister answered the question. Does he have a policy or has he had a policy all these last several years as it relates to the 900 Internet sites? He has had a few days now to check for this policy that he claimed that he did not have and to find out if there is one or not. It is either just a yes or no, and then we can move onto line by line.

**Mr. Pitura:** The use of the 900 sites that are presently located throughout government within the various

departments is a responsibility of each individual department with regard to the use of the Internet and the security issues related with the Internet by each department. Within the department of Government Services, our policy with regard to the Internet is that the time spent on a computer during the business hours of Government Services be used for business purposes only and not for personal use, and that has been our policy within Government Services. Other departments may, indeed, have different policies or may, in fact, have not had any policy at all. That I cannot comment on.

**Mr. Maloway:** Is this policy in writing, and can I have a copy of it right now?

**Mr. Pitura:** I am advised that the policy in Government Services is a broad policy for the provincial government; that is, the use of the Internet for personal use is not permitted on business hours.

**Mr. Maloway:** Well, I would like to see where it is in writing. Where is it written down here that this is the case? Or is the minister just making this up as we go along?

**Mr. Pitura:** I am advised that it is not a written policy.

**Mr. Maloway:** I think that pretty much ends my questions on the DMU and Government Services for this year. We may be back at it in concurrence in a couple of weeks, so if the minister would like to make a note of that, that we could maybe get everybody prepared for another visit here and get all that information that we were asking for.

With that, I would like to thank the minister and the staff for their efforts and their time, and maybe we could move on to the line-by-line now, and then on to Finance.

**Mr. Chairperson:** Line 8.1. Administration (b) Executive Support (1) Salaries and Employee Benefits \$389,600—pass; (2) Other Expenditures \$69,200—pass.

Item 8.1.(c) Finance (1) Salaries and Employee Benefits \$634,000—pass; (2) Other Expenditures \$212,600—pass.

Item 8.1.(d) Human Resource Services (1) Salaries and Employee Benefits \$438,500—pass; (2) Other Expenditures \$157,300—pass.

Item 8.1.(e) Information Technology Services (1) Salaries and Employee Benefits \$370,200—pass; (2) Other Expenditures \$211,100—pass.

Item 8.1.(f) Lieutenant Governor's Office (1) Salaries and Employee Benefits \$101,500—pass; (2) Other Expenditures \$62,500—pass.

Item 8.1.(g) Land Value Appraisal Commission \$27,400—pass.

Item 8.2. Property Management (a) Executive Administration (1) Salaries and Employee Benefits \$163,600—pass; (2) Other Expenditures \$30,800—pass.

Item 8.2.(b) Physical Plant (1) Salaries and Employee Benefits \$14,333,600—pass; (2) Other Expenditures \$28,523,300.

\* (1530)

**Mr. Maloway:** We have a final couple of questions here on the disposition of the old equipment, because, admittedly, a lot of the old equipment is probably next to worthless, and it is quite old. On the other hand, some of it would be very recent and I note that as late as, what, last November, just when the contract was being let for the new equipment, there was new equipment being delivered. I do not know whether it was being delivered as late as November, but, certainly, I think the minister will bear me out in this that there were deliveries in August of last year, probably in September. I think it kind of phased itself out by November, December, when the new equipment started, so that would be—you know, that is only six-month-old equipment and even though it is not sort of high-tech stuff, I guess, it is still pretty good equipment.

So I am wondering just what the policy is for the disposition. Is it in writing and could the minister provide us with a copy of that?

**Mr. Pitura:** I am advised that there is a policy being put into place at the present time. It will be announced

shortly, but I would share with the member that I think some of the discussion is around some departments of government that are out of scope at the present time and may be given priority for some of the equipment, but there is also the use of the equipment, for example, in schools that identified a major need for computers.

So those kinds of things are being developed within a policy format and will be announced shortly, I am told.

**Mr. Maloway:** Who will decide which schools get the new equipment, for example, versus which schools will get the old equipment?

**Mr. Pitura:** I think that in the past any time there has been surplus computers, they have gone through I think this organization called Computers for Schools and Libraries group, which sort of takes the school-by-school basis and allocates the computers. I would not be too terribly surprised if this was not the group that was used to distribute. I believe it is a nonprofit volunteer education group whose responsibility is in that area.

**Mr. Maloway:** Presumably the minister's announcement will be made public at the time as to how the disposition of the old equipment will take place. I mean, if it is just going to be an edict by the minister, I would like to have a copy of it when it is made public.

**Mr. Pitura:** I am sure when the policy is put into place, the announcement will be made at the appropriate time, because one of the important things is if there are groups out there that do have a requirement, they should be knowledgeable about that, so information will be out then. We will allow them to do that.

**Mr. Chairperson:** Item 8.2.(b)(2) Other Expenditures \$28,523,300—pass; (3) Preventative Maintenance \$161,000—pass; (4) Less: Recoverable from other appropriations (\$27,000)—pass.

8.2.(c) Leased Properties (1) Salaries and Employee Benefits \$51,500—pass; (2) Other Expenditures \$17,776,800—pass.

8.2.(d) Property Services (1) Salaries and Employee Benefits \$349,800—pass; (2) Other Expenditures \$289,900—pass; (3) Less: Recoverable from other appropriations (\$220,000)—pass.

8.2.(e) Security and Parking (1) Salaries and Employee Benefits \$2,831,100—pass; (2) Other Expenditures \$624,000—pass; (3) Less: Recoverable from other appropriations (\$1,633,000)—pass.

8.2.(f) Accommodation Cost Recovery (\$40,799,000)—pass.

Resolution 8.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$22,456,400 for Government Services, Property Management, for the fiscal year ending the 31st day of March, 1999.

Item 8.3. Supply and Services (a) Executive Administration (1) Salaries and Employee Benefits \$176,600—pass; (2) Other Expenditures \$24,100—pass.

8.3.(b) Government Air Services (1) Salaries and Employee Benefits \$4,209,800—pass; (2) Other Expenditures \$5,608,800—pass; (3) Less: Recoverable from other appropriations (\$9,818,600)—pass.

8.3.(c) Desktop Management Services (1) Salaries and Employee Benefits \$676,000—pass; (2) Other Expenditures \$4,968,900—pass; (3) Less: Recoverable from other appropriations (\$25,000)—pass.

8.3.(d) Purchasing (1) Salaries and Employee Benefits \$1,097,300—pass; (2) Other Expenditures \$434,200—pass.

8.3.(e) Telecommunications (1) Salaries and Employee Benefits \$1,047,700—pass; (2) Other Expenditures \$5,231,800—pass; (3) Less: Recoverable from other appropriations (\$5,447,100)—pass.

8.3.(f) Office Equipment Services (1) Salaries and Employee Benefits; (2) Other Expenditures (3) Less: Recoverable from other appropriations—no amounts.

8.3.(g) Mail Management Agency—no amount.

8.3.(h) Materials Distribution Agency—no amount.

8.3.(j) Land Management Services—no amount.

8.3.(k) Fleet Vehicles Agency—no amount.

Resolution 8.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,184,500 for Government Services, Supply and Services, for the fiscal year ending the 31st day of March, 1999.

Item 8.4. Accommodation Development (a) Accommodation Development (1) Salaries and Employee Benefits \$2,022,400—pass; (2) Other Expenditures \$817,900—pass; (3) Less: Recoverable from other appropriations (\$495,000)—pass.

8.4.(b) Workshop/Renovations (1) Salaries, Wages and Employee Benefits \$2,007,500—pass; (2) Other Expenditures \$276,500—pass; (3) Workshop Projects \$3,075,000—pass; (4) Less: Recoverable from other appropriations (\$5,359,000)—pass.

Resolution 8.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,345,300 for Government Services, Accommodation Development, for the fiscal year ending the 31st day of March, 1999.

Item 8.5. Emergency Management Organization (a) Salaries and Employee Benefits \$668,900—pass; (b) Other Expenditures \$407,400—pass.

Resolution 8.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,076,300 for Government Services, Emergency Management Organization, for the fiscal year ending the 31st day of March, 1999.

8.6. Expenditures Related to Capital (a) Capital Projects \$18,275,100—pass; (b) Less: Recoverable from Capital Initiatives (\$2,100,000)—pass.

Resolution 8.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$16,175,100 for Government Services, Expenditures Related to Capital, for the fiscal year ending the 31st day of March, 1999.

The next item to be considered for the Estimates of the Department of Government Services is item 8.1.(a) Minister's Salary. At this time we would request that

the minister's staff leave the table for the consideration of this item.

Item 8.1.(a) Minister's Salary \$26,300—pass.

\* (1540)

Resolution 8.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,700,200 for the Government Services, Administration, for the fiscal year ending the 31st day of March, 1999.

This now completes the Estimates for the Department of Government Services.

## FINANCE

**Mr. Chairperson (Gerry McAlpine):** The next Committee of Supply, the Estimates are for the Department of Finance. We would ask the Minister of Finance (Mr. Stefanson) to come forward and would call the committee to order.

This section of the Committee of Supply will be considering the Estimates of Finance, and does the honourable Minister of Finance have an opening statement?

**Hon. Eric Stefanson (Minister of Finance):** Yes, Mr. Chairman. It is my pleasure to present for your consideration and approval the Estimates of Expenditure of the Department of Finance for the 1998-99 fiscal year. I do have a very brief opening statement, after which I would be pleased to respond to any questions that the members might have.

The department proposes to spend \$729.2 million in 1998-99. This represents a decrease of 0.2 percent or \$1.2 million under the 1997-98 Estimates. In terms of the area of Public Debt, with the era of rising debt behind us, we are building on last year's reduction of \$55 million for Public Debt expenditures with a further estimated reduction of \$5 million.

This has been made possible due to lower borrowing requirements as a result of continuing improvement in the province's fiscal position, the relative stability of the Canadian and U.S. interest rates, and our province's declining debt burden.

Mr. Chairperson, we acted on the advice in council received from Manitobans during the consultations leading up to the provincial budget, and we increased our debt payment to \$150 million. Our province's declining debt serves to relieve the next generation of the burden of accumulated debt and also supports immediate debt servicing savings as reflected in the department's Public Debt expenditures.

Notwithstanding 1998-99 expenditure reductions, Public Debt remains the single largest component of the department's spending representing 71 percent of the department's budget and 8.9 percent of the entire provincial budget. The magnitude of this cost underscores the importance to Manitobans of continuing to balance our books and to reduce the burden of debt.

In terms of tax credit payments, total expenditures for Manitoba's 1998-99 tax credit programs, which include property tax credits, cost of living tax credits, pension or school tax assistance, political contributions tax credits, and the learning tax credits are estimated at \$198.5 million. Of this amount, \$15 million represents the learning tax credit which is part of the Department of Education and Training Estimates.

As announced in the budget addressed, the learning tax credit has been reconfigured as part of a comprehensive approach to supporting post-secondary education in Manitoba, which includes enhanced direct assistance to students through loans and bursaries, interest relief, debt reduction and scholarships and bursaries initiatives, and increased operating support for post-secondary educational institutions. Manitoba continues to be the only province in Canada to provide a refundable learning tax credit to encourage students to invest in their own education and training.

The Department of Finance's share of total net Manitoba tax credits will increase by approximately \$1 million as a projected number of eligible claimants for the property and cost of living credits increases.

The department has established the office of Information Technology. The province's chief information officer will bring greater focus and leadership to government's major information technology initiatives and ensure the effective investment of

information technology resources to meet the year 2000 and other technology challenges.

Like most organizations, the year 2000 problem for Manitoba is pervasive. The issue is the top priority of our information technology professionals. Manitoba has been very proactive in responding to this issue and has established the year 2000 office. A detailed examination of all critical systems has been undertaken and plans to ensure the timely co-ordinated replacement and refurbishment of critical provincial systems are being implemented.

Over a year ago, we completed assessments of our year 2000 problem for core government. Some systems have already been refurbished and are year 2000 compliant. The remaining assessments are being completed this summer.

A framework for prioritizing year 2000 work across government and a special consideration given to the unique technologies of the health care sector is being established to ensure that the year 2000 problems of systems most critical to program delivery are addressed in priority order.

Our overall year 2000 initiative is broad based. It ranges from refurbishment of core government systems to awareness programs targeted at the wider business community. Manitoba has established a standing offer arrangement with the year 2000 suppliers to perform year 2000 inventory, assessment, refurbishment and testing. This ensures that competitive market pressures are continually brought to bear to ensure maximum containment of costs.

With those very brief statements, Mr. Chairman, I am more than pleased to respond to any questions.

**Mr. Chairperson:** We thank the honourable minister for those comments. Does the official opposition critic, the honourable member for Brandon East have opening comments?

**Mr. Leonard Evans (Brandon East):** Mr. Chairman, yes a few opening comments. As I have said on other occasions, the Department of Finance is a well-established, well-run department. It has a reputation of

being very well-administered with loyal staff. I have had the pleasure of being on the government side of this Legislature as well as the opposition side, and as one who has had 15 years' experience on the government side and having dealt with that department and having seen it operate, I can tell you very categorically that it is one of the better-run, one of the best-run departments in the government, and it continues to serve us well. It continues to serve the people of Manitoba very well indeed.

\* (1550)

Our problem in the opposition is, of course, mainly with the government's fiscal policies and its approach, its ideology, and, as the minister knows, a great deal of our debate involving himself is when we discuss the budget at which time we talk about such things as the economy and where the budget is heading and so on. I just want to take the opportunity to point out that although the economy has certainly improved in the last few years, nevertheless we in Manitoba have much to be concerned about still, because even though it is perhaps better today than it has been for some time, we still see our employment performance, at least this year, not to the level of which I think any of us would want to see it.

I was looking at the last data from Statistics Canada and the Bureau of Statistics. I see Manitoba ranks nine out of 10 in the first five months of this year in terms of job creation. I think it was something in the order of 1.1 percent over last year's first five months. This makes you concerned, especially when you note that the national average is about triple that. The national average growth rate is over 3 percent, and even Saskatchewan, our sister province, is over 2 percent in growth. I do not have all the numbers in front of me. I do not have any of the numbers, but it is about double, as I remember, what our job creation has been in the first five months of this year.

Also, we should be concerned that real wages over the past many years have not kept pace, and Manitobans are actually obtaining lower real wages today than they did in 1988. There are a lot of statistics around to show this because what has happened is that although there have been increases in nominal wages, they have not kept pace with inflation over a great deal

of that time; now, there may have been a variation from one year to another, but generally speaking in the past decade.

Also, we should be concerned about other matters that indicate that the economy could be stronger than it is, and I point, of course, to the continued loss of people to other provinces. Our outward migration increased sharply last year—I believe over 6,000 people on a net basis—and even Saskatchewan was gaining from us by a considerable number.

So these statistics would indicate to me that although the economy has been helped by the North American economic boom that has been occurring the last few years and, of course, by relatively low interest rates and by a cheap Canadian dollar—all these have been major factors that have helped our economy. We have seen some growth, but, nevertheless, there are these features of our economy that should give us cause for concern.

We are also concerned about the way the budget has been presented. I have called it a shell game in the sense that you see it one time, then you do not see it, and the minister is great. He is very adept at moving monies in and out. I note in the last budget he put \$60 million in from the Fiscal Stabilization Fund. He gave us a reason for that. He said it is for Health expenditures, but, nevertheless, he took \$60 million out of the Fiscal Stabilization Fund and was able to show on that account a \$23-million surplus. If he had not taken that \$60 million out of the fund, we would have had a deficit.

So this is what confuses me and confuses Manitobans. We put money in on the one hand, pay down some debt and then take it out on the other hand, and then you legitimately ask the question, well, what does the bottom line mean anymore? When it comes to the bottom line of a budgetary surplus or a budgetary deficit, one really wonders how reliable a number that is, given the fact that you have this flexibility of the fund in moving monies in and out, because if the fund did not exist, this could not happen. You would have to play it straight.

I recall when this fund was first set up by a predecessor of the present Finance minister, Clayton

Manness, the Provincial Auditor of the day, was very upset because we did have a real surplus in the first year, but the surplus was quickly devoured into the newly established Fiscal Stabilization Fund. The Auditor of the day said that money should have really gone to pay down the debt. That is normally what would happen to a surplus. Automatically, it goes toward the debt, but it did not go toward the debt. Instead, it went into the Stabilization Fund and the rest is history.

The fund has been very useful to this government, and I know other governments have funds too, but I say the existence of that fund, you could argue from an administrative point of view, makes for greater flexibility, but, on the other hand, it makes for less reliability of the bottom-line budgetary surplus or budgetary deficit figure.

I note back in 1992-93 which was a very bad year for Manitoba because our revenues diminished considerably over the previous year, we had the bottom-line budgetary deficit of \$566 million which would have been really \$766 million if the government was not able to take \$200 million out of the fund. That year, the \$766-million deficit prior to taking money out of the fund was the worst deficit position we have ever experienced in the history of this province. Of course, it is the reason, this plus other huge deficits that did occur previously under this government, that the total debt today, even though it has come down in the last year or two, is still higher than it was when this government assumed office in 1988. So those are the facts.

Having said all that, Mr. Chairman, I think our debt situation, yes, it has grown but still, in a relative sense, relative to other provinces, relative to the burden as measured by a percentage of spending, that is interest spent as a percentage of total expenditures, is still well within the Canadian average. In fact, in many ways, if you take some of these figures, you will see that we are actually much better than the Canadian average in terms of the debt burden on Manitobans. So it depends on what figures you want to use. The minister can use the figure of the percentage of his total spending of his department, how big an item that is, and it is a big item, I am not denying that, but when you look at it in

another way in terms of public debt costs, percentage of expenditures, 9.4 percent of total expending, and that is relatively low in Canada. I think it is about the lowest, if not the lowest. It is one of the lowest in the country.

On that basis, one could argue that our debt burden is not really that significant. Certainly, as a percentage of GDP, debt costs have been coming down, but they have never really been, in the last couple of years, that horrendous in terms of what was going on in the rest of the country.

I just want to make one other point, too. Back in the '80s when there was an increase in debt, too, I might point out that was a phenomenon that was occurring right across the country and including the federal government, and for some very good reasons, not only recession but also horrendous inflation. When you had interest rates of what, 18 percent, 19 percent and whatever, and this did create an increase in the debt burden at that time.

At any rate, my last couple of points, Mr. Chairman, as part of the introduction is to point out again that although we want to be prudent and good managers and nobody disagrees with that, we should be very careful with our spending, every last single dollar of it. Nevertheless, I think it is a fallacy to think that because we moved into some sort of a surplus position that this is the main reason why our economic situation has improved. I would say it is the reverse. It is because of the improvement of our economic situation that we have been able to come into the black and out of the red, so to speak.

The reason we have a better economic situation is because the North American economy has done very well, and as I said, also, low interest rates and the cheap Canadian dollar. All these are major factors that have buoyed the Manitoba economy and has enabled this Minister of Finance (Mr. Stefanson) to obtain the revenue to do with what he wishes to do, and what his government colleagues wish him to do.

So I just want to make sure that we get the sequence correct and that is, it is the economic situation that has a bearing on our provincial budget, not the other way around. Having said that, I am not going to state

categorically that the budget has absolutely no impact on the economy. That is not true. But it is not as great a factor, I would submit, and with all respect, as some of these major national and international economic forces that I mentioned previously.

Just one last observation, and that is while we like to look for a fiscal surplus and like to brag about it and pat ourselves on the back about it, we also have to be concerned about what is happening to the social services side. Some people would argue the fiscal surplus has appeared and it may be growing, but the social deficit has increased, and that is a real concern to Manitobans because when you look behind that word are matters of adequate spending on education, adequate spending on health, adequate spending on social services, and everything from inadequacies in our hospital system to growing child poverty.

So, those are our opening comments. We do have some questions on specific parts of the department, and my colleague, the deputy critic of Finance, the MLA for Elmwood (Mr. Maloway), would have a few questions as well on Information Technology.

**Mr. Chairperson:** I thank the honourable member for Brandon East for those opening comments.

Under Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of the department. Accordingly, we shall defer the consideration of this item and now proceed with the consideration of the next line. But before we do that, we would ask the minister's staff to join us at the table, and we ask the minister to introduce his staff as they are present.

\* (1600)

**Mr. Stefanson:** Mr. Chairman, just, with my critic the member for Brandon East, for procedures, can we sort of go through these section by section and try to deal with some of them quickly? Obviously, I have the deputy and a couple of key people here, but then I sort of rotate. If you want to talk about public debt, I bring those officials. Is it just as simple to take each category and go through? I am prepared to be flexible, just recognizing that I have access to having the right people here to provide as much information as I can.

**Mr. L. Evans:** Yes, that is fine, as long as the minister is prepared to be flexible, if we could sort of proceed through the sections. My colleague has some questions on Information Technology. The member for Osborne (Ms. McGifford) had hoped to be here to ask some specific questions, but she had to leave because of another appointment. She will be asking those during concurrence, but I would reiterate that it is our intention to wrap it up by six o'clock. So, regardless, it will be a two-hour exercise. This does not include all the enabling appropriations. I know you have some responsibility there. We were hoping that those would be discussed tomorrow. So the department per se would be dealt with today.

**Mr. Chairperson:** Just for the benefit of the committee, would there be unanimous consent to ask questions under the one line as they pertain to the questions and raise the questions that way? What is the will of the committee?

**Mr. L. Evans:** Mr. Chairman, it is just a matter of maximizing flexibility—we have two hours—and try to be as efficient as possible.

**Mr. Stefanson:** I think your suggestion that once we get into section by section, just pick a line and ask all the questions and then we can move through if that is as easy as—

**Mr. Chairperson:** Agreed? [agreed]

I would ask the minister's staff to please come forward and the honourable minister to introduce them as they are present.

**Mr. Stefanson:** Mr. Chairman, seated immediately to my left is Pat Gannon, the Deputy Minister of Finance; across from Pat is Debra Woodgate, the associate secretary to Treasury Board; and Erroll Kavanagh, who is the director of Management Services.

**Mr. Chairperson:** Line 7.1 Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits.

**Mr. L. Evans:** Under Administration and Finance, I want to assure the minister I do not intend to ask any

questions about the Soldiers Taxation Relief fund—not this year; maybe next year.

But I would like to ask a question about personnel policy. Could the minister update us on the arrangements to provide equity of employment and any proactive employment policies within the department? I think it is handled under the personnel division or whatever it is called.

*Mr. David Faursehou, Acting Chairperson, in the Chair*

**Mr. Stefanson:** Joining me as well is Melanie Brownscombe, the director of the Human Resource Services within the Department of Finance.

Employment equity is still an important part of the hiring process for the Department of Finance. In 1997-98 our fiscal year ending March 31, '98, there were 26 hirings in the department. Eleven were women, which is 42.3 percent; three were from visible minorities, 11.5 percent of all hiring; one aboriginal, 3.8 percent, but I think, more importantly on an overall basis, when you look at the workforce in the Department of Finance of approximately 400 employees for the year ending March 31, 1998, just over 50 percent, 50.81 percent are female, 1.85 percent are aboriginal persons, 3.23 percent are persons with disabilities, 6 percent are visible minority persons. In most of those areas we have continued to make progress over the last several years, so in terms of the question, it continues to be a priority and I have just outlined some of the statistical information.

**Mr. L. Evans:** Mr. Chairman, I wonder if the minister could comment about the turnover of staff. My impression is that there is not much turnover, but is this the case? Also, how do you compare with other departments?

**Mr. Stefanson:** Mr. Chairman, I will certainly determine if there is any more specific information that I can share with the member, but speaking to our senior officials, we believe within government we would be at the lower end in terms of turnover because of the nature of many of the positions. Certainly looking at many of

our senior positions, I know first-hand there has been very little turnover.

I think on an overall basis though, the employees, like our population in general, we do have an aging population to a certain extent, but just looking at the stats that I just provided the member, a number of hirings, at 26 out of a workforce of roughly 400, shows that it is a relatively stable workforce within the Department of Finance. I think that is pretty indicative of government overall these days.

**Mr. L. Evans:** I would just like to pass onto the Treasury section now, so we could pass this section. That is 7.1.

\* (1610)

**The Acting Chairperson (Mr. Faursehou):** Item 7.1.(b) Executive Support (1) Salaries and Employee Benefits \$355,000—pass; 1.(b)(2) Other Expenditures \$69,200—pass.

7.1.(c) Management Services (1) Salaries and Employee Benefits \$439,800—pass; 1.(c)(2) Other Expenditures \$77,800—pass.

7.1.(d) Payments Re: Soldier's Taxation Relief \$2,000—pass.

7.1.(e) Tax Appeal Commission \$20,000—pass.

(Resolution 7.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$990,100 for Finance, Administration and Finance, for the fiscal year ending the 31st day of March, 1999.)

7.2 Treasury.

**Mr. Stefanson:** Joining me now is Mr. Neil Benditt, who is the assistant deputy minister of Treasury Division; and Don Delisle, who is the director of the Treasury Division.

**Mr. L. Evans:** Mr. Chairman, just a general question, among other activities of this division is that it has to maintain contact with the rural financial community, so

we know what the markets are like out there, and I was just wondering if the minister could comment about the markets. Where do we think we are best in seeking loans? Where do we think the best market situation is for the Province of Manitoba?

**Mr. Stefanson:** Certainly the best market for us today by far is the Canadian market. Not surprisingly, interest rates in Canada are still at roughly 35-40 year lows. Our borrowing requirements in total for this year will be in the range of about \$1.4 billion, which is virtually all refinancing of outstanding issues. Sitting here today we expect to do almost all of that in the Canadian market provided rates stay where they are. They are running at about a quarter of a percent below the U.S. rates straight up to today, and compared to other markets, Canada represents the best market for us right now.

**Mr. L. Evans:** That is good news, Mr. Chairman. You do not have the insecurity of exchange rates changing on you that you have when you borrow abroad unless you make other arrangements. When you make this comment about low interest rates in Canada, would you suggest that it is primarily because of the policy of the Bank of Canada trying to keep interest rates low, or do you think there are some other fundamental forces at work that provide for lower Canadian rates?

**Mr. Stefanson:** A good question. I met with one of the deputy governors of the Bank of Canada some time ago, he pointed to two reasons for the low interest rates that we see in Canada today; one is a direct correlation to low inflation, and we are seeing low levels of inflation in Canada, relative to what we experienced many years ago.

The other one he pointed to very directly was the fact that governments, provincial governments, right across Canada and the federal government have consistently been getting their fiscal house in order and as a result of that are obviously borrowing less money and going to the market less often for their requirements and less often to the international market. So the fact that governments are balancing their budgets, borrowing less, has been a direct contribution to the low interest rates.

I guess I did not respond to the member's opening comments, because we have agreed to disagree on many, many issues and had some healthy discussions. I certainly could have challenged or possibly even corrected some of his comments, but we will get many opportunities to do that. But this is one area where I would say there is the direct correlation between governments balancing their books leading to lower interest rates in Canada, lower interest rates leading to an awful lot of more economic activity in Canada, allowing individuals, businesses to grow, expand, invest and compete with countries right throughout the world. But those are really the two main reasons: the low level of inflation, and the fact that governments are getting their finances in order, balancing their books and borrowing less money.

**Mr. L. Evans:** Well, we have been fortunate in one sense of relatively low inflation. Certainly, if governments are borrowing less, the demand for loanable funds has dropped, has shifted, but then there is private borrowing as well. There is corporate borrowing. I mean, they are in the markets, too, are they not? What is happening there? Corporations borrow for all kinds of reasons. I know they go to the market on a share basis, on a stock basis, but they also borrow directly. They float corporate bonds and sometimes, I do not know, I do not have all the numbers, but they can be pretty significant too in terms of the volume of corporate borrowing. I do not know how it compares with government borrowing. I do not have those numbers. I am just saying, just to say governments are borrowing less, I am not denying that is not a fact. I am not arguing that, but I am just saying: what is happening to the corporate sector at borrowing, because that has to be a factor?

**Mr. Stefanson:** Mr. Chairman, I do not have any specifics here today in terms of the breakdown of annual borrowings, say, within Canada between private sector and government and so on. We will certainly determine what information we have on that topic, and I will provide it to the member for Brandon East. I think there is no doubt that with the growth and expansion of the economy that the private sector has probably moved in and picked up some of the slack or the room in terms of borrowing, but I would not think that they have, in any way, filled that entire difference,

maybe a portion of it, because we are also seeing growth and opportunities for business to access equity pools.

We see it right here in Manitoba alone where today we have a number of more equity pools than we had 10 years ago, and so business is certainly accessing, whether it is Venture Capital pools, labour-sponsored Venture Capital pools, other sources for a significant amount of their financing as well. I would expect that they have moved into that area somewhat, but we will see what statistics we can readily obtain, and I will provide them to the member for Brandon East.

\* (1620)

**Mr. L. Evans:** Mr. Chairman, I thank the minister for that offer. I think the Bank of Canada tries to keep tabs on these types of statistics, which brings me to the point that I believe the Bank of Canada has been trying to maintain a low interest rate policy. I know the bank governor, from time to time, tries to maintain that while it is really the market that is determining everything, they are just back there as a passive player, but that ain't so in my opinion. The bank can play a very critical role, and if they have a very tight monetary policy, it will drive up interest rates. So I think the bank is fairly accommodating and has been trying to keep interest rates low. I think that is one of the factors. It is just their policy.

I recall many economists complaining about Mr. Crow, when he was governor of the Bank of Canada, that he drove this country into a massive recession because of his exceedingly high interest rate policy, which brings me to another question, although maybe the minister partly answered it. I was wondering whether the minister has met and has had discussions with the governor of the Bank of Canada on these and similar matters.

**Mr. Stefanson:** Mr. Chairman, in terms of meeting with the Governor of the Bank of Canada, he does attend, on occasion, at meetings of federal-provincial Finance ministers. He has been there certainly within the last year at one of our meetings, and we had an opportunity to hear first-hand from him and as well ask him any questions. As well, the bank, I think, has

improved its relationship with provincial governments by, on an annual basis, having a deputy governor come out and meet with Finance ministers, senior officials and so on. Again, we have had that happen over the last couple of years in Manitoba. So that is helpful as well.

The only other comment I would make is that I do not believe the Bank of Canada has a publicly stated low interest rate policy. They do have a policy to keep inflation between 1 percent and 3 percent. That is a publicly stated policy of the Bank of Canada. Of course, inflation today is hovering down in the 1 percent range or thereabouts. That goes back to our earlier discussion about the direct correlation between inflation and interest rates, and by having low inflation, having governments balancing their books, today we are seeing the kinds of 35- and 40-year lows in terms of interest rates in Canada.

**Mr. L. Evans:** Well, I think the minister is correct in that observation of trying to maintain inflation at a certain range. I guess it is unwritten and maybe unsaid, but my impression has been that they have been trying to accommodate fiscal spending by the government by leaning towards a lower rate of interest. I want to take the opportunity to make the observation that I have made in the past, and that is the Bank of Canada has the ability, if it so chooses and if the federal government has the will, to actually lend the money directly to the Government of Canada. So, instead of making the Royal Bank and the Bank of Montreal rich, filthy rich with profits that they do not know what to do with, except increase CEOs' salaries to the multimillion-dollar range, instead of making them rich, we could borrow interest free from the Bank of Canada.

The Bank of Canada may charge an interest rate, but all the profits it gets from interest are turned back to the federal government in terms of profits or dividends paid by the bank to the Government of Canada. In other words, it is a bookkeeping procedure, and therefore what the bank is providing is actually interest-free money. If you are worried about the burden of the debt, this is one way to overcome it, and that is to have the Bank of Canada used as the financial instrument for financing government programs.

Similarly, Mr. Chairman, in the Bank of Canada Act, the Bank of Canada can be authorized by the federal government to lend money to provincial governments as well at a preferred rate of interest. I would think the Minister of Finance would want to advocate that at various conferences because that would certainly relieve the burden of debt on provincial governments, including the Province of Manitoba. This was written in the Bank of Canada Act, and I think at some time in our history it would have been a critical device or critical instrument to help certain provinces that were facing bankruptcy back in the Dirty Thirties or earlier on.

At any rate, this is a possibility, and, instead of Mr. Chretien running to the markets for a hundred million dollars to finance an infrastructure program, he could have gone to the Bank of Canada, if he had had the will, and borrowed it from the Bank of Canada interest free. The bank, in turn, would have had to exert controls over the commercial system by reinstating the reserve ratio requirement, which was thrown out a couple of years ago. I think Canada is only one of about two or three countries that has eliminated that requirement, which is incredible. In doing so, they have given up a very important instrument to control the commercial banking system, which operates not by some inordinate or by some god-given right, but they operate by the rights of the Parliament of Canada. Commercial banks operate because they are given that right and that authority by the people through the Parliament. The people's bank could be financing Mr. Chretien's—I am using this as a hypothetical example—hundred-million-dollar infrastructure program and save the taxpayers a great deal of interest burden.

The argument against that is, well, it is inflationary. Well, I say the way to ensure that it is not inflationary is to make sure the Bank of Canada gets back the tools of reserve ratio requirements in order to contain any excessive lending on the part of the commercial banks in the meantime. In other words, you do not want to increase the money supply excessively to create inflation; you do not want to do that. But the old argument is brought, oh, you are just printing the money. Well, I am just saying that, instead of the Bank of Montreal printing the money or Toronto Dominion, I would like to see the Bank of Canada print it, if we want to use that terminology.

In other words, the commercial banks could create the money on government bonds without any assets. They do not need a nickel of assets. If you want a hundred million dollars, the federal government gives them a piece of paper. The commercial banks write it into their credit in their books. They do not need one red cent of assets to back up that loan of a hundred million dollars, yet they gain millions of dollars in interest payments from the taxpayers of Canada in the process.

**Mr. Stefanson:** I know the member for Brandon East feels strongly and, some would say, passionately about this issue. He has raised it on many occasions. It falls in the category of another issue where we agree to disagree, and I have responded in previous Estimates. In fact, I think I wrote a fairly detailed letter to the member not all that long ago, but it is worth just responding again.

*Mr. Chairperson in the Chair*

First of all, the Bank of Canada is not a lender. It holds some Canadian assets and will only lend directly to provincial governments in the case of a dire national emergency. We are not in that situation, thankfully.

Secondly, the Bank of Canada is a Crown corporation of the federal government. In this case, by selling bonds to the bank, the federal government would be borrowing from itself. This would severely undermine confidence in the country and in our currency, as is evidenced in instances where some Third World governments have borrowed from their central banks because international capital saw them as bad risks. This factor is particularly important in a country like Canada that is a major trading nation, where there is greater vulnerability to potential problems with the international environment.

\* (1630)

Thirdly, Canadian governments have finally turned around their debt spiral and are eliminating annual budgetary deficits. These gains have been necessary, but reductions in program spending growth have sometimes been difficult, as we all know. Signalling that the accumulation of debt is no longer a problem

would set back all of the major gains that Canadian governments have made over the past 10 years.

Fourthly, a large part of Canada's debt, though it must be repaid through either taxes that must be collected to pay it back or other means, is owed to Canadians. As fiscal situations are brought under control, it should not be difficult to meet annual borrowing requirements from domestic funds.

Finally, the issue that the member did touch on, printing money to feed federal and provincial deficits, would cause the Bank of Canada to increase inflation. Inflation hurts all working Canadians, but is particularly harmful to those on fixed incomes. Inflationary policies, such as the ones proposed by the member, would hurt the most vulnerable Canadians.

So those are some reasons why I disagree with the member for Brandon East. I am sure there are others, but, again, I think we could debate this for days. I am sure it falls in that category where we will, at the end of it all, put forward our best arguments and agree to disagree in terms of what should happen here.

**Mr. L. Evans:** Just a word, because you know this is interesting and fun sort of. We do not want to spend too much time on it, but I just beg to differ. I do not recall the letter, but I should have written you a response because the fact—this is the point, you do not want to have runaway inflation. You do not want to have inflation. The Bank of Canada has every right in the world to create the money, because the right to create money is vested in the Parliament of Canada. The Parliaments of Canada have given that right also to commercial banks, so the commercial banks are printing the money. As I said, they are printing the money without any assets. If they lend to the Government of Canada, they do not need any assets to lend the money.

At any rate, the point is inflation. The point I want to make about inflation is that you can control inflation through reserve requirements, and obviously the bank has to do that. You do not want to have the bank creating money and allowing the commercial banks to go on their own continuing to create as much money or more money at the same time. You do not want

runaway inflation. That can be controlled in traditional methods that 99 percent of central banks have in this country.

I do not agree that the bank cannot lend money. It can lend money. It has that right. Read the Bank of Canada Act. In fact, it is the foundation of the whole banking system. Without that you could not have a banking system. The Bank of Canada is at the basis, so to speak.

At any rate, I will have to find that letter and maybe respond in writing. I cannot recall the letter, but that does not matter, I guess. At any rate, it seems to me that the provinces should have taken up this cause, because it should have been or could have been a policy whereby the Bank of Canada could have been required to assist provinces in lending some of the money that the provinces required at a lower burden rate, a lower interest burden. That is the point, to lower your interest burden. Similarly, for the Bank of Canada, it would substantially diminish the interest burden on the federal side because any profits of the Bank of Canada goes back to the Government of Canada.

I would only say in conclusion that, if it were not for the Government of Canada using the Bank of Canada, we could not have fought the war as successfully as we did. It was the Bank of Canada that enabled us to have the liquidity to fight the war. After the war, for some period of time, a great percentage of the national debt was held by the Bank of Canada in government bonds as compared today.

At any rate, we could go on and on about this. I just want to ask if we could pass on to interest rates for loans to Crown corporations, just to ask: how are you establishing this? My colleague for Elmwood would like to ask some questions on this as well. You establish interest rates for loans to Crown corporations and government agencies, and the question is: how are you proceeding to do this at the present time?

**Mr. Stefanson:** What we do for the majority of the Crown is to determine what our provincial borrowing rate is on a monthly basis and then charge an additional one-eighth of 1 percent for administration fees and

charges. If there is a significant swing or jump in interest rates, we will look at it more often, but it is generally done on a monthly basis with that one-eighth percent adjustment.

**Mr. L. Evans:** It is one-eighth of 1 percent over the government's borrowing rate. So how do you know what your borrowing rate is?

**Mr. Stefanson:** We get that information, Mr. Chairman, basically straight from the market by going to our three managers, three investment dealers that are our managers in our syndicate, and being provided with the rates, taking the average of those three rates, and then tacking on the one-eighth of 1 percent for admin.

**Mr. L. Evans:** So you pose a hypothetical question to them because you may not be borrowing at that specific time. But, you know, if we were to borrow from you today, what rate of interest would we be paying? Would we have to pay you and then you average that?

**Mr. Stefanson:** Just to give some examples. On June 8, just a few days ago, if we were doing a five-year issue for Manitoba, the all-in borrowing rate would have been 5.49 percent. So, if that money was being advanced to a Crown, the 5.49 percent plus one-eighth of 1 percent would be what they would be charged. Ten years was 5.61 percent, our cost—same idea plus one-eighth of 1 percent, and so on. I could give him other numbers going over longer periods if you want.

\* (1640)

**Mr. L. Evans:** One other question, and I will turn it over to my colleague for a while. You establish interest rates for loans that are made to municipalities. In this case, we are talking about loans made by the government of Manitoba to municipalities. Is this what we are talking about, or are we talking about guaranteeing loans of municipalities? I am not quite clear on that point.

**Mr. Stefanson:** In the case of municipalities, we will actually buy their issue if they want us to. If they want to borrow effectively from the Province of Manitoba—nothing precluding them going elsewhere to the market—if they are borrowing from us, we will

charge them our borrowing rate, the same numbers that I just provided plus one-half of 1 percent. The reason it is one-half of 1 percent is a combination of the admin costs and the degree of risk associated with lending that money. It is our borrowing rates plus one-half of 1 percent if we lend to a municipality, but it is purely at their choice. If they can do better elsewhere in the market, they are certainly able to do that.

**Mr. L. Evans:** Could any of your staff quantify how much do we have out by way of direct lending to municipalities today? Is it a very significant amount? I do not need to know the precise figure, just an approximation.

**Mr. Stefanson:** Mr. Chair, we do not have that here. We certainly can provide that information, and I will, to the member for Brandon East.

**Mr. Jim Maloway (Elmwood):** I would like to ask the minister several questions here concerning the borrowings. He gave a figure previously about how high the borrowings were. I wanted to get the breakdown between how much of it is foreign versus how much of it is domestic.

**Mr. Stefanson:** I think I understood the member for Elmwood's question wanting to get a breakdown of what currency our current debt is in, our tax-supported debt. The breakdown today of our tax-supported debt—not counting Hydro, because Hydro is completely self-sustaining—but all of our other self-sustaining debt and our tax-supported debt, our breakdown today at the end of March 31, 1998, was 78 percent was serviced in Canadian currency; 22 percent was in U.S. currency; and we have no exposure in any other currencies—Japanese yen, deutschemark.

If we ever borrow in those markets, and that is what the member for Brandon East referred to earlier, if we do borrow in those markets today, we swap it back to one of these two currencies. So that really has been significant progress, because even if you go back just to March 31 of '96, two years ago, we were at 68 percent Canadian and 32 percent U.S. Today we are at 78 percent Canadian and 22 percent U.S. Our objective has been to certainly try and get as much as

possible, within reason, into Canadian currency for obvious reasons, and that is our revenue source. We should be trying to match our revenues with our expenditures as much as possible.

**Mr. Maloway:** I would like to ask the minister whether he could provide us with the written policy on investments. The Finance Department makes investments on behalf of some of the Crowns, and I am certain that he did tell me at one point that there is a written policy on these investments. I would like to know whether the policy deals with the whole question of ethical investments, and just what they would invest in and what they would not invest in.

**Mr. Stefanson:** Mr. Chairman, the areas permitted investments are outlined in The Financial Administration Act. I am certainly prepared, obviously, to provide the member a copy of that and comments around the various categories that are permitted investments. It is outlined in that legislation.

**Mr. Maloway:** I would like to thank the minister for those questions. I believe the member for Brandon East has a few more questions, and then perhaps we can move on to the technology section.

**Mr. L. Evans:** This may be impossible to answer, but I have often wondered how much of the debt is held by Manitobans. That may be very difficult, because some of this is institutionalized, I realize. I guess, you would know who owns the Builder Bonds; you would have some idea, initially. But about the other bonds, I guess, if it is institutionalized it may be very difficult, but in the ideal world, it would be all held within Manitoba by Manitoba-based institutions. That would be great because then we would be paying interest back to our own citizens.

**Mr. Stefanson:** Mr. Chairman, again, I think the member and I have discussed this before. He is right that outside of Builder Bonds, which have to be owned by Manitobans, it virtually is impossible to start to try and track and recognize what regions, what provinces investors are from.

**Mr. L. Evans:** The minister had indicated that the Canadian market was the most favourable market for

borrowing, but, nevertheless, the minister and his staff do go to various capitals, do they not? Could he elaborate on this? Are you still maintaining contact say with Tokyo or people in London or New York or whatever?

**Mr. Stefanson:** The short answer is yes. We are continuing to keep contact with other markets, because we all know that markets do change and there might be points in time when we have to access some of these other markets. We are actually in daily contact with some of our syndicate members in New York, the U.S. market, in probably weekly contact with the London market, and a little less frequently with some of the other markets like Japan, but certainly in regular contact with all of these markets, because access to capital is also very important. As the member knows, as good as the Canadian market is today, that could change at some point in time and we might want to be accessing some other markets.

\* (1650)

**Mr. L. Evans:** Well, I appreciate the minister's last comment, Mr. Chairman, because this was the case back in the '80s, as I recall. These were the reasons for borrowing abroad. It was a lot cheaper, although there is risk involved, always a risk when you go outside of Canada, but it was a lot cheaper to borrow outside of Canada at that time. It was very attractive, and that was the advice we were given. That is why we got into so much foreign borrowing.

At any rate, well, times change and so on. It is interesting to speculate whether that would ever occur again because of changing circumstances. We do live in a very fluid situation.

However, just one little technical question, and that is, in this day and age of computers and the Internet and all that and the World Wide Web, do you and the staff, does the staff utilize this technique for keeping in touch with financial markets?

**Mr. Stefanson:** Once again, the short answer is yes. We are very much taking advantage of technology. We belong to the Bloomberg system, which gives us immediate access to up-to-date financial information,

access to the websites for the various investment dealers, which provides us information. We have our own website with financial information on Manitoba, which is accessed significantly by investment dealers, investors, or whoever. So we definitely are taking advantage of technology in a very significant way.

The member was quite complimentary to the Department of Finance. Within our department certainly our whole Treasury area is well managed. I think, as the member knows today, we can borrow money at the second lowest borrowing rates of any province in Canada. Only the province of Alberta borrows money cheaper than us, even though Ontario and British Columbia have higher credit ratings. It just points to the fact that the market is really treating us like a double-A credit rating and it is just a matter of when the bond rating agencies catch up to the market, which I hope and expect will be sometime in the not too distant future.

**Mr. L. Evans:** That is very good. Certainly this new computer technology, the web, the Internet, I would think gives us enormous access to market information that you did not have even two, three years ago where you would have to rely more on phoning and visiting people and writing and so on and depending on others, but here you could have instantaneous feedback, instantaneous information.

I think we could, because we are short of time, we would like to pass on to the Comptroller section.

**Mr. Chairperson:** 7.2.Treasury (a) Administration (1) Salaries and Employee Benefits \$135,600—pass; (2) Other Expenditures \$118,100—pass.

7.2.(b) Capital Finance (1) Salaries and Employee Benefits \$299,600—pass; (2) Other Expenditures \$37,300—pass.

7.2.(c) Money Management and Banking (1) Salaries and Employee Benefits \$406,300—pass; (2) Other Expenditures \$258,900—pass.

7.2.(d) Treasury Services (1) Salaries and Employee Benefits \$476,300—pass; (2) Other Expenditures \$48,300—pass.

Resolution 7.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,780,400 for Finance, Treasury, for the fiscal year ending the 31st day of March, 1999.

7.3. Comptroller (a) Comptroller's Office (1) Salaries and Employee Benefits \$130,200.

**Mr. L. Evans:** On this area, Mr. Chairman, I wonder if this is the appropriate place to ask a question of the minister of the computer agency that does work that used to be done by a company that was called, well, it is the same company, Manitoba Data Services. It was privatized a number of years ago.

**An Honourable Member:** ISM.

**Mr. L. Evans:** Is it ISM today? It is owned by IBM. Does it still have a monopoly more or less of supplying certain basic computer services to the government?

**Mr. Stefanson:** Just before I respond to the question, joining me now is Eric Rosenhek, head of the Comptroller's Division; Gerry Gaudreau, the director of our Comptroller's Division.

It is probably best if the member is agreeable that we hold that till we deal with the office of Information Technology and deal with it at the same time.

**Mr. L. Evans:** Okay, well, we will just pass this section and go to Taxation then.

**Mr. Chairperson:** 7.3.(a) Comptroller's Office (1) Salaries and Employee Benefits \$130,200—pass; (2) Other Expenditures \$16,900—pass.

7.3.(b) Information Technology Services (1) Salaries and Employee Benefits \$706,000—pass; (2) Other Expenditures \$84,400—pass.

7.3.(c) Disbursements and Accounting (1) Salaries and Employee Benefits \$1,922,500—pass; (2) Other Expenditures \$1,353,500—pass; (3) Less: Recoverable from other appropriations (\$506,600)—pass.

7.3.(d) Legislative Building Information Systems (1) Salaries and Employee Benefits \$558,300—pass; (2) Other Expenditures \$296,500—pass.

7.3.(e) Internal Audit and Consulting Services (1) Salaries and Employee Benefits \$1,808,300.

**Mr. L. Evans:** Mr. Chairman, just before we leave this section. Internal Audit, how do we relate here to the services of the Provincial Auditor? It says Internal Audit and Consulting Services.

**Mr. Stefanson:** Mr. Chairman, this really is a management tool or area that is available to all of government, so it is really provided on a basis of the requests coming from departments. They might want to utilize the services in terms of the controls they have in place.

**An Honourable Member:** All departments?

**Mr. Stefanson:** All departments in the government. So the controls they might want to have in place in terms of their systems, in terms of value for money within their departments in a whole range of services. The best way to describe it, it is really a management tool available to government as opposed to the Provincial Auditor who reports to the Legislative Assembly and has a different reporting relationship and different responsibilities.

\* (1700)

**Mr. L. Evans:** Well, I think we are well served. We do not really have any criticisms in the area. Just a couple of other little questions.

It says Expected Results: a continued participation in the government's Better Methods initiative which is to reform the government's corporate administrative management systems. I think this would be a valid question. You know, what is happening here? Have we made any progress? Are all departments involved in this Better Methods initiative?

**Mr. Stefanson:** Better Methods will dramatically improve the government's internal business practices with respect to revenue collection, procurement, payables, and employee pay and benefits. So it is really our financial reporting and our human resources management, and, obviously, some of the resources dedicated to the project are coming from the

Comptroller's Division, so we are very pleased with the progress.

If there are detailed questions about the implementation, that is best left to when we get to the chief information officer section, but, certainly, the Comptroller's Division does have a role because a major part of the change of Better Methods is the whole financial reporting system which has become somewhat outdated within government.

**Mr. L. Evans:** Well, could you give us just a simple example of a Better Method?

**Mr. Stefanson:** I guess one of many examples would be our voucher reporting system which is some 28 years old, which is very paper intensive in terms of preparing the voucher, entering it, in some cases in many different sources. Now that will be done once, and it will be fully integrated with the entire system from the recording of that voucher, ultimately the payment of it and so on.

So, I mean, if you think of something working its way all the way through the system, requisitioning something, drafting a purchase order, being invoiced, paying that invoice and so on, this system will be much more integrated, much less paper intensive, so it will lead to much greater efficiencies, better control and so on.

So that is just one example. I think the member from his days, if he reflects back on the whole financial reporting system, it was very paper intensive and there was a great deal of duplication. This will eliminate, hopefully, all of that.

**Mr. L. Evans:** What I can imagine is staff being trained to use computers and new programs to facilitate this, to cut out the paper, although there are some people who argue that computers do not really reduce paper, they expand the flow of paper, because they are great at spitting out these statements. It is just amazing.

That is fine. I would see that it involves some training. It says related training requirements. So this division would have to be very much involved in training the staff as required for these new methods.

Okay, well, I guess we could pass on to the Taxation section.

**Mr. Chairperson:** Item 7.3.(e) Internal Audit and Consulting Services (1) Salaries and Employee Benefits \$1,808,300—pass; (2) Other Expenditures \$239,300—pass.

Resolution 7.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,609,300 for Finance, Comptroller, for the fiscal year ending the 31st day of March, 1999.

Item 7.4. Taxation (a) Management and Research (1) Salaries and Employee Benefits \$995,400.

**Mr. L. Evans:** I have one question or set of questions, and then my colleague has some questions.

Just go down to (d) Tobacco Interdiction. Could you give us an update on that? We spent some time on that last year, I believe, but if the minister could give us a brief update on what has been happening and how successful it has been, et cetera.

**Mr. Stefanson:** Mr. Chairman, just before I do, joining me now at the table is Mr. Barry Draward, the assistant deputy minister of Taxation, and Mr. Ralph Moshenko, the director of Management and Research.

The program to combat tobacco smuggling is effective and will be continued. It is monitored on a monthly basis to evaluate its effectiveness. With three and a half years now of the project complete, Manitoba has safeguarded approximately \$280 million in tobacco tax revenue.

To date, taxation special investigations has seized 38,391 cartons of smuggled cigarettes and 1,420,540 grams of fine-cut tobacco and has brought 282 infractions related to tobacco smuggling to court. One hundred and sixty-seven of these have been successfully completed contributing a total of \$283,759 in tax penalties and \$47,837 in fines and costs.

So western Canadian provinces are maintaining their current tobacco tax rates, and they are supporting each other in the smuggling control program. I think the

member knows we are not happy with the federal government's decision to reduce federal tobacco taxes, as a result that the program led to reductions in eastern Canada, and it has caused a major problem for all provinces for Manitoba west. But on a collective basis, co-operative basis, we have done a good job of dealing with it not only from a perspective of revenue, but at the time of this issue, I think as the member knows, we had representation from the Manitoba Lung Association, the Manitoba Heart and Stroke Association, various organizations requesting that we not reduce tobacco taxes. They pointed to what they believed as a direct correlation between smoking habits and quantity of smoking, particularly of young people, and price. So for a combination of financial and health reasons, we have done what we have done to date. It has been very successful with an awful lot of dedication on the part of the people in this area. So it is certainly an area that we are not happy to have to be dealing with.

\* (1710)

Just to conclude, that is why we do continue to press the federal government on the fact that they have discriminatory tax policies. They have different tax policies for different regions of the country, and we think that is obviously unfair and not right, and we continue to press them at various opportunities to change that.

**Mr. L. Evans:** It seems to me prices of tobacco products did go up in the past year or so in eastern Canada. My question is whether there has been any sort of trend. I mean, in the past year or two or three, has there been a lesser amount that you had to interdict or had to become involved, or is it steady or is it growing? Just what is the flow that is occurring?

**Mr. Stefanson:** Mr. Chairman, the member is right that there was a slight adjustment in eastern Canada fairly recently. But, even with that, the current prices of a carton of cigarettes in those provinces is \$29 compared to \$43.27 in Manitoba, and our price is fairly comparable to the other western provinces. So you can see the magnitude of the difference is still very significant. Back in 1994 when this first happened, the price in eastern Canada was \$26, so there has been a \$3

adjustment. So the degree of pressure and, I guess, opportunities for those who are inclined to smuggle are still fairly similar. So, as a result, our level of activity, our level of staff support, interdiction and so on really has been pretty constant over that period of time.

**Mr. L. Evans:** Just one last question, just to refresh my memory. The provinces to the west of us, do they contribute financially to the administrative costs of this program administered by Manitoba?

*Mr. Mervin Tweed, Acting Chairperson, in the Chair*

**Mr. Stefanson:** Initially, at the time back in 1994 when this issue first surfaced, all three other western provinces, Saskatchewan, Alberta, British Columbia, made a contribution to our interdiction policy. Subsequent to that, only one province continued and that was the province of Saskatchewan until last year. We now are no longer receiving financial support from other provinces, but all provinces in western Canada have had to add additional staff. They have enhanced their resources in this area to deal with smuggling. While road is one method, some are coming in through air and other forms into various jurisdictions, so all provinces have enhanced their numbers of people and their resources. As a result of that, we have a high level of co-operation amongst our four provinces. We were satisfied with the financial support initially. It helped to launch the initiative in Manitoba, but now we are also satisfied that other provinces have dedicated direct resources, and we are co-operating very significantly in this area.

**Mr. L. Evans:** I am encouraged by what the minister said, and I am certainly supportive of the government's position. I only comment to myself with a smile that all these great ideas of free trade, you know, go out the window because we have got a health problem, we have got a specific smuggling problem, specific problem. At any rate, it just shows you have to be flexible.

**Mr. Stefanson:** I think it is very important, Mr. Chairman, that this is not an infringement on free trade. In fact, that constitutional issue has been heard by the courts, and what we are doing is certainly in keeping with free trade; the issue is the payment of taxes. It is

really that simple. People can bring in more quantities of cigarettes so long as they pay the applicable Manitoba taxes on those cigarettes. So that really is the issue.

**Mr. L. Evans:** I understand and we discussed this last year. But the fact is there was a tax involved, just like a tariff. If you want to have freer trade with the United States, you reduce the taxes involved going across the border. That is what is happening here. You have a tax regime that is acting like a tariff, inhibiting trade.

I am not opposed to what the government is doing. Not for one minute. I am not opposing it whatsoever. I am just observing, even though you have got around it with this legislation. Nevertheless, in practice, it is a tax that is being levied in a sense. Therefore, it is inhibition to the import of the good.

**Mr. Stefanson:** I think there is an important point here, because the member knows from his days in government that our provincial sales tax is a consumption tax levied here in Manitoba. If you bring in a vehicle from somewhere outside of Manitoba, you pay the provincial sales tax in Manitoba on that vehicle or whatever. So really it is the same principle of paying the applicable taxes in the jurisdiction of consumption or utilization.

**Mr. L. Evans:** But in general it can act as an inhibiting factor to the importation of goods, whatever the commodity is, if you are paying a tax. You are bringing an item into the jurisdiction, and you are saying you have to pay our tax. It reminds me of a tariff being imposed at the border. Wherever, however you collect it, the fact is you are being taxed for bringing in an item, whether it is cars or cigarettes or playing cards.

**Mr. Stefanson:** I guess, Mr. Chairman, first of all, every jurisdiction is the same, as we know. They apply it in the same kind of a way. I guess various tax policies amongst provinces or amongst other countries in the world can be somewhat inhibiting in some respects.

**Mr. L. Evans:** We would like to—[interjection] My colleague has a question on taxation.

**Mr. Maloway:** I would like to ask the minister to provide us with the current age receivables list showing the outstanding taxes, provincial sales taxes—well, actually all taxes not collected—and also indicate to us what sort of efforts are being made by his department to collect these taxes. We have noticed a pretty lax approach over the years with this department and its inability to collect from some individuals who appear to have received sort of favourable treatment at the hands of this government and its collection system. So I would like to know just whether we are seeing improvements in the area of collection of these taxes or not.

**Mr. Stefanson:** Mr. Chair, first of all, I will give the member some statistics. We have not closed the March 31, '98, books yet, so when I get those statistics I will provide them to him. The most recent full year where the books are closed is March 31, '97. On an overall basis, compared to our revenue, now this is for sales tax, and the provincial sales tax, which was the first one he asked—I know he then asked for all taxes, but I have provincial sales tax in front of me. Arrears, basically what you would call write-offs, in the case of Manitoba was 2.07 percent in March 31, '97; B.C., 1.67 percent; Saskatchewan, 1.58 percent for that year; Ontario, 4.36 percent; Nova Scotia, 2.9 percent.

\* (1720)

So, when we look at other jurisdictions, we certainly compare reasonably well. I guess that, if I can make one point to the member, it is that I and we take this very seriously, that people should pay taxes that are due. We continue to do all things that need to be done to ensure that we maximize collections. If he were to look back at the statute law amendments from '96, he would see various adjustments that enhance our ability to collect taxes. If he looks at SLATA in '97, he will see some enhancements. Again, when we get to dealing with SLATA taxation in '98, there are again some more enhancements as well. In our 1998 budget, we did dedicate two additional staff in this area to continue to support the requirements in terms of ensuring that people pay their taxes that are due. So I do not want him to in any way think for a moment that we do not take this very seriously. All of the people in this section of our department do.

**Mr. Maloway:** I wonder if the minister then would endeavour to provide us with a list of all of the taxes and the amount of arrears in a letter form in the next period of time. I would also like him to provide us a list of the companies that were forgiven taxes. That usually comes out every year, but last year there was some glitch in the system. There was some conversion to an Internet or some sort of computer display, and that did not sort of come out in the same form as it used to, so I would like an actual physical copy and a list of the companies that were forgiven the taxes.

**Mr. Stefanson:** I will certainly. For the last complete year, March 31, 1997, I gave the member statistics on sales tax. I will give it to him on other taxes that are affected by write-offs when '98 is available. I will certainly provide that to him.

The change he is referring to is that any remissions or write-offs are now reflected through the Legislative Building Information System, LBIS, which is accessible to all of us. If he has had any problem getting information that has come through the system, we can certainly provide him with what has been done during '97-98 and any adjustments up till the present point in time. So we can go back into the system, and we will undertake to provide him that information in letter form or hard copy.

That information, by the way, is made available within 30 days of the remission or write-off taking place, so it is readily accessible, readily available. But if there have been some glitches he refers to or whatever, as I have indicated, we will provide him the most current information on that issue.

**Mr. L. Evans:** We are prepared to pass the Taxation section now, and we would like to skip for the moment the Federal-Provincial Relations and Research and proceed to 7.8 Office of Information Technology, because the MLA for Elmwood (Mr. Maloway) has a lot of questions in that area. So we can pass Taxation.

**The Acting Chairperson (Mr. Tweed):** 7.4. Taxation (a) Management and Research (1) Salaries and Employee Benefits \$995,400—pass; (2) Other Expenditures \$157,700—pass.

7.4.(b) Taxation Administration (1) Salaries and Employee Benefits \$2,385,000—pass; (2) Other Expenditures \$4,083,600—pass.

7.4.(c) Audit (1) Salaries and Employee Benefits \$5,154,100—pass; (2) Other Expenditures \$949,300—pass.

7.4.(d) Tobacco Interdiction (1) Salaries and Employee Benefits \$558,100—pass; (2) Other Expenditures \$253,400—pass.

Resolution 7.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$14,536,600 for Finance, Taxation, for the fiscal year ending the 31st day of March, 1999.

There is agreement I think of all committee members to go to 7.8 Office of Information Technology (a) Salaries and Employee Benefits \$831,400.

**Mr. Maloway:** I would like the minister to give us an explanation and a history of GISMO, the new company that has been set up to deal with the computer contracts. I would like to know who the officers are of GISMO and what its method of operation is at this point?

**Mr. Stefanson:** Joining me now, seated immediately to my left is Mr. Kal Ruberg, the chief information officer, and Mr. Todd Herron—I am pointing to Todd here—who is a director within the office of Information Technology.

In terms of GISMO, Government Information Systems Management Organization, the four officers are Mr. Jules Benson, Mr. Pat Gannon, Mr. Eric Rosenhek, and Mr. Gerry Gaudreau.

\* (1730)

In terms of the background of the organization, the Canadian Institute of Chartered Accountants through the public sector auditing and accounting board has recently issued new direction on the disclosure of capital assets for government. Part of the requirement, of course, is the identification of assets and the

amortization of these assets over their expected useful life.

Unfortunately, the Province of Manitoba does not have an accounting system capable of complying with this requirement at this time. This accounting system is expected to be delivered by the Better Methods project as part of our major information technology update. This development project, in itself, represents a major capital asset with a useful life extending well beyond the development period. The investment itself should therefore be capitalized and amortized in order to properly reflect its future value to Manitoba. In order to accomplish this, the province is creating a new corporation which will act as a holding company for the new technology systems of the government. It is expected that once the asset management system is in place, the holding company will devolve to the province and its assets absorbed within the province's tangible capital asset base for amortization over an appropriate period of time.

So, basically, what the organization becomes is as the assets are being developed, that is where the money flows to. That is where the assets are capitalized. Those assets will then be amortized over their expected useful life which is in keeping with exactly what the CICA, the Canadian Institute of Chartered Accountants' guideline says. As well, the Provincial Auditor has agreed to the use of a financing vehicle to capture the development costs and to amortize the project over its expected life, Mr. Chairman. So it is in keeping with CICA guidelines with the concurrence of the Provincial Auditor.

**Mr. Maloway:** I would like to ask the minister then what the name of the holding company is?

**Mr. Stefanson:** The name of the holding company—maybe I confused the member by referring to a holding company. We are only talking about one organization. We are talking about the Government Information Systems Management Organization. He used the expression GISMO. That is the holding company. That is the organization we are discussing.

**Mr. Maloway:** Is this holding company set up as an SOA? What is its form?

**Mr. Stefanson:** Mr. Chairman, it is a corporation set up under The Companies Act. Its first audited statement will be prepared for the year ending March 31, 1998. So March 31, 1998, will be the first year with audited statements. Those will be available in due course.

**Mr. Maloway:** Why is this corporation necessary? The government is not a business. You are talking about depreciation of the equipment in the holding company. Why is it necessary for governments to do this?

**Mr. Stefanson:** First of all, I think the important point is that professional accounting bodies dealing with public sector accounting and reporting have been suggesting that governments should be capitalizing their assets and amortizing them over their useful life. I mean, I am sure the member does it in his business, the whole idea that you match your costs with your benefits. These assets are going to have benefits for us for varying periods of time. It might be three years, five years, or even longer. So that is the whole objective.

So, first of all, I think we can all agree on the objective of matching your costs with your benefit. Then to do that, we need a vehicle. We need some vehicle within government to do it, and the establishment of a corporation was determined to be the best vehicle. It is very transparent, as the member knows. He can ask questions. He can see what it is. He is going to see audited financial statements. They will show the assets. They will show the contributions to those assets, where the money came from. Ultimately, it will show the periods of time that have been determined are appropriate to amortize those assets over.

**Mr. Maloway:** If GISMO will own the assets—and I assume the assets will be made up of the 7,000 pieces of hardware, 7,000 desktop computers, and the software and also the other types of software that are being bought for the government over and above the desktop initiative purchases. Is that not correct?

**Mr. Stefanson:** I do not think so. The member understands—basically, what he outlined is correct, that

as equipment and systems are being developed and acquired, they are set up and established and owned by GISMO. But, once they are fully ready to be implemented and operational, they will collapse back just into government, so it is a vehicle to capture all of the development costs until you are at the point that you need to start amortizing it back to individual departments, back to the users of the system.

So, starting in 1999-2000, as some of these systems are fully operational, they can be collapsed back into government, and the charges will then be passed on to the individual users of the system. So, over a period of years, as different systems are developed through GISMO, they will then collapse back to the Province of Manitoba and be amortized over their estimated useful life.

**Mr. Maloway:** Could the minister provide us then with a list of the assets of GISMO and what else it would own other than the software and hardware.

**Mr. Stefanson:** Again, the member is mostly correct. What GISMO will own will be the hardware, the software, but, related to that, other expenditures that can be capitalized or any other development costs for those systems or any consulting costs for those systems. Again, generally accepted accounting principles or standard accounting practices are that when you are developing a system, there are certain costs that can be capitalized. Again, I am sure he is well aware of that. Really, effectively, then the ownership becomes the software and the hardware that have been developed.

**Mr. Maloway:** I would like to ask the minister to detail for us the flow of money that goes through GISMO and tell us who signs the cheques. Government Services paid for, I believe, 500 computers back in January. Let us pretend that we are dealing with that transaction. How would that follow its way through GISMO?

**Mr. Stefanson:** Quite simply, the invoices will come into Government Services within the authority already approved for those expenditures. If they are satisfied, they will sign off on those invoices.

**Mr. Maloway:** From whom? The invoices come from whom?

\* (1740)

**Mr. Stefanson:** Well, they will come from the suppliers related to the kinds of services we have talked about, whether it is desktop—I am sure some of those invoices will come from Systemhouse. In the case of other initiatives, they will come from various suppliers and/or consultants or people working on the development of the system. So long as they are within the approved authority, Government Services can sign off on those invoices. They are then forwarded to the Government Information Systems Management Organization for payment. Any two out of the four directors that I have already read into the record for him can actually sign cheques and are authorized to make the payments based on the approved expenditures.

**Mr. Maloway:** I would like to ask the minister as to whether the computer equipment is being purchased or is being leased. I think there is a combination of some purchases being made and some equipment being leased. I would like to know the advantages of each of these options.

**Mr. Stefanson:** Anything coming through the Government Information Systems Management Organization at this time is for purchase. I think if the member is referring specifically to desktop as one example, those are being purchased, so they will come through the Government Information Systems Management Organization. So items being acquired, items being purchased are coming through the organization.

**Mr. Maloway:** Is GISMO designed to own equipment in place of some of the subsidiaries, I mean, some of the Crowns like Autopac and other kinds of organizations?

**Mr. Stefanson:** The short answer is no. It is only dealing with the government of Manitoba, the Consolidated Fund, and as we have already discussed, once the systems are fully operational, they will be transferred back to the Province of Manitoba.

**Mr. Maloway:** Will any of the 7,000 desktop computers be leased?

**Mr. Stefanson:** Just so the member clearly understands, I think I have said it before, everything through GISMO will be purchased. All of the existing machines that are being replaced will be purchased through GISMO. That does not mean that there might not be some leasing done directly by departments for any incremental requirements, but the replacement of the existing equipment is being purchased through the Government Information Systems Management Organization. Some call it GISMO.

**Mr. Maloway:** I would like to know who signed the SHL contract on behalf of the government?

**Mr. Stefanson:** That was a difficult question. I was just being sure that I was the only one who signed it on behalf of government.

**Mr. Maloway:** The minister earlier indicated that GISMO had four directors; one of them was Julian Benson. He mentioned the other three, and it took two of the four to sign the cheques. Is that how he explained it?

**Mr. Stefanson:** That is correct, Mr. Chairman.

**Mr. Maloway:** I would like to know a question, given that the time is getting short, about the Internet policy of the government. The government currently has 900 Internet sites. The Government Services minister (Mr. Pitura) has admitted that there is absolutely no policy, no written policy, on the use of the Internet. There have been problems in other jurisdictions with people misusing the Internet, going into sites they should not be. With no policy in effect, I fail to see how the government would even know what was going on with its current sites. Does the government plan, or have in place an Internet policy under the new managed system through SHL?

**Mr. Stefanson:** With the changes that are being put into place through desktop and other initiatives, we have a much more managed system and better control, better checks and balances. As a result of that, we are now able to develop and implement an Internet policy,

and we are working on that right now as part of a broader policy. I can assure the member that it is being worked on and will be included as a significant part of future policy announcements relative to information technology.

**Mr. Maloway:** Would the minister endeavour to provide us with a copy of that Internet policy as soon as it becomes available, and tell me roughly when it is going to become available?

**Mr. Stefanson:** Once the policy is approved I do not have any problem providing the member with a copy of it. I would expect that that will be done within the next two to three months.

**Mr. Maloway:** The government has another computer contract which has turned into a big mess currently, I understand, in the Family Services department. It is a contract, I believe, with IBM, and there is evidently huge, enormous cost overruns and lots of problems with it. It is outside the orbit of the SHL contract. I would like to ask the minister whether this contract has anything to do with GISMO, whether GISMO has anything to do with this contract. Just what is the current status of that contract with IBM?

**Mr. Stefanson:** I just want to clarify. Is the member referring to the contract with IBM for the one-tier welfare system?

**Mr. Maloway:** Yes, that is the contract I am referring to.

**Mr. Stefanson:** That contract is between Family Services and IBM, and it does not come through the Government Information Systems Management Organization. I am told that it is coming in within budget.

**Mr. Maloway:** Can the minister confirm, though, that there are considerable delays implementing the contract?

\* (1750)

**Mr. Stefanson:** The member is right. There have been some delays. I would not call them overly significant. It is expected that the system will be fully

operational early in 1999. It is a major system overhaul, the integration of one system, a one-tier welfare system. So as I have already said, the system is coming in within budget, and it is expected to be fully operational sometime early in 1999.

**Mr. Maloway:** Mr. Chairman, I wonder if he could double-check the information that we have, and that is that the whole program is supposed to be way over budget. There are people coming in from the United States, staying in hotels here, trying to solve problems that are almost insolvable. IBM has not been paid. The allegations have been that IBM has not been paid, and there is a huge battle going on over that whole issue. We would like to clarify that because I have had that report from several different sources at this point.

**Mr. Stefanson:** Again, I am not aware of any disputes around payments. I will certainly check on the status of any outstanding accounts with IBM and get back to the member.

To bring in the necessary people, expertise to do the job, again, is not uncommon with major information technology projects, so there is nothing that I am aware of that is untoward there either.

**Mr. Maloway:** I would like the minister to provide us with copies of the agreement the government has that he has personally signed with SHL and the agreement that the Family Services department signed with IBM and the hardware agreement that was signed between SHL and IBM, plus I would like copies of the criteria that were used with proper explanations for the criteria on the point system used in each of these cases.

**Mr. Stefanson:** Mr. Chairman, I will take note of the member's request. I think he has made similar requests in part to at least one of my colleagues. I will determine whether there is an opportunity to provide him with some of that information, and if there is, I will. I think, as he knows, in many cases when you enter into contracts with organizations, there sometimes are third-party confidentiality clauses and so on. But I will look into the issue and get back to him.

**Mr. Maloway:** I would like to ask the minister a quick question or two on the Y2K, year 2000, question. The

issue relates to both hardware-software problems, plus the huge area of imbedded chips.

Now, the Provincial Auditor has cited major problems in one of his previous reports about the government not being on track on this whole issue. I understand the Y2K committee has issued a series of reports. One was supposed to be released within the last month or so. I am still waiting for a copy of it. I would like to know whether the minister could give us an update as to what the government is doing in terms of Y2K and whether he could give us a copy of the current report, as well as any older ones that might be available.

**Mr. Stefanson:** Mr. Chairman, the Auditor's report that the member referred to I think was somewhat outdated and is certainly outdated today. We are in good shape when it comes to year 2000 compliance and work at this particular stage, and I believe the previous concerns of the Provincial Auditor have been addressed.

I know anybody else looking at our system is pleased with our progress. When we compare ourselves to other provinces, we are amongst the most progressed in all of Canada, and I will certainly undertake to provide him with some written detail and any other information to verify that for him.

#### Point of Order

**Mr. L. Evans:** I guess we are running out of time, Mr. Chairman, and I just wanted to indicate that my colleague the MLA for Elmwood (Mr. Maloway) has other questions re: computers. I have one basic one related to the success through the MBS, as I mentioned before.

Just to facilitate matters, if we could spend a few minutes tomorrow, and the area would be Federal-Provincial Relations and policy matters under that area. Then we would be prepared to sort of skip over quickly, in fact not even cover Sections 6, 7, 9 and 10 because we are beyond the time we said we would spend. So I am just mentioning this to you to make it easier for you and your staff.

\* \* \*

**The Acting Chairperson (Mr. Tweed):** The hour being 6 p.m., committee rise.

#### HOUSING

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

When the committee last sat, it had been considering item 30.1. Housing Executive (b) Executive Support (1) Salaries and Employee Benefits on page 86 of the Estimates book.

**Ms. Marianne Cerilli (Radisson):** I want to ask the minister about policy that allows tenants associations to use units of Manitoba Housing Authority properties for their office space and other activities. I have written to him recently about the Triplex Tenants Association in my constituency, which he knows has been using a unit. Now they are also getting the use, again, of the community club or the building that was intended to be the community club. I was concerned that they were going to lose the unit at that complex, which they need, and I am hoping that is not going to happen.

**Hon. Jack Reimer (Minister of Housing):** I was just looking at the schedule of the allocation of units in regard to the project size. When a project is up to 80 units, they are allowed to use one unit. From 81 to 160 units in a complex, two units can be allocated. If it is 161 units or over, three units can be allocated.

One of the things, too, that is very important for consideration is the demand and the waiting list on complexes. If there is a strong demand for the normal use of the complex, for people to be housed in it, and there is a waiting list, we try to accommodate those people before we would free up units for a tenants association. But I think the member knows I am a very strong proponent of tenants associations, and I think that we try to accommodate them in almost all incidences where they are requesting a unit to be freed up.

In regard to the Triplex complex that the member is referring to, I believe that we do not have any plans on having them relinquish that particular space that they are now in for their utilization as a unit for the tenants association.

**Ms. Cerilli:** I just want to clarify a few things, but I am glad to hear that the Triplex Association is not going to lose that unit. As you know, they have been very successful in there in a short period of time.

But I am also wanting to clarify when that policy was developed, how old that is, and also if what you are saying is if there is a waiting list for the housing complex, then they cannot get more than what is allocated under that policy, but if there is no demand, then they could qualify for more units to be used by the tenants association. Is that what you mean?

**Mr. Reimer:** Yes. A good example is Gilbert Park and Lord Selkirk Park where there is—I am not sure how many units have been freed up for various organizations in there. [interjection] Eleven or 12 units have been freed up, but that is something of an exceptional nature in those two.

But we will, when there is a need for some amenities and things like that to be utilized in the buildings and there is a large vacancy and no waiting lists, and it is chronic, it is better to get some sort of community activity involved in there, and that is why we have freed up space for community policing, for Child and Family Services, for Boys and Girls Clubs. I know in Gilbert Park there is a unit that is used for the tenants for refinishing and upgrading of children's toys for the complex. So those are the types of things that we would certainly look at.

The member mentioned the date, and these criteria came into effect in 1994.

\* (1450)

**Ms. Cerilli:** The other thing I wanted to ask about is the allocation for the SAFER and the SAFFR programs. I think when the minister was describing for me the explanation of the reduction for the Estimates this year, there was reduction in the allocation for

shelter allowance program for \$100,000. That is the program for elderly renters.

It is interesting to see that the shelter allowance for family renters has actually gone up, which is good to see. I know that we have had some debate about this, and the minister insists that there has been no budget cut. But here, again, we see another reduction for the seniors program which brings the total to \$350,000 over the last two years that have been cut from that program alone.

There have been a number of letters written to the minister about the need for a legislative review of this program for consideration that it would be indexed. There have been complaints that the amounts in this program have not been updated for a number of years, and that the way that the program operates is now out of whack. It is not keeping up with the rents. So I am wondering what the plans are in the department for this program, and if the minister can explain why there is another \$100,000 reduction, speaking first of all just about the SAFER program.

**Mr. Reimer:** In the SAFER program that the member is referring to, I think she is aware that it is driven by applications and demand. In doing the budgetary considerations, it is based mainly on what is the pickup of the previous year, so that when the budgets are estimated, there is a number that is put into that category. The member refers to the fact that it is down \$100,000, but that is mainly based on the applications. There are fewer applications that were put forth so, therefore, there is a smaller amount of money that is paid out.

If there are more applications, and we do not deny applications if they meet the criteria, we will automatically adjust that figure so that, in essence, there is a possibility, if there is a high demand for SAFER program and there is a more concentrated pickup on the applications, then we would honour those applications.

We are bound to a degree on putting a figure forth for Estimates when budgetary considerations are made, but at the same time we are also committed to the fact that if applications do come in and they are more than the

Estimates, we would still continue to process them. We would still continue to pay them out, and we are bound by application approval, not necessarily that we would stop because of that number being hit of \$4.3 million. If there was more than \$4.3 million of requests, they would be honoured, and they would continue to be processed on their eligibility criteria. So that, I think, maybe gives a bit better explanation on why it seems that there is a reduction, but the reduction, like I say, is based upon the demand. If the demand is higher, it could easily go back up to \$4.4 million, or possibly even higher. What we would do then is we would just go back to Treasury Board for supplementary funding, because the demand is there.

**Ms. Cerilli:** Does the minister not believe that if there were some changes made to the program, there could be more uptake and more demand? Some of the changes that Manitoba Society of Seniors have been asking for, some of the reviews that are being requested, I have heard that both these shelter allowance programs, if there were some changes made, there certainly would be the uptake. I think that the department has been running these programs for quite a few years. Maybe it is time to take a look at them and see if there are some changes that need to be made so that indeed—because there certainly is again, we do not have to look too far to know that there are lots of people out there that need assistance in making their rent payments. We know that we have a problem with poverty in Manitoba. So there certainly is the population out there that could utilize some assistance with their rent.

**Mr. Reimer:** The member brings up an interesting point because we do feel that the SAFER program is a very valuable program. This is one of the reasons why we have advertised it outlining the shelter allowance program. I believe we have brochures in all the offices that are there when people come in for their payments or for their inquiries into our housing offices. In March of this year, we ran ads in, I believe it is, 46 papers throughout Manitoba, in the weekly papers here in Winnipeg, and also in the northern papers, papers that do not belong necessarily to the association, Manitoba's community papers. I forget the acronym that they have. So we have made advertisements of it.

There is a total of 52 rural papers and the papers here in Winnipeg—Canadian Publishers, there are the local papers, plus the French paper, *La Liberte*, which we advertised in. The advertisement more or less starts out: Are you eligible for the shelter allowance program? It outlines the program. It says where the applications can be picked up or even there is an 800 number for the rural residents and a city phone for the city of Winnipeg. So we do advertise it. Like I say, we do have the brochures that are available in all our offices, too, that are out for easy access by the public as they enter our buildings.

**Ms. Cerilli:** I am pleased to see that the program is being advertised more. I know I asked lots of questions about that last year. I hope the same thing is happening for the family program and that is why maybe there is a little bit more in the budget if that is also reflective of an increase in applications for that program.

Again, I have talked to members of the community that feel that the family program needs to have some revamping. One of the concerns is that any funds that are allocated for rent are then taken into consideration at income tax time and deducted, so a lot of families feel like they are really not getting ahead. When it comes to the end of the year, they lose the benefit when they lose the money that they would get back on their income taxes. I am wondering if that is also going to be considered for that program.

Other people think that there should be some support available to people on social allowance. That is a different story, I guess. But I am wondering if the minister could respond to his department's consideration on those two issues for the SAFFR program, the Shelter Allowances For Family Renters.

\* (1500)

**Mr. Reimer:** The member mentions the SAFFR program, the Shelter Allowances For Family Renters. It is something I have been informed that we are in the process of doing a review on the eligibility criteria. There has been no decision made on it yet, but it is something that is under consideration—some of the suggestions that she has brought forth.

**Ms. Cerilli:** When do you anticipate you will complete that review?

**Mr. Reimer:** I do not know whether a time frame has been set on it other than I know that the department has said that they are in the process of evaluating it. I do not know whether there has been a definite date saying that they want to have it completed other than the review process that they are presently undertaking.

**Ms. Cerilli:** One of the other issues I wanted to ask about is the government's policy. I call it one of their get-tough policies on tenants in public housing, the one-strike policy, the minister is saying. Recently, some of the tenants were at Lord Selkirk Park. I believe the president of their tenants' association was concerned that actually the policy is not being implemented to their satisfaction. I am not sure if it is capable of being tougher. One of the things that I was concerned about at the beginning is that to actually make this as tough as I think, some of the public thought it was that it would take an amendment to The Residential Tenancies Act. I was also concerned that tenants know what their rights are under The Residential Tenancies Act as this program is being implemented.

I think that it is understandable that people want more control and security in their community, but it seems that the government is having some difficulty in implementing this policy. So maybe you can give me a little report on the number of evictions that have occurred under this policy, or any other way, that you plan to evaluate it or review it.

**Mr. Reimer:** The member is right. The house rules, as we call them, we have had inquiries about people wanting to make them even tougher than what we have come forth with. I know that I had a meeting with the president of Lord Selkirk, Ms. Donna Harrington, and she had some suggestions to even toughen up the rules for the association there at Lord Selkirk Park.

We have had good response to this new direction that we have brought forth. The tenants were informed of it right from the very beginning that this was what we were intent on bringing in. When tenants renew their

leases, they are given a copy of the house rules that they have to sign and date. So they are totally aware. They become totally aware of what is expected of them in regard to keeping the crime element out of the housing areas, and the undesirables.

We have had 10 people so far that have come under the rules or the enforcement of the rules, if you like to call them. Six of the people have gone, left our housing units. Two took their appeals to the Residential Tenancies board and lost, and there are two—[interjection] Oh, we lost, pardon me. We lost, so that the people are still in. There are two now before the Residential Tenancies board. The six who were confronted with the violation of the house rules, they left voluntarily once they were confronted.

The one thing that we have initiated, too, with the house rules is we work very closely with the police. The police become very much a factor in the valuation of the breaking of the house rules, and they become a very, very strong proponent of either acting or not acting on some of these violations. It has certainly acted as a deterrent value for the house rules. When people come in, they recognize that they have to abide by certain standards. In fact, I believe one of the people who was associated with the violation of the house rules was a child molester, and he left voluntarily when he was confronted by the tenants and the people who were concerned in the complex.

So we have had very good results with the house rules and the changes. We call it a strike-one policy, and, if anything, if it takes re-evaluation, it may take re-evaluation along the lines of possibly increasing it to have more classifications, but this would come in consultation with the tenants associations, so that it becomes their initiative, too.

**Ms. Cerilli:** I do not want to spend too much more time on this, but I do want to mention that as the minister talks about consultation, he knows that I raised last year the concern that this policy was brought in in consultation only with some of the tenants associations in the core of Winnipeg and that tenants associations in suburban housing developments as well as in rural areas have said to me that they felt very much excluded

and that they think that they should be part of any further progress in this way or in new policies like this.

I am wondering, in that vein, if the minister has also received any complaints or concerns by some of these tenants in other areas, or are they just phoning me? I mean, I often tell them to call the department.

**Mr. Reimer:** I have had no correspondence to the detriment of the house rules, to my knowledge.

**Ms. Cerilli:** Does the minister want to verify that with his staff?

**Mr. Reimer:** No, there does not seem to be any correspondence that has come across from the rural area in regard to this.

\* (1510)

**Ms. Cerilli:** In the letter that I wrote to the minister on this issue, his response included answering questions I was raising on another issue as well. You said, Mr. Minister, in your letter: We continue to explore the potential for partnerships with other government agencies and the private sector to provide more cost-effective means of providing shelter and services to our clients and to enhance the marketability of our portfolio.

You also talked about you provide tenant resource workers and meal programs and support for the daily living requirements of these and other special needs groups. I wonder if you could explain in a little bit more detail what you are talking about there. What are you exploring? Is it only cost-driven, or are you actually looking at what other services you could provide to attract tenants, and what other supports are you providing to the daily living of your special needs tenants?

**Mr. Reimer:** When we are talking about partnerships that have been referred to, there are various components that we are referring to along the lines of rental subsidies in regard to people living in private accommodations or privately owned buildings, where there are rental subsidies that would go with that individual. We are talking about possible meal

programs in some of our complexes where that can enhance the marketability, if you want to call it, of a unit for people to come to because they can also get meals in their units.

Some of the units we have also made available for some of the amenities like a hairdressing salon in a unit or foot care in a unit or chiropractic care that can be utilized on a weekly basis or something along those lines. One of the things that we have just announced, too, is we can look at another area of assisted living at 880 Arlington on a trial basis to see how that can fit in. That is a partnership with Health in trying to accommodate the people in the area.

One of the things that we are looking at is a major renovation of Ten Ten Sinclair Avenue, if the member is familiar with that complex, for the disabled people in there. We are looking at doing some major renovations in there of the units. What we are looking at is working with the Aboriginal Centre for the supplying of manpower and training. We would supply the materials and that and they would be able to get involved with some of the renovations in there. So I think that is more or less along the lines of what I am talking about with partnerships.

**Ms. Cerilli:** I want to spend just a little bit of time left talking about the whole federal-provincial negotiations on the agreement to take over the CMHC units and to first ask a little bit about specifically the co-ops. The minister is familiar with the Co-op Housing Federation of Canada's proposal on new administration for co-op housing programs. They are proposing that it not go to the provinces; that the co-ops would actually go to a nonprofit agency nationwide that would manage all the co-ops across the country.

I am wondering if the minister has responded favourably to this type of third-party administration, if you have considered it in your department, and if you would think that would be an appropriate way to go.

**Mr. Reimer:** I have had meetings with the association I think at least twice now that I can recall, and then I was down in Ottawa a couple of months ago, I guess it was. The Canadian Housing and Renewal corporation had their annual meeting and trade symposium down

there. So I had a chance to talk to some of the co-op people down there when they were making presentation.

The group that is representing the co-op movement is a national organization. They do not represent necessarily 100 percent of the co-ops. Here in Manitoba they represent about half the co-ops in Manitoba, and what they are proposing is that they would take over management of all the co-ops. I have not had any contact from the co-ops that are not associated with this particular organization. So I do not know whether they would be in favour, pro or against it, but I do know that this group only represents about half of the co-ops in Manitoba.

What has happened in other parts of Canada that have signed on with the devolution program, and there are five of them, there are Nova Scotia, Newfoundland, the Northwest Territories, Saskatchewan and New Brunswick, the federal government has said to them that the co-ops are part of the devolution project in those provinces and that they would not take them out of the devolution package.

British Columbia is also negotiating a devolution package. They are of the opinion, and they wrote, in fact, the Minister of House there, I believe it was, wrote to the minister of housing nationally, Mr. Gagliano, requesting that they not be part of the devolution process. The minister wrote back to the minister of British Columbia, that we received a copy of, stating very categorically that the co-ops would be part of any devolution program and they would not be considered out of the package.

So taking that into consideration, the optics and the realities are that the federal government has said that they have to be part of the devolution program. They cannot be taken out of the devolution process. The provinces that have signed have taken over the co-op association. The co-ops that have wanted to opt out in British Columbia where there is a very huge concentration of co-ops have been told that they have to be part of a provincial takeover in any devolution. That is the direction that they have told us here in Manitoba, too. I should say that told us directly, too, that the co-ops have to be a part of the devolution

program. It is pretty hard to say that we are going to be different when the federal government has said that, no, they will not accept them and they have to be part of the devolution program.

**Ms. Cerilli:** Well, there are a number of things I want to follow up on there. First of all, would it not be possible, in Manitoba, once you had an agreement and you did take over the co-ops that you could develop a separate agreement with co-ops in Manitoba? I am wondering if that could not occur nationally as well, once all the provinces have decided if they are going to sign on or not.

I thought that B.C. also indicated they were not interested in devolution, but they were interested in having the co-ops have their own national management. The other thing I am wondering is if you would consult with the other co-ops who are not members of the Manitoba chapter of the Co-op Federation to see if they are interested. As I understand it, the Co-op Federation that exists now would not be the organization that managed the portfolio, that they would set up a new, separate organization that would do that.

So with those few questions I just wanted to follow up.

\* (1520)

**Mr. Reimer:** I think that what is happening nationally is that every province, because of the diversity of every provincial portfolio, it has become quite evident that there is no uniformity in a sense of evaluating, well, what is happening in one province should happen in another. We found that in looking at trying to get a commonality, other than the fact that we are both into public housing, the arrangements and the various obligations and the funding of differentiations are vastly different between every province. The evaluation has taken for us a fair amount of time because we have to more or less invent our own wheel in Manitoba, because we cannot just necessarily take the Saskatchewan model or the New Brunswick model because of their different mix and their different financial obligations.

So this is what has taken a bit of time here in Manitoba to come to a final agreement on it, or, if we

do take the devolution program. As for the co-ops, in talking to the other ones, I have not had any type of overtures other than from the association itself of letters and requests for meetings. I do not know whether the other 50 percent of the co-ops have an association or whether they have a spokesperson, but I have indicated to all stakeholders in public housing, including MASHM—I have met with MASHM a couple of times—that I am certainly willing to sit down and talk to them and have their concerns addressed. I have indicated to them that the existing arrangements or agreements that they have with the federal government and with us are not in jeopardy in any way. We are talking about administrative change more than anything else in the devolution of the housing stock.

I have tried to assure all of the various stakeholders or associations of complexes and things like that, that if they feel uncomfortable or have questions, by all means, I will meet with them and talk with them and try to allay their fears.

**Ms. Cerilli:** Well, I think there are a lot of concerns out there, but I am not sure if you answered my question about consulting with the other co-ops, because I understand you saying one of the reasons you are not considering the co-op proposal is the federal government has said no, and, secondly, the existing federation only represents half the co-ops. So I am wondering if you are going to talk to the co-ops that are not represented by the Co-op Federation.

**Mr. Reimer:** One of the things that the member is aware of and I am made abundantly aware of in dealing with the co-ops is that they are fairly independent in their setups and their philosophies of operation. They have not made overtures, or I have not sensed that there is an overture of anxiety in that particular grouping of co-ops. I think that if we had phone calls or inquiries—I would have to check with the department just to get a monitoring of that, and if there is an indication that there is a fear or an uncertainty, I will meet with them. I do not feel that I would say, no, not to meet with them, but I would have the department check and see whether there has been these types of concerns phoned in or conveyed to any of our staff. So I will have staff check on that.

**Ms. Cerilli:** I think the minister earlier mentioned a meeting that he went to. I know that recently there was a meeting. I think it was May 21 of this month of the Housing ministers from all the different provinces.

**Mr. Reimer:** Yes, that is the one I was referring to, Canadian Housing and Renewal.

**Ms. Cerilli:** Okay, I think we have got all that straightened out. I will just ask my question now. One of the issues I understand that was discussed at that meeting was changes to the federal housing act. I am wondering if the minister could clarify that and provide a little bit more detail and report on what the federal government is anticipating, what kind of changes they are proposing to make to the federal housing act.

**Mr. Reimer:** I think what the concern was was that because of the nature of the Canadian housing act, that what they were doing was in contradiction to the act in the sense of saying that they wanted to devolve their housing stock, but in the analysis of the act I believe that they were in contradiction.

What it was, the route they were taking did not fall within the act because the act was very rigid and very strict in its parameters and its interpretations, so they were going to have to change the act. That was more or less the context or the gist of why there was a concern with the Canadian housing act. It had to be changed to accommodate what the minister and what the department was trying to accomplish.

**Ms. Cerilli:** To get a little bit more specific, what specifically was it related to, funding? Was it related to management, maintenance?

**Mr. Reimer:** It revolved around, to a degree, the cost-sharing arrangements and the funding arrangements of certain programs. That was where there was a contradiction or a conflict between what had been proposed and what was outlined in the act. That had to be changed.

**Ms. Cerilli:** My goodness, I do not think we would have legislation made now that actually put a funding ratio or agreement into law. That is, I think, a thing of the past. It seems though with the kind of legislation

this government brings in now, I do not know if you would ever put something like that into law. What was your position related to the proposals? What are they actually going to do to the legislation, just withdraw any of the requirements that commit the federal government to funding cost-sharing?

**Mr. Reimer:** My meeting with the minister, Mr. Gagliano, was to point out those discrepancies. He conveyed to me that they were aware of it and that they would change it. That was my presentation to him, you know, it was along those lines, showing him that there was a difference here and he was aware of it. As I mentioned, they said that they would change it to accommodate that.

**Ms. Cerilli:** So it is my understanding that this was not something that the federal government had initiated, that you initiated the discussion on the need and change in the legislation at the federal level.

\* (1530)

**Mr. Reimer:** Yes, they were aware of it, but we were down there for the meeting for the Canadian Housing and Renewal Association, and at the same time I combined it with a meeting with the minister of housing down there. I thought I would get two-birds-with-one-stone type of thing.

We had a good time in Ottawa. I saw the Picasso exhibition, had a chance to see the Picasso exhibition, very nice.

**Ms. Cerilli:** So the federal government though has initiated these changes, and you went there and said to them, you are not going to do anything until the changes are made. Was that what you said? I am not clear what happened.

**Mr. Reimer:** We were trying to get a timetable, and they were as evasive as sometimes some of my answers are. They did not have a time, other than they would say that it was brought forth, that it was a concern, and they were going to change it. I believe that it is in this legislative package right now before Ottawa, but I do not know for sure, other than what he said is we are changing it as soon as possible.

**Ms. Cerilli:** I do not think it is in this, I could be wrong, but for the kind of questions I am getting from Ottawa, it does not sound like it is, from the NDP in Ottawa, I do not talk to the Liberals in Ottawa.

**Mr. Reimer:** I have been informed that it sounds like they may have it for their September schedule.

**Ms. Cerilli:** So this is really interesting though. What is this fact that the federal legislation really does not have the flexibility necessary for the current agreements to maybe be legitimate, or to be legal? I do not know if that is a problem. Are these other agreements then in jeopardy because the federal legislation has specific requirements for federal commitments in housing for cost-sharing?

**Mr. Reimer:** I have been informed that it does not affect the agreements that have been signed with the other provinces. It applies mainly to one program, and that is the program, the Section 79 program, which is the 75-25 cost-sharing of expenses. I have been told that administratively it can be adjusted, so that it is not a problem that has jeopardized the signing so far.

**Ms. Cerilli:** Generally, though, in this meeting that you had with the federal minister of housing, did you also take forward a progress report on the Manitoba consideration of the devolution? Can you tell me what that is?

**Mr. Reimer:** We were trying to remember what was on the agenda at that meeting. One of the things that was on the agenda when we met was what we were talking about earlier, the co-op housing. The minister, I do recall his stating that, as I mentioned to the member, the co-op housing was part of devolution and that he reaffirmed that personally to me at that meeting, because we wanted to talk to him about that. We got that answer.

One of the other things that we wanted clarification on was the reserve and off-reserve housing responsibilities for the federal government, to reiterate and reconfirm that they still would have that responsibility. He confirmed that that was not part of the devolution. Reserve housing and certain types of aboriginal housing, and some of the housing that is

owned by First Nations would stay within the federal jurisdiction. Those were the topics that we talked about.

**Ms. Cerilli:** Maybe I can get you to provide me with more detail after the Estimates specifically on which of the aboriginal housing is going to still be separate out of the devolution agreement.

**Mr. Reimer:** Staff is taking that as notice.

**Ms. Cerilli:** I also wanted to raise questions about—similar to the co-ops proposal, there is an aboriginal proposal. I am not sure if you have seen this. It is a new document called Halt the Transfer, Aboriginal Control of Off-Reserve Housing. It is from the National Aboriginal Housing Association. It is dated May '98. So it is very new. It is basically putting forward a proposal similar to the co-op one that a separate, national, aboriginal nonprofit should manage specifically the off-reserve housing portfolio. It makes reference to Kinew Housing locally as being one of the first aboriginal housing corporations. This would affect corporations like Aiyawin Housing Corporation. I am not sure if you have met with the leadership from that organization who are very concerned about this. I am wondering if that was one of the things discussed with the federal minister: if control of aboriginal housing is considered a treaty right, if it is considered a legal right, if it is considered that aboriginal groups should have control of their own housing portfolio.

**Mr. Reimer:** The brochure that the member is referencing, I have not read that. I know the department is saying that they have not seen it either yet. May of '98, that is very new then. We have indicated to the aboriginal groups that are managing in partnership with the federal government that we would not jeopardize or change that type of a relationship that they have. In fact, I believe we have met with the two groups, Aiyawin and Kinew; they would be of the same direction, that we would not jeopardize the relationships that they have with the federal government.

**Ms. Cerilli:** I appreciate that, and that would be, I think, a requirement under the agreement that the existing contracts or agreements that these corporations have with the federal government have to be honoured

with the provincial government. But my question is: are you also aware and are you considering with the federal government that the aboriginal portfolio would be managed independently of the province, that it would not be transferred over, that it would be managed nationally by an aboriginal organization?

**Mr. Reimer:** There are a fair amount of different aboriginal associations out there that are managing the aboriginal housing. They do not all work under necessarily the same type of arrangements. I would be hesitant to say, unless I knew specifically which group it was, whether they would still stay under the federal jurisdiction or would be part of the devolution.

To do it on a total basis, I would not feel comfortable with that because I am not totally familiar with how many different—because there are a fair amount of different groups that are being operated under different types of arrangements. We would have to look at them on an individual basis just to see which ones would possibly fall under those criteria or not. As the member is aware, the MMF manages a very big portfolio of housing, and presently they would be part of the devolution program to the provincial government. Then it would be an arrangement that we would have to make with the MMF.

\* (1540)

**Ms. Cerilli:** I will just read a section of this to the minister, the section called The Law of Contracts: Nevertheless, no matter how law or policy, whether housing is treated as a treaty right, a legal right, or a right enshrined in social policy, is viewed in relation to aboriginal housing, one thing remains constant—that is, Canada has entered into long-term contracts with aboriginal institutions for aboriginal housing. These agreements must be honoured, utilizing the court's philosophy that the honour of the Crown is at stake. As such, the governments cannot unilaterally change the terms and conditions of these agreements without the consent of aboriginal people.

So, what these groups are saying is that they cannot negotiate federal devolution without having aboriginal people, even go so far as saying that they must be sitting at the table when these agreements are being

negotiated, and, maybe even further to that, that these aboriginal organizations that have been managing also have to be given consideration that they would consider to manage the portfolio.

*Mr. Mervin Tweed, Acting Chairperson, in the Chair*

So I am wondering if your department is considering that at all. How do you view these agreements? Are they legal rights? Is it simply social policy, or are these treaty rights?

**Mr. Reimer:** There is a fair amount of content in what the member read into the record regarding the report from the aboriginal association. I would want to look at it a little bit closer in the context of how it is written. I could say that it would not be our intent—that if there are contractual obligations that are between the federal government and the First Nations, we would honour those contracts.

The management of various other components of aboriginal housing do fall under the purview of devolution. They would come under various other types of negotiations between the provincial government and the organizations that would be part of the devolution. As I mentioned before, the MMF, in their management agreement, would fall under the negotiations between themselves and the provincial government instead of the federal government, because they would be part of the devolution.

Some of the other associations that are with the First Nations and the federal government would stay with the federal government.

**Ms. Cerilli:** I will have to follow up that issue in more detail I think after the Estimates. I am cognizant of the time. I just want to ask then, generally, for an update on the status of negotiations with the federal government on devolution with Manitoba now. Have you come up with any more drafts of an agreement? I think the last time we discussed this there was a third or fourth draft stage, and maybe explain the delays that have been occurring.

**Mr. Reimer:** The member is right. This has been a fairly long and detailed analysis since it was first

proposed a year or so ago or two years or three, oh, whenever it was. One of the main reasons is because of the vast divergencies or differences of associations and arrangements between the various stakeholders and the complexes in regard to the funding and the funding formula and trying to get clarification and clarity as to the responsibilities.

One of the first things that we found when we got into looking at the devolution process was that there was not a proper inventory actually of the federal stock. This was frustrating because we could not evaluate or make decisions as to what type of direction we would take because they could not even provide us with a list of their units and where they were and the condition.

We ran into problems of also trying to get proper records on a lot of the conditions of the buildings and their histories and what their budgetary directions were that they were taking with these buildings and what the responsibilities were in trying to come to an understanding with the federal government on that.

We also ran into some of the problems regarding codes, fire codes, safety codes in some of their buildings that they were proposing that we would take over as part of the devolution. We were very concerned that a lot of the codes were not up to spec, so we naturally had to do an inspection not only for our satisfaction but for costing of responsibilities, and what it would cost our Treasury to bring these up to code.

*Mr. Chairperson in the Chair*

These all became part of the negotiation package and proposals that we started to talk about with the federal government. To compound it, the federal government was in a very rapid downsizing of their department. The people that we were in contact on a regular basis here in Winnipeg slowly were dissipated and left the system, and it left us dealing then from Winnipeg. We started to deal with people in Calgary, because they were moving people to Calgary. There was a transition because some of the people that we were dealing with decided to take early retirement, and they left Canada Mortgage and Housing portfolio. So we had to deal with different people, and the learning curve associated with these people got prolonged. We then had to deal

with people out of Ottawa to get some sort of consistency, and that meant either them coming here to Winnipeg or staff going to Ottawa or long conference calls trying to clarify positions.

So it has taken an awful long time trying to get to a decision as to whether there is a proper evaluation of the condition of the buildings, the budgetary process of finding out what the expenditures were, what the expectations of return are for monies coming back to the provincial government. It has taken a long time. We are still working on it. I would tell you that we have come a long, long way on the road trying to come to a decision on it. We have not come to a final, you know, black and white decision on it yet, but all indications are that the major concerns have been addressed. It is just a matter of doing final evaluations and seeing whether it is of value to pursue it for the benefit of Manitobans and what can come out as a benefit for Manitoba. Because, if anything, it has to be of a benefit for public housing in Manitoba and the taxpayers of Manitoba.

**Ms. Cerilli:** Okay. Well, the minister is saying they are still at it, and it sounds like it has been a bit of a nightmare in terms of the federal government's, you know, changing their staff all the time and not being forthcoming with information. So I am wondering now if you have a draft that you are happy with that you think is a draft agreement that you could actually sign, and if you have some target date for signing an agreement with the federal government.

**Mr. Reimer:** No, we do not have a final draft. We have not put a final date on it as to when and if we would sign, but I can only hope that expediency would prevail because I know that it has created some uncertainty for the various stakeholders. I would think, you know, that we would try to get a decision on it fairly soon.

\* (1550)

**Ms. Cerilli:** Sorry, I was distracted at the beginning of the minister's answer there. Could he just repeat his response to the issue of the draft agreement?

**Mr. Reimer:** No, we have not come to a final draft agreement or a final wording as such as to what we would present to the federal government.

**Ms. Cerilli:** Are you at the stage now where you have got all the information you need, and you are now working on looking at efficiencies that you could extract from the portfolio? I am wondering if you have come to any decisions, then, on how that would work. One of the questions I had asked earlier is if you would increase the rents to 27 percent of rent geared to income for the properties that are now with the federal government, if that is something that you can do or if that is part of the agreements that you cannot touch.

**Mr. Reimer:** We cannot tinker with any formulas until we have more or less taken over the administration of the portfolios. That is one of the plums, if you want to call it, that the federal government puts before us, the fact that decision making then becomes on the local level for made-in-Manitoba decisions. That does have the appearance of an advantage, where we can make our own decisions and we are not bound to the percentages that the member mentioned. We have the ability to make adjustments or revamp it or to redirect housing funding in a manner that we felt appropriate. So those are some of the pluses of the whole complex.

**Ms. Cerilli:** While all of this has gone on, the federal government has been offloading some of their properties. Is that being done in consultation with Manitoba Housing, or are they still off doing their own thing? The portfolio that you are going to agree to take over, then, is forever shrinking, it seems like. I am wondering too, the question that I just asked is if you have some projections in terms of cost savings that you would free up. In your analysis of the portfolio, have you got to that point? If you could share that with the committee.

**Mr. Reimer:** No, we have not come to that plateau in the analysis of the proposal, but the member is correct when she says that the federal government has offloaded some of their complexes. These were strictly under their jurisdiction and purview, and we as a provincial government had no input into that decision.

**Ms. Cerilli:** Does the provincial government support their doing that? How do you feel about them? In the meantime, they are negotiating on a portfolio, and all the while they are chopping it up and halving it off and selling it. Some of those, like we discussed the other day when the member for Wolseley (Ms. Friesen) was here, are in areas that there is a real need. I am wondering how you feel about that.

**Mr. Reimer:** I think that what was pointed out to me is that the units that they sold were in mortgage defalcation, and we do not get exposed to those decisions that the federal government undertakes. In fact, I think it was just as much a surprise to the member as it was to me when I saw the units listed in the paper saying that they are for sale, because nobody in the department knew that that was happening, I do not believe.

**Ms. Cerilli:** So in response to my question, you felt surprised.

**Mr. Reimer:** I felt surprised.

**Ms. Cerilli:** Okay. I think just to conclude, I want to ask a few more questions about the staffing in the department. Previously there had been some problems in the department. I think it occurred through the transition of when your government chose to eliminate the 81, I believe it was, housing authorities and consolidate them into the one Manitoba Housing Authority. There were all sorts of grievances that were filed, and it caused a lot of problems. So through that there was a lot of turmoil in the department, but it seems like that has continued on. They now have just gone through another major reorganization.

So I am wanting to get a report from you on the number of grievances that are currently filed within the department, whether from grievances with the union, or if there are any complaints being filed with the Human Rights Commission, that kind of thing, if you can give me a report on that?

**Mr. Reimer:** I was asking staff whether they had any number that I could give to you for, say, the last year as for grievances. We do not have that type of information or the individual here that would have that,

but I can get that for the member if she would like. Presently there are, I believe, two grievances that are outstanding. I am not too sure of the content of those grievances, but, from what I am told, there are two that are outstanding right now.

**Ms. Cerilli:** Okay. I would appreciate if the minister can get that information for me, and that would be for the entire department, both the Housing Authority as well as the department, I should say.

**Mr. Reimer:** Yes, we can do that for the last 12 months. The member is asking for the last year or during the last year or last fiscal year, whatever.

**Ms. Cerilli:** I think going back the last couple of years, okay?

**Mr. Reimer:** Okay.

**Mr. Chairperson:** 30.1. Housing Executive (b) Executive Support (1) Salaries and Employee Benefits \$371,800—pass; (2) Other Expenditures \$88,500—pass; (3) Less: Recoverable from Urban Affairs (230,100)—pass.

30.2. Housing Program Support (a) Financial and Administrative Services (1) Salaries and Employee Benefits \$1,792,000—pass; (2) Other Expenditures \$423,900—pass.

30.2.(b) Research and Planning (1) Salaries and Employee Benefits \$475,900—pass; (2) Other Expenditures \$171,300—pass.

30.2.(c) Human Resource Services (1) Salaries and Employee Benefits \$254,800—pass; (2) Other Expenditures \$44,100—pass.

30.2.(d) Information Services (1) Salaries and Employee Benefits \$680,700—pass; (2) Other Expenditures \$906,800—pass.

30.2.(e) Client Services - nil—pass.

Resolution 30.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,749,500 for

Housing Program Support for the fiscal year ending the 31st day of March, 1999.

30.3. The Manitoba Housing and Renewal Corporation (a) Transfer Payments \$32,596,000—pass; (b) Grants and Subsidies \$5,920,300—pass.

Resolution 30.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$38,516,300 for Housing, The Manitoba Housing and Renewal Corporation, for the fiscal year ending the 31st day of March, 1999.

The last item to be considered for the Estimates of the Department of Housing is item 1.(a) Minister's Salary \$13,200. At this point we request the minister's staff to leave the table for consideration of this item.

30.1.Housing Executive (a) Minister's Salary \$13,200—pass.

\* (1600)

Resolution 30.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$243,400 for Housing, Housing Executive, for the fiscal year ending the 31st day of March, 1999.

This completes the Estimates of the Department of Housing. The next Estimates that will be considered for this section of the Committee of Supply are the Estimates of the Children and Youth Secretariat. Shall we recess briefly? [agreed]

## CHILDREN AND YOUTH SECRETARIAT

**Mr. Chairperson (Ben Sveinson):** Would the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Children and Youth Secretariat. Does the honourable Minister of Family Services have an opening statement?

**Hon. Bonnie Mitchelson (Minister of Family Services):** Thank you, Mr. Chairperson, and I am really pleased to introduce the Estimates of the Children and Youth Secretariat.

This past year has been a full one for the secretariat and a beneficial one for the children of Manitoba. We have taken some significant steps forward. I believe these steps have been welcomed and celebrated by the community as we focus on meeting the needs of children and youth in a co-ordinated and effective way. I know just listening after our budget was introduced, CJOB, for one, named children the clear winners in this year's budget, and there is no doubt that the budget introduced earlier this year by the Minister of Finance (Mr. Stefanson) firmly established the importance our government places on supporting children, youth and their families in Manitoba.

This year's budget supports the groundwork set by the secretariat in how we create real change, change that means that there will be fewer children in care, fewer teens who are pregnant, fewer babies who are abused. This budget continues this government's process of building a brighter future with real alternatives for children, alternatives to support healthy and successful families and connecting families to the workforce to build a new and better future for Manitoba's children.

We know where to start, not when children are apprehended, not when the family is in crisis. We must work with the community and families to prevent children from becoming cases. This government recognizes you must maintain the safety nets now in place, and we realize the future is in changing the way we deliver services, and we have begun to build new alternatives. We have maintained the safety nets at the same time as we have put new dollars into new alternatives, \$20 million in new funding.

We have put new resources into communities, 60 new positions for home visitors, new positions for public health nurses, new opportunities for training, new daycare spaces to support families as they seek a better future and new ways to approach support for families. We do not believe that the way to overcome issues for children in this province is to concentrate on caseloads. We believe in providing alternatives that make sure children never get to be on someone's caseload.

We are dealing with the causes, not addressing the symptoms after the fact. That is the future and that is the direction our government is taking, will continue to take, and one that communities are very supportive of. We do know that communities want to be part of the solution, that families need and want more support and that communities want to work together to provide a better future for our children.

The initiatives that I have recently announced successfully integrate the research undertaken into the needs of children in Manitoba and incorporate internationally recognized best practices. These efforts have resulted in a cohesive, dynamic and forward-thinking ChildrenFirst strategy in Manitoba.

I am pleased to update my honourable friends on our government's progress on the Postl report, Canada's first population health report on children and youth released in March of 1995. It was referred to the Children and Youth Secretariat to deal with the 116 recommendations that address determinants of health and cross-departmental boundaries. In a recent update of the status, and I know we will probably want to get into some detail on that as we go through these Estimates, we have dealt with 113 of the recommendations. Ninety recommendations are implemented or implemented and ongoing, 12 are in process, nine have been referred to a specific department, two are under consideration and three to date have no action.

Children and Youth Secretariat has used the health of Manitoba's children as a source for its strategic planning. This strategic plan will see initiatives introduced across the province. I want to emphasize that these are not pilot projects. We are implementing initiatives that provide a continuum of programs and partnerships that benefit all Manitoba's children, particularly children and youth at risk.

We have announced strategies that change how systems operate, and they are not strategies that label parents as unsuccessful because they are poor. We know that problems are not caused by someone being poor. Many of our lower income families are healthy and successful and should not be labelled as incapable. We want to work with them to provide supports when they are needed. Strategies we have announced already

have included BabyFirst, EarlyStart, fetal alcohol syndrome strategy, Side by Side Projects, and initiatives around adolescent pregnancy.

The cornerstone of this continuum is the program that we have introduced known as BabyFirst. BabyFirst is modelled after the very successful Hawaii Healthy Start program which boasts of 76 percent reduction in the incidence of violence and neglect to children. BabyFirst establishes a partnership with the regional health authorities to set up a province-wide program.

As a result of this program, every child born in Manitoba will be assessed at birth to determine whether their families will need extra supports, so that they will be raised in a supportive environment, free of neglect and abuse. This assessment will be done by public health nurses and eventually by physicians in hospitals. If the assessment indicates that a family needs parenting support, the family will then receive the assistance of a home visitor. This home visitor works with the family, at first intensely and then with fewer visits as the family increases their skills and confidence in parenting. This program is very much geared to the family building the capacity to understand the needs of their child, and to understand how to access the new supports that exist within the community. This helps the family to make those community connections that build long-term supports.

\* (1610)

This program is careful to emphasize that we believe the key to successful children is successful families. Families need the tools and support that make better parents. Dr. Paul Steinhauer, world-renowned child psychiatrist, thinks we are on the right track by funding strategically and reviewing the evidence to get the best results from most kids. Dr. Steinhauer lists the positive outcomes of similar projects as reduced child abuse, fewer children in care, less delinquency, lower school failure rates and fewer psychiatric disorders.

To build this continuum of involvement with parents, acknowledging the importance of their role in raising successful children, we have introduced a second program called EarlyStart. Again, EarlyStart is

patterned after an internationally recognized Best Practice, the Perry preschool model. This model has been able to demonstrate that a dollar invested in the early years has a benefit to the system of \$7 over the lifetime of the child. It builds support systems that produce successful children who have less involvement with the law, have more successful marriages, and who are better able to contribute to the economy.

We are building our EarlyStart model in co-operation with the child daycare system in Manitoba. Bonnie Ash, who is the director of Morrow Day Care Centre, calls the program the beginning of a whole new way of delivering child care and is delighted to be a part of it. This model will allow the daycare centres to work with parents in supporting them in their parenting skills and to increase their awareness of the importance of their involvement in the education of their children.

We are extremely proud of the child daycare system in Manitoba. It is one of the best in Canada, and I was pleased during my Family Services Estimates process to describe the considerable investment we have made this year in the child care system. The \$5.1 million in new expenditure will provide more flexible child care, a thousand more subsidized spaces, and those subsidies will now move with the child. This increase has also meant that we have increased infant and preschool space funding by 2 percent and fully funded an additional 2,000 infant and preschool spaces.

The daycare system will be excellent partners in the EarlyStart initiative. Manitoba system was built on the principles of active interaction with children. The EarlyStart program builds on that base and adds active home visiting. Four sites are now operating and an additional 15 sites are under development. Training of home visitors will begin shortly so that sites can become operational by September.

Understanding that not all children who are at risk have access to the daycare system, we are also establishing three of the sites in other locations. One of these will work in the rural area with home daycares, and two will work in the North with aboriginal communities; one primarily Metis and the other primarily First Nations. We believe this variety of

implementation will allow us to evaluate models for further development.

One of the growing concerns that continues to put children at risk and destroy children's lives is fetal alcohol syndrome. We believe that about 240 children are born in Manitoba every year with FAS, only 60 of whom are diagnosed. We have introduced several programs to attempt to contain this entirely preventable disease. We have established two sites in Winnipeg and are co-operating with a third in the North that will intervene with women who have had one FAS child. We are patterning this initiative on a successful model out of Seattle and have been pleased that the Seattle group are interested not only in the training of those who will be working on these models but also on the evaluation and potential development of an enhanced approach to diagnosis.

Cheryl Susinski of the Nor'West Co-op Community Health Centre, one of our partners in this project, feels the one-on-one intensive intervention approach proposed in this model has potential for success.

We are pleased to partner with the College of Physicians and Surgeons to produce an audio cassette for physicians to increase awareness about FAS and to provide them with information on the identification, diagnosis and treatment of FAS. Over 2,000 copies of this tape have been distributed to physicians, public health nurses, educators and front line workers across Manitoba. The Registrar of the College, Dr. Robert Walker, noted the potential savings of many, many hundreds of thousands of dollars in the prevention of even one case where long-term costs are considered.

We believe that FAS is such an outstanding concern that I have joined with my colleagues in Alberta and Saskatchewan to work together on solutions. This initiative saw all the health ministers on the Prairies formally requesting their respective provincially funded treatment centres to give priority to women who are pregnant. They have also written to their federal counterpart and proposed that he make the same request of federally funded centres.

In Manitoba, we are actively working with the coalition of women service providers to try to establish, in co-operation with the federal government, the continuum of treatment for pregnant women that will offer a variety of approaches. We know that these are, quite simply, first steps and starting points. We recognize that government alone cannot solve the widespread incidents of FAS in Manitoba. That is why we have been very pleased at the involvement of a particular northern community that is developing models to look at the issue in a holistic way. The community development model that is being used will mean that the whole community is engaged in the solution.

More than most issues, this is one that needs a community solution. Damon Johnston, co-chairman of the Aboriginal Health and Wellness Centre, another of our partners on the Stop FAS initiative, believes there are very few aboriginal individuals who can say they have not been affected by alcohol and its abuse. He added that it is not just affecting aboriginal people but all citizens.

The Minister of Education (Mrs. McIntosh) described in her Estimates the details of the early literacy intervention program. This initiative will help at-risk, early-year students who have entered the school system in need of some additional supports, develop reading skills critical to their future progress. Success in school, we know, is an important element in the success of children overall, leading to less adolescent pregnancy, less juvenile crime and adults better able to contribute to the economic system.

We understand that schools play an important role in the community. They are a focal point for community education activity and a logical starting point for collaborative initiatives. They can also play an essential outreach role to those families who may need extra supports.

Side by Side, introduced this year, is an exciting model for government and community partnerships that will allow us to research the effectiveness of various support models to schools. Two schools are serving as test sites for models of community interaction. Three other schools have received funding to explore models

of intervention. These five different models will provide us with valuable information on the best way to support schools in their ongoing challenge of interacting successfully with children, youth and their families who are at risk.

\* (1620)

I am pleased to note that the Canadian Education Association notes in their May newsletter that the Manitoba government is committed to looking at the best interests of children when determining programs and services for children and youth.

The fifth significant initiative in which the Children and Youth Secretariat has been involved, and I announced last month, is adolescent pregnancy. It is an unfortunate and indisputable fact that children who are born to adolescent parents in the majority of cases face dim prospects. Mothers who have their first child as an adolescent face higher odds of ongoing economic hardships. Our strategy has concentrated on four areas involving teens themselves in seeking solutions. This has meant consulting through focus groups, workshops and questionnaires with over 1,000 teens throughout the province.

Building the awareness of the serious consequences of adolescent pregnancy, I recently announced partnership with the Manitoba Association of School Trustees to develop an awareness campaign. Using youth-produced materials will alert adolescents, parents and all Manitobans to the serious consequences of adolescent pregnancy, building models that would have adoption considered as a more attractive alternative for children born to adolescent mothers and actively trying to prevent an adolescent who has one child from having a second. These last two objectives are being incorporated into a research test project through Youville Centre that involves both therapeutic intervention and research into the contributing factors to the occurrence of adolescent pregnancy.

Other partners range from friendship centres and northern nurse practitioners to home economic teachers who are incorporating the computerized Baby Think It Over dolls in their parenting and family life classes, to

aboriginal youth groups and community-based pregnancy and sexuality educators.

Warren Collegiate purchased their own doll, and one student who used it said she learned how much time and effort it took to care for a child and does not want that responsibility for a long time.

Overlaying all of these initiatives have been a number of initiatives that confirm our commitment to ensuring good nutrition for Manitoba's children. We have allocated \$2.1 million for children's nutrition programs, including new partnerships with community groups. We know that these will allow us to connect with various sectors of the ChildrenFirst strategy and represent a significant investment in the future of Manitoba's children.

The Children and Youth Secretariat has grown this year in response to the important goal of our government to put children first, to give children the first call on necessary resources. I think it is important to emphasize that the role of the Children and Youth Secretariat is not to establish a separate bureaucracy, nor does the work of the secretariat occur in isolation. We have begun to break down the walls or the silos and to overcome vertical thinking. The secretariat is developing expertise and bringing together partners facilitating common agreement regarding outcomes and objectives and basically setting the process in motion. This means building partnerships with all orders of government and with all departments. I must tell you that these partnerships have not been built without some hard work. We have acknowledged that we needed to do things differently, and this has meant breaking down territorialism, jurisdictional issues and sometimes poor communication.

We must be on the right track, because I was delighted to have two new departments join the Children and Youth Secretariat partnership last year: Northern and Native Affairs, and Urban Affairs and Housing. Much of the funding for initiatives developed by the Children and Youth Secretariat exists within departmental funding. Most secretariat staffing is from secondments from various departments, and base funding for the Children and Youth Secretariat initiatives came from departmental funding.

This new way of operating is a unique model in Canada. We are pleased departments have seen themselves as active partners in this initiative. Our partnerships in the community have also been growing and receiving interest from other sectors in the community.

The Children and Youth Secretariat has had an active year. As I stated at the outset of my comments, we have taken some important steps and asked many people, many important partners, to walk along beside us, sometimes to guide us, other times to support us, but always to work with us as we work to meet the needs of Manitoba's children. The secretariat has become an important focal point for improvements by, for, and to government policy and activity for Manitoba's children.

I want to thank my honourable friends for listening so intently, and I look forward to a dialogue and discussion around the Estimates of the Children and Youth Secretariat. Thank you, Mr. Chairperson.

**Mr. Chairperson:** We thank the Minister of Family Services for those comments. Does the official opposition critic, the honourable member for Radisson, have any opening statement?

**Ms. Marianne Cerilli (Radisson):** Considering the few number of hours left in the Estimates time, I think I will just go right into questions.

**Mr. Chairperson:** We thank the critic for those remarks. We will now proceed to line 1.(a) Salaries and Employee Benefits. We invite the minister's staff, first, to join us at the table.

We ask that the minister introduce her staff present.

**Mrs. Mitchelson:** I would like to introduce Doris Mae Oulton, who is the CEO of the Children and Youth Secretariat; Dale Brownlee, Dorothy Dudek and Glenda Hildebrand, who are all program management staff.

**Mr. Chairperson:** Thank you. We are on line 34.1.(a) Salaries and Employee Benefits \$879,300. We

are on page 20 on the main Estimates book. Shall the item pass?

**Ms. Cerilli:** Maybe just before we get started, the minister can explain—I know Doris Mae and I understand her position, as well as Dorothy, who is working in early childhood, I believe. But I am not sure I am familiar with the other two staff and the areas that they are working in and the departments that they are from or the other agencies that they are from.

**Mrs. Mitchelson:** Mr. Chairperson, Dale Brownlee is seconded from the Department of Family Services, and she is heading up the BabyFirst initiative. Glenda Hildebrand is seconded from the post-secondary side of Education, and she is working on adolescent pregnancy and other education initiatives.

**Ms. Cerilli:** Okay. Maybe that is where I will start talking about how other departments work with the secretariat and how the funding works. I know I have raised this in other years, and I am hoping that the minister received the letter that I sent to her prior to the Estimates beginning, and I asked for some information in this regard. I am wanting some information on how the money is flowing from other departments, and the other thing I had asked in that letter was—I am trying to remember. The minister has the letter in front of her obviously—

**Mrs. Mitchelson:** Partnerships.

**Ms. Cerilli:** The partnerships, right, the list of all the partnerships, government agencies, community agencies. One of the other concerns in the community is they do not know how to become a partner. They feel like they often are excluded from becoming a partner. They are not clear on the process. But I want to get into that separately, so, first of all, I am just wondering if the minister can provide me with the information I requested in a letter, and we will go from there.

**Mrs. Mitchelson:** I do have the information for my honourable friend. I know that maybe if I provide it today, I know we will probably still be in Estimates tomorrow. So, if I provide it now, we might have an

opportunity to look at the information and ask questions.

**Ms. Cerilli:** This is the most clear financial information, it looks like, that I have seen so far in terms of the secretariat, so I just want to go through this a little bit. This is specifically allocation prior to the beginning of this fiscal year, April 1, '98, that was a reallocation of \$3.9 million. So that sounds like, though, it is just reallocating money from the youth centre to the Emergency Crisis Stabilization Service which is in the community. So that money is still with Family Services, is it not? That is not money that has come through the secretariat into the community or anything like that.

\* (1630)

**Mrs. Mitchelson:** I think we need to clarify the role of the secretariat. The role of the secretariat has been to bring government departments together, look at the ways we were dealing with issues around youth. The Seven Oaks centre was one that we asked the secretariat to become involved in and take the lead on bringing government departments together. As a result of that and the decision to close down Seven Oaks Youth Centre, there was money from Seven Oaks, but there was also money from the Department of Education and the Department of Health that was combined to make the \$3.9-million commitment to the new Youth Emergency and Crisis Stabilization Service. So the money is now housed in the Estimates of the Department of Family Services, but *the secretariat's* role, which is now finished, in that was to bring government departments together, look at combining resources, and having a more comprehensive program. So some of the money that would have been in Education or in Health has been reallocated to Family Services.

The secretariat is involved very much in the facilitation process, but they will not continue for ever and a day to manage programs. They are still line government departments' responsibilities, but they have provided the vehicle and the facilitation of getting government departments to contribute dollars towards a more comprehensive program.

**Ms. Cerilli:** I understood that it was not the role for the secretariat to take the money and start administering these programs, so I just wanted it to be clear, but you have clarified more than what is written here, that the money came from those three departments then and now it is through Family Services.

That is one of the other questions I had, before we go through this list. Is the money that you announced as new funding—for example, you said that there was new funding for nutrition programs and you said there was new funding for child care. That is new funding that has come in as you are developing the budget. That is not then money that is being reallocated. If you say that it is new funding, that is before all the departments have their budgets made.

**Mrs. Mitchelson:** It is new funding, but it is as a result of collaboration through the Child and Youth Secretariat around what the priorities might be. So if in fact it is new funding for FAS, it is funding that would be funding that would normally come, possibly, from the Department of Health, Department of Family Services, and there might be some Education dollars.

Collaboratively departments came together. The Child and Youth Secretariat facilitated the process of identifying what new projects should be funded, and many of them have input from Health, from Education, from Justice, from Family Services. So the new dollars are a more collaborative approach.

Where in the past we would have gone into the Estimates process and I, as the Minister of Family Services, would have gone in isolation asking for dollars for new initiatives for my programs, this is a process whereby all departments recognized and identified certain issues as priority issues. So there is a more collaborative approach and as a result a better program, with all departments understanding and buying into the need for these services for children in a co-ordinated way.

**Ms. Cerilli:** You have gone through this fairly detailed overview in your opening statement that highlighted new money for child care spaces and new money for the nutrition programs and for all the other programs

that you mentioned. How much of that is the money from the federal transfer from the National Child Benefit? I believe that we were going to get over \$9 million from that. Is that what is making up that money?

**Mrs. Mitchelson:** I think it is close to about \$10 million that would have been redirected from the National Child Benefit.

**Ms. Cerilli:** So if I total up the new initiatives that you have announced, does it total to \$10 million?

**Mrs. Mitchelson:** We have indicated in our budget that there is over \$20 million for new initiatives for children. That is right; \$10 million is as of a result of reinvestment through the National Child Benefit and the rest is new provincial dollars.

**Ms. Cerilli:** So, to clarify, then, that \$10 million that is new provincial dollars, did that come out of general revenue prior to the budgets of the various departments that are part of this secretariat?

**Mrs. Mitchelson:** It is a combination of both. Some of it is out of general revenue, and some of it is out of contributions from line government departments.

**Ms. Cerilli:** Can you then give me that breakdown, like what proportion of the \$10 million is from new money from general revenue and what is sort of reallocated from other departments for these priorities for the Youth Secretariat?

**Mrs. Mitchelson:** In this year's budget, I guess about a million of it would be reallocated from old budget dollars. Then, out of the \$10 million, I guess \$9 million would be new dollars, with the collaborative approach taken that all governments believe that these were priority areas and that they overlapped. So many of the new initiatives that are being undertaken—and you will probably have seen by the announcements that it might be the Minister of Health (Mr. Praznik) and the Minister of Family Services (Mrs. Mitchelson) making the announcement, that it might be the Minister of Education (Mrs. McIntosh), the Minister of Family Services. I know that on the adolescent pregnancy one

it was the combination of Health, Northern Affairs and Family Services.

I do want to make that point, that it is no longer one ministry working in isolation of other ministries. These are joint initiatives and new initiatives that were put forward by more than one government department as priority.

**Ms. Cerilli:** Okay, so what the minister is explaining to me is that of the \$20 million that the throne speech and the government are talking about that has gone to new children's initiatives, \$9 million of it is through this new process that she has talked about, where all the cabinet ministers say collectively: this is a priority. On the Human Services Committee of Cabinet, they decide the priorities together, and they are saying that this is where this \$9 million is going to go, even though the initiative itself may be under one specific department. I understand that. That \$9 million, then, is coming from a number of different department allocations. Is that correct?

\* (1640)

**Mrs. Mitchelson:** Where in the past we would have broken it down into a new initiative for Health, or a new initiative for Family Services, what we are saying is these are joint initiatives. Ultimately, one department will take the lead because we do not want the bureaucratic overlap and duplication happening, but, yes, it is sort of ministers sitting down, placing priorities on areas, and having a more comprehensive and collaborative approach to programming that can benefit certainly the health needs, the protection needs, the prevention needs that we would have dealt with in the past in isolation of each other.

**Ms. Cerilli:** Well, the total budget for these five programs that you have listed: the BabyFirst, the Stop FAS, the EarlyStart and adolescent pregnancy—I seem to have six all of a sudden—and early literacy, maybe you can, first of all, clarify for me; maybe I have these listed wrong. Are there five or six you said that were the priority, and they are BabyFirst, EarlyStart, the FAS one, Early Literacy and Adolescent Pregnancy?

**Mrs. Mitchelson:** If you look at the paper on page 2, they are 1998-99 initiatives, and it spells out what the amounts are for BabyFirst, EarlyStart, FAS, the FAS program, school links services, adolescent pregnancy, nutrition, child care, training, and the whole list.

**Ms. Cerilli:** So my question is then: if I add up all of this list of the initiatives, is that what equals the \$20 million?

**Mrs. Mitchelson:** I have to get a calculator; I think this probably adds up to significantly more than \$20 million. [interjection] Yes, and I think that \$14 million should not be in there. Okay? If we can remove that. I saw this five minutes before I came into the room. The rest, I would have to get a calculator and add that up. I do not know exactly what we would find it would add up to, but it would certainly be more.

**Ms. Cerilli:** My question is, though, you know the new initiatives under the secretariat. Maybe I need to clarify. The \$20 million that were announced in the throne speech and the budget as the new initiatives, are all those under the purview of the Children and Youth Secretariat? No, okay.

**Mrs. Mitchelson:** No, they are not. The initiatives that I announced in my opening remarks are initiatives that were under the Children and Youth Secretariat. I indicated that I had spoken about child daycare in my Estimates, because the \$5.1 million in main is a reallocation, is a part of the National Child Benefit reinvestment.

It is complicated because not everything that falls under the purview of the Child and Youth Secretariat is reinvestment under the National Child Benefit, and not every program or every increment for children falls under the Children and Youth Secretariat. But the initiatives, the five priority areas that I talked about in my opening statement, are areas where the Children and Youth Secretariat has played a significant role in the development by bringing departments together and by bringing community organizations together.

*Mrs. Myrna Driedger, Acting Chairperson, in the Chair*

Madam Chairperson, I can just add another comment here, that the details of program allocations at the Children and Youth Secretariat has been, and continues to be involved in, add up to about \$3.3 million.

**Ms. Cerilli:** That is the question that I have been asking for a long time, is to start making clear, and that is why I was complaining that none of your reports to date really clarify how much money, through all of this reallocation of government departments, is shifting because of the co-ordination of the Children and Youth Secretariat. I think it is important to document that and to demonstrate that, the kind of impact that the Secretariat is having in that way. So just to clarify again, you have said that how much of all those programs is under this Children and Youth Secretariat reallocations?

**Mrs. Mitchelson:** Madam Chairperson, for the 1998-99 fiscal year, new dollars that are available for children, \$3.3 million is money that has been co-ordinated by the Child and Youth Secretariat, all of the initiatives that I talked about: BabyFirst, EarlyStart, adolescents and pregnancy, fetal alcohol syndrome, Side by Side, and evaluation of those projects.

Those have all been developed by the leadership of the Children and Youth Secretariat bringing together government departments and community to determine how best to serve children and families in a different way. That is for this year.

I think if you go back to last year's initiatives under the Secretariat—let me try to explain this really clearly. The \$3.3 million that I just talked about for the new initiatives is in the Children and Youth Secretariat's budget this year, but next year that money will not necessarily be in the Children and Youth Secretariat's budget because it may be allocated to a government department that takes the lead on those initiatives. Last year there was \$500,000 in the Children and Youth Secretariat's budget for programs. Those programs are no longer in this year's Children and Youth Secretariat's budget allocation because there are line departments that are delivering those programs and the money would be allocated under that line in a specific department.

\* (1650)

So from year to year, some of the new things that will be taking place you will see in the budget allocation for the Children and Youth Secretariat, but ultimately they are not responsible for delivery of programs, but they are responsible for the evaluative component, the research component. They will be the vehicle within government that will monitor, will measure outcomes and help us determine whether there are changes that need to be made to programs or what needs to happen. So their role and function basically will be to monitor, to first of all co-ordinate the activity between departments. Ultimately, when we determine what a program will be, there will be a line department that will be delivering that program under one ministry with the evaluative component being the function and the role of the secretariat.

**Ms. Cerilli:** Okay, I am understanding that. I am also understanding then what I was reading earlier that the list you have provided me about reallocations are the ones prior to this year, and that is the Seven Oaks youth centre. The previous year is for the FAST program, and then this implementation of the system to support technology dependent children, I guess, is supposed to be there, provides for the reallocation of funds from Health. I think that is the one that the Minister of Education (Mrs. McIntosh) likes to talk about. Is that correct? Perhaps this other one, too. She is often referring to \$400,000. I believe that this \$800,000 one for the technology is one that has been ongoing. That was the first one that the secretariat did, so I am following this. Urban Sports Camp, where did that reallocation come from?

**Mrs. Mitchelson:** Madam Chairperson, this is \$900,000 under the Winnipeg Development Agreement, the crime initiatives.

**Ms. Cerilli:** What is the secretariat's role with that project? As I understood it, that had become a WDA initiative, which then means that that is money from different levels of government, I believe. I wonder if you can also tell us, after you explain the secretariat's role in this, if you also have plans for how that \$900,000 is going to be spent, or that is money that has already been spent on sports camps. If it fits in with

this list, then maybe just a confirmation of where that money was spent.

**Mrs. Mitchelson:** Madam Chairperson, the Child and Youth Secretariat was responsible for bringing all the people together around the table, co-ordinating the initiative, ensuring that we were moving in the right direction. We do not have the specifics around all of the initiatives that were funded. I know Turtle Mountain, Native Alliance were a couple of examples. We could get all of that detailed information. I will have it for tomorrow for my honourable friend, but it is those kinds of initiatives. Once, in fact, the secretariat completes the job, the co-ordination and the program gets up and running, it usually moves to a specific government department to take the lead, and this one of course is Justice. So it is now in the Department of Justice, but the secretariat played the role in facilitating and leading the process to develop the programming.

**Ms. Cerilli:** Because the WDA is a five-year agreement, the Urban Sports Camp I would think is also going to be a five-year-long initiative under that agreement, am I correct?.

**Mrs. Mitchelson:** Yes.

**Ms. Cerilli:** That \$900,000 then, is that over the life of the agreement or that is what has already been spent under the agreement? If the secretariat knows, what is the total allocated under the agreement for the sports camps?

**Mrs. Mitchelson:** Madam Chairperson, I will get the detail on how much of that has been spent. Nine hundred thousand is the total allocation over the five-year period for Urban Sports Camps. But, again, I will indicate that the role of the secretariat, although they are not responsible for delivery of the program, are responsible for evaluation of the program. So they will be doing the evaluative process.

If, in fact, at the end of the five-year term, it is determined that these projects—and this is specific to the Winnipeg Development Agreement. Not all of the projects that are under the purview of the evaluation process in the Child and Youth Secretariat have a five-year limit, but the Winnipeg Development Agreement

ones do. So we will have to evaluate, monitor the outcomes, and if they are positive programs, look for a way to continue supporting those.

**Ms. Cerilli:** I am assuming then the next, on page 2, the circus program, that is also in Justice now.

**Mrs. Mitchelson:** Madam Chairperson, this one is still under the purview of the Children and Youth Secretariat. Apparently, in the first year of operation, there was some determination that we needed to change the model somewhat, so they are still involved in the evaluation and the implementation of some changes. I guess they learned something from their experience in the first year and have determined that there needs to be some things that are done differently. So they are still involved at this point, and that has not been turned over to a line department yet.

**Ms. Cerilli:** That \$60,000, that was for one year of the program, right, and that was last year.

**Mrs. Mitchelson:** Madam Chairperson, yes, that was for last year's funding, and it will be funded again this year, but we are still working on negotiation and implementation of the new model.

**Ms. Cerilli:** So if I am following correctly, then the \$60,000 for this year for that program would be included in the Estimate booklet amount for the Child and Youth Secretariat, the \$3.3 million.

**Mrs. Mitchelson:** Yes, it is still included in that 3 point whatever million, \$3.3 million.

**Ms. Cerilli:** Maybe just to take a break as we are going through this, I can say to the minister that obviously this is fairly complex. I am understanding it. I know that there are lots of people in the community who do not understand how this works, and I think that part of the reason for that is the secretariat has changed its approach a number of times since it began in '94.

I have with me all the documents that were generated when you first started in the '94-95 year when you did that analysis of all the expenditures in government. You had the Building Healthy Communities,

### Monitoring Manitoba's Progress, and the Restructuring Service Systems Initiative.

Then you created the five working groups, and that went on for over a year. Those five working groups had a number of subgroups, and that process all reported. Then those working group reports seemed to just disappear. A lot of those people, we know they were upset. They felt like they had not been informed on an ongoing basis. They feel like now they are out of the loop. They are excluded really from knowing what has happened to all of their work.

\* (1700)

Then you came up with the ChildrenFirst strategy and a couple of the other supplementary documents that go with that. Now you have a whole different set of priorities that you have explained for this year and the way that it is working now.

So I think maybe there has been a learn-as-you-go thing that has happened with the secretariat, but there has been a lot of paper generated. The other issue I raised today in Question Period was you were also at the stage when you have had the working groups supposed to be focusing on implementing the Postl report. A lot of people do not think that that has been reported on adequately enough. So I think two things that need to happen is there has to be some better reporting on the initiatives of the Children and Youth Secretariat. The kind of information that you have given to me today, I think more of that should be in the annual report. But, as well, it seems like you have taken one approach and then changed directions a couple of times, and I think that has contributed to the kind of confusion that is out there because a lot of people do still say, what does the Children and Youth Secretariat do?

*Mr. Chairperson in the Chair*

I think that you are doing some good things; I think that we are critical at times because some of them are very much on a small scale, and that is occurring at the same time that you are making big cuts on large community programs, whether it is in Education, whether it is in Family Services, when you made the

welfare cuts, when you made cuts previously in daycare, when you had—oh, I mean I have gone through this list a number of times of all the different cuts that have been made. Then, at the same time, you are reallocating a few dollars here and there. So I think that has been going on at the same time that you have gone in a number of directions with the Children and Youth Secretariat. It has contributed, I think, to the kind of cynicism that is out there about the secretariat and also to the kind of confusion that is out there.

In your opening statement, you quoted a number of agencies that are partners with the secretariat that think they are doing great things. Maybe, if more people could become partners or understood that there was a clear system for how they become partners, that would change. I remember last year when we were talking about the half million dollars that was available for partnering with community groups, a number of community groups said to me, well, how do we become a partner? How do we get our ideas accepted by the government so that we can be part of these solutions? Still, that is another thing that is not clear to the community, what are the criteria, how does that process work for a community agency to become a partner.

So, I do not know if you want to respond to any of those issues, but those are the kinds of things that I am hearing out there in the community, and those are the kinds of things that people, I think, are concerned about in terms of the secretariat.

I want to continue going through some of these specific initiatives on the sheets that you have provided me with, but I will give the minister a chance to respond.

**Mrs. Mitchelson:** I think a lot of comments that my honourable friend has put on the record are certainly legitimate comments. I think, when you look at the creation of the Children and Youth Secretariat, it was something that no other province across the country was doing. There was not—

**An Honourable Member:** B.C. did.

**Mrs. Mitchelson:** I am not sure, because B.C. just went through a process long after we established the

Children and Youth Secretariat to create a ministry responsible for children, and that was certainly after the secretariat was started up. I know that they are still having growing pains in significant ways with that process. I know in my discussions with the minister from British Columbia, when we get together at meetings, there is no easy, quick-fix solution to any of these issues, and they are experiencing significant difficulties still.

But I do want to indicate that we started this with, you know, great expectations that barriers could be broken down and things could happen really quickly, and in reality that is not the way things work. It does take time. Yes, we have had some challenges along the way and have had to change in some ways the way we are trying to do business. I think ultimately this is the very first year, after significant planning last year, that we have got new initiatives that are very meaningful based on the research and the data that the Children and Youth Secretariat had collected. I guess I would have liked to have seen things move a little more quickly. Reality is it did take some time. I know that there was some confusion on the part of the community on what the secretariat was really doing and what they had accomplished. I think that, if you look back today at what has happened over the last year, you will see that significant movement has been made in the right direction.

The community partnerships certainly are there, and government departments have participated in a significant way in the development of these initiatives. So we have come a long way and I am not saying there is not a long way to go, but we have made a good start. I think you will see the kinds of priority initiatives that we have announced in this year's budget—several of the announcements that I have made already and a couple still to come will indicate that community is working through the secretariat very closely with different government departments in a way that they have never worked before.

So I do want to indicate that it has taken some time, but I guess I still believe that the time and effort were worth it because we now are seeing the results of the dialogue and the discussion. I know, just from

feedback that I am hearing from, that community representatives that may have been confused in the past are indicating very clearly that they understand and see the significant role that the secretariat is playing and that they are pleased to be a part of that process. So I am hopeful that we will continue to move in the direction that sees government departments—and I know we have made that commitment as ministers on the human services side of government—to work in a collaborative way to try to set priorities and to ensure then that the community is understanding where government is coming from and asking them to be significant partners in the process.

I am pleased with the results over the last year, and I think we will continue to see the kinds of co-operative community partnerships that have developed. I think, as time goes by, you will see less and less confusion and more and more praise of the kind of thing that is happening as a result of the good work that has been done. Some of it took a little longer than we might have expected. It is not always easy. I sometimes experience some frustration as the lead minister, knowing that I do not have responsibility for running each and every department on the human services side, and that it does take a different way of thinking on behalf of the bureaucracy in each department. It takes a different way of trying to reach out to the community. I think a lot of the people we have on the secretariat today understand and know the community, have a way of bringing people together around the table, and try to figure out how we can do things better.

So we are working. Have we solved all the problems? No. Is there more work to do? Absolutely, but we have seen some good positive examples of how government departments have interacted well and how we have developed the community partnerships to see some of our new initiatives get up and started.

**Ms. MaryAnn Mihychuk (St. James):** Mr. Chairman, I would like to ask the minister to perhaps indicate what new areas the Child and Youth Secretariat is exploring for the future. What are the new areas that you intend to tackle?

\* (1710)

**Mrs. Mitchelson:** I certainly know that there is a significant amount of work that needs to be done on the FAS/FAE issue, and we have announced some things. I have indicated that we are working—the Children and Youth Secretariat is taking the lead on what we call the pan-Prairie initiative—with Saskatchewan and Alberta around joint initiatives around FAS/FAE, because there is not anyone that has the answers as yet. It certainly is an issue that has been identified, not only by Health ministers, but social services ministers across the three prairie provinces.

We think we have a lot of the same issues, same demographics, and I certainly think that, by sharing information and trying to work together, we may not have to re-invent the wheel, but that we may be able to work very well together, regardless of political stripe, on issues that are real to many families and children across our three provinces. So there will be an ongoing role and a significant role over the next period of time in that respect.

On the school system side, I know that there certainly may be things that the Child and Youth Secretariat could become more involved in, but I think we have to wait for the special needs review and the recommendations from that review and what the implications might be for the Children and Youth Secretariat as a result of that.

I think that there is—I know that there is some work to do to try to ensure that the aboriginal Headstart Programs that the federal government has initiated and is funding certainly are coordinated and working in sync with some of the new initiatives on early intervention that we are embarking upon to ensure that there is some consistency between the programs and that we are not duplicating efforts. So that is certainly a challenge and something that we have tasked the Children and Youth Secretariat to look at.

I can say that there will be more money as a result of the National Child Benefit available next year on a full-year basis, that the \$10 million that we had to re-invest this year was as a result of a start-up date of July 1 for the National Child Benefit. Full-year funding for the National Child Benefit will be next year \$14 million, so we will have another \$4 million to re-invest, plus the

federal government has made a commitment to an increase in the National Child Benefit payment next July in next fiscal year. So we will have \$14 million on full-year funding for what they have committed to date; but, as they incrementally increase the National Child Benefit, there will be more money.

So we are looking at probably at least another \$5 million there and possibly another \$5 million the year after because they have made a commitment to two increments, which should double the National Child Benefit over the next two fiscal years. So there will be either expansion of some of the programs like BabyFirst, EarlyStart—an enhancement of those programs, and there may be other new initiatives based on research and what Manitobans are telling us they need.

There is a challenge ahead. We will have more resources, not only through re-investment to the National Child Benefit, but as we as government see fit to place priorities and additional resources into children and families. We will have to develop those, but there is no end to the amount of work that can be done and needs to be done. We will continue to try to build upon the successes, which I believe we will see in some of the initiatives that are just getting up and running.

**Ms. Mihychuk:** Can the minister tell me if there has been a study of the situation of daycare and nursery programs? Nursery programs are provided by Winnipeg 1 School Division and, I understand, Frontier School Division for four-year-olds. I would gather from their investigation that there is considerable merit for offering what traditionally has not been considered a school program. Has the Youth Secretariat reviewed those studies and come to a conclusion whether that is a worthwhile investment for early years education, and whether there are going to be initiatives in that area for four-year-olds?

**Mrs. Mitchelson:** I am informed that the partnership that we have developed with Frontier School Division is one that is working really well. Because of the unique situation in the North of there not being a great availability of nursery school or child care centres outside of the school system, we are working with them to see whether we could develop a model that would

work around the nursery schools in Frontier School Division. So that partnership is there, the dialogue is ongoing with the Children and Youth Secretariat, and we are looking at a model that might be able to work.

As far as the City of Winnipeg goes, I know that we have based the EarlyStart program on the Perry Preschool model which is not a model that is run out of school nursery schools, but it is done in independent facilities based on the mentorship or the home visitor model where there needs to be significant contact with the parents and involvement of the parents in the process and the program. Of course, one of the issues has been for us as a government, and one of the issues I have struggled with as the Minister of Family Services and responsible for child care and the whole special social needs component of child care, is that we have very often in the past worked with children in a very structured setting in child care centres, five days a week, eight hours a day and have done nothing to address the issues of where the follow-up comes when the child goes back into a home that may be experiencing some family disfunction.

The whole process around the EarlyStart program is to ensure that there is parental involvement, so that while the child is learning in the child care facility, the parents are involved, and there is some actual connection right to the home after hours and on weekends so that the family support is there and the whole family is growing and learning how to become a healthier family. So this is a process that is not just dealing in isolation or just with children in isolation of dealing with the families. It is a comprehensive approach. To date, I think that our focus has been on child care centres as the focus because of the low ratios too that are available in child care centres on trying to see whether that process can meet the needs of families.

\* (1720)

I do not think there has been a proposal from Winnipeg 1. I mean I do not think we will ever rule anything out, but I think at this point in time our focus has been on partnering with child care centres and having them hire the home visitors or the mentors from the community that will go back into community homes to ensure that after hours and on weekends there

is connection and that families are working with the child care centre to ensure that there is a holistic approach to the developmental years and preparation for school.

**Ms. Mihychuk:** One of the challenges is that there are many children who do not access nursery schools or any type of other service provided by a number of agencies, community agencies, governments, structured day cares or nursery schools. In fact, in my previous life as a school trustee, it was sometimes the children that we wanted to touch to bring into schools so that they could have access to books and to socialization that did not have that opportunity. They were fairly well functioning, perhaps ethnic communities that relied on grandparents or extended family to look after them, and the children came to school quite unprepared for the academic setting. In fact, daycares were marvellous places for providing children with the academic background and getting them into what we call, and what the minister has called, a successful learning start which is so fundamental.

But my concern is about all those children who we do not reach out to and are not identified by Child and Family Services as being a crisis family and do not access daycare, do not access schools. Those are the children I think that are the challenge we need to reach out. So I am asking the minister if there has been any evaluation and whether there are plans to perhaps meet the needs of those families.

**Ms. Mitchelson:** I think it is important for me to point out that there are two different focuses that we are taking. EarlyStart is one focus, which is on children ages two to five. The other one is BabyFirst, which is prenatal to two years old, where now we will have the public health system evaluating which infants or which moms prenatally might be at risk with identification right in the hospital which children and moms might need additional supports. BabyFirst, then, which is a province-wide program, will be ensuring that we work very intensively with those moms and their children.

A lot of research tells us that by the time a child is the age of two, if in fact they have not been nurtured, if they have not bonded, if they have not been parented well, it is almost too late. What we want to do is get in

right at the front end. As a result of that intensive working, if there is still a need for some support, children will then be referred to the EarlyStart programs in child care centres, child care homes, and they can continue on with that kind of intervention or support. So it is a start.

We do know that in some cases we are not going to see results until we see those children that enter the BabyFirst program today graduate from high school 18 years from now, but we have to start. I think if we can look at the intervention of those families at birth that are deemed high risk, ensure they are connected to a BabyFirst program and a mentor that works with them very intensively in the first months of that infant's life, then as we see families grow and thrive, a little less intervention. Then ensure that if in fact they still need support, we ensure they are connected to an EarlyStart program. We will hopefully be able to find some better solutions.

We have had a lot of discussion in the House in Question Period around the whole issue of prevention and Child and Family Services. I have certainly made comments in my opening remarks. We want to be able to get at children before they become a statistic in the Child and Family Services system. We would hope that there would need to be less and less referrals and less and less prevention activity done through the Child and Family Services agencies because we are catching them up front.

I think there is room for all of us to be partners in the prevention side of things. I know that in the past, and I do not accept all of the blame, but I think governments of all political stripes have expected that our Child and Family Services system can be all things to all families. We expect them to protect children and intervene when families are abusing children. A lot of the focus for prevention has been placed on the Child and Family Services agencies also. I believe that educators, early childhood educators, public health nurses, teachers and others certainly can be a part of that process, and we should not be placing all of our expectations on our Child and Family Services system.

There is a real dilemma here, because I have been out, gone out after hours with Child and Family when

I was first appointed to this ministry, and I heard workers saying, you know, we are the most hated people in the community. People think when we knock on their doors, we are there to grab their kids and take them away. I think that sometimes we place them in a very awkward position because we are saying go out and knock on the door and say I am from Child and Family and I am here to help you. But on the same token, parents are very frightened because they believe that if they admit to a Child and Family Services worker from the agency that they are maybe not a good parent or they need help in parenting, they might just take their kids.

But I believe that there is a more open-door process between public health nurses and the community, and people do not feel threatened by a public health nurse coming into their home. They do not feel threatened by someone who might be hired through a child care facility. They do not feel threatened. They feel that those people are there in a different capacity.

So I think what we need to do is ensure that everyone involved, all of the professionals throughout the system, are involved in the early intervention initiatives. I think we need to ensure that we are not placing all of the expectation on Child and Family Services agencies to deliver that kind of support. We do know that there are community agencies out there that really believe that they have the connection to the community, that they can hire people who live in those communities—maybe have been there, done that and turned their lives around—to help others who are needing that kind of support. I think a lot of our models now are focusing on that kind of a process to try to ensure that the whole community is involved.

\* (1730)

We know there have been some really positive models. I always raise the issue of Andrews Street Family Centre, but they have done really good things in their community, and I know that there are those kinds of activities ongoing right throughout our city of Winnipeg in small pockets. I know that over at Victor Mager School in St. Vital, where the day child care is in the school, in Victor Mager School—very high needs, a very high number of social needs, daycare support.

I know that they have drop-in centres there for them. There are a lot of immigrant families in that community also.

This whole piece now of having a home visitor whom they can hire who has connection with the child care facility, has connection with the school, has connection with the drop-in centre certainly will augment their ability to work in that community in a very significant way to provide the kinds of supports that those families need.

The challenge, I think, for us—and it is a challenge that I am very aware of—is to ensure that we are not tripping over each other trying to help families but that we are co-ordinated in our approach and that the Child and Family Services agencies are referring to other community organizations that are doing prevention work and that we are working in tandem with the Child and Family Services agencies, understanding and recognizing that we do not want to leave children in unsafe circumstances if they need protection but that there are many out there who want to see families healthier and are prepared to give something to that process.

We want to make sure that that is co-ordinated so we are not overlapping and duplicating or fighting over who is going to serve families, but we are working together, because there are certainly enough families and children to go around, and there are certainly enough organizations that are prepared to commit to dealing with the issues. So it is critical that we have some co-ordination there and that the right information that can be shared is shared, so that we are not working at cross-purposes to each other.

That is the biggest challenge as we move into new areas and as we bring more of the community in, ensuring that we try to do the right things for the right reasons.

**Ms. Mihychuk:** Can the minister tell us if there has been an evaluation of the parent-child centres that used to function in schools? They provided an opportunity for any family members to come in, receive parenting courses. It was a nurturing environment with resource materials, books, toy-lending libraries located in

schools in a very friendly setting. That was to provide those families with an early opportunity to get to know teachers, the school setting, to become familiar with the libraries, gymnasium.

This was a program that was conducted in—I am familiar with many schools in Winnipeg 1, it may have been provincial but was considered to be a very successful program. However, the funding was cut because, I believe, it was a multigovernment funding proposal like the Winnipeg Development Agreement. School divisions—I know that I was on the board at the time—felt that this was an area that really spanned the scope of a number of different areas. It was providing health information. It was providing parenting courses. It was providing a socialization function in that there were not enough education dollars to provide this service. So I ask the minister, has there been an opportunity to review programs that were considered to be extremely successful and were multi-jurisdictional? Would she consider funding parent-child centres in schools once again?

**Mrs. Mitchelson:** Mr. Chairperson, I seem to vaguely recall the program. I think it was called the Core Area Initiative which was federal-provincial-municipal cost-sharing. I guess it was similar to what the Winnipeg Development Agreement is now, so it was the three levels of government. Under that program, the parent-child centres were funded.

At the end of the Core Area Initiative, there was an evaluation done, an independent evaluation if my memory serves me correctly. I have never seen that. That was long before my time here in Family Services. The evaluation showed that it was not a terribly effective program. I do not have access to that evaluation in any way, but I think the evaluation indicated that there were some real concerns with the program.

So very often when you get three levels of government participating in some sort of an agreement that has a term at the end of it—I know that the member for Radisson (Ms. Cerilli) was talking about money running out within five years under the Winnipeg Development Agreement, and yes, that is true. But so very often if the program is not renewed—and it was

not—by the federal government, there is an expectation that the provincial government will just pick up the programs and fund them.

We all know that we cannot always backfill for a federal void in programming, but I do want to indicate that we do recognize and realize, and I think it was part of our election document, that we have the bricks and mortar—I say very often out in the community when I am meeting with people, we have the bricks and mortar in our school facilities that we pay to build, just as we pay for the capital construction of hospitals or nursing homes. You have hospitals and nursing homes that are utilized 24 hours a day, seven days a week, yet the capital construction in both facilities would be significantly similar.

I guess I know that from time to time school boards and school divisions believe that they own those facilities and that there is sometimes a struggle to get school facilities opened up in a really meaningful and significant way to a community and community organizations. I understand that there are some issues. I am not sure they are insurmountable issues. We need that kind of dialogue and discussion. We need lots of support to say these are community buildings, they are buildings that are paid for by the taxpayers of Manitoba, and we need to figure out the best ways that we can utilize those bricks and mortars without building other areas. So I hear the comments around how school facilities could be used better for family resource centres, and we have indeed through the Children and Youth Secretariat held meetings with school divisions.

Winnipeg No. 1 was at the meeting around family resource centres and how we might look towards facilitating the creation of some of those within our schools. I know that as a result we have had at least some success with Seven Oaks School Division, and Elwick School has a family resource centre now. I know that we have had some success with St. George School in St. Vital. We are looking at a family resource centre there.

**Ms. Mihychuk:** The minister explained that there are going to be a number of home visitors, and, if I understand correctly, that there will be one for rural

Manitoba and two for northern—or how many home visitors have we got identified for rural and northern areas?

\* (1740)

**Mrs. Mitchelson:** We are looking at a total of about 60 home visitors throughout the province. We would like to see a few more than half in rural and northern Manitoba than in the city of Winnipeg, but those details are being worked out. In some sites there will be one home visitor. I think the one that we announced in—I know that, in the Victor Mager project that was announced already, there are two home visitors. So, depending on the site, and sometimes there will be a cluster of sites that might have one home visitor because that is what makes sense based on the needs of that community, but we are anticipating that, when the full projects are up and running right throughout the province, there will be more than 50 percent of the home visitors in rural and northern Manitoba.

**Ms. Cerilli:** I will just pick up on this because you are talking about the home visitors that are going to be part of the BabyFirst program?

**Mrs. Mitchelson:** And EarlyStart.

**Ms. Cerilli:** Specifically with the BabyFirst program, I was under the understanding that all new moms, after they have their children and they return from the hospital, they are already to have a visit from a public health nurse.

**Mrs. Mitchelson:** Right now the process is that everyone, when they leave hospital, is visited once by a public health nurse, I think after they have had a baby. That will not change with this. This is assessment of the needs or the risk of the babe and the mom when they go home. If there is an assessment that they need more intervention than that one visit, we will put in place the process that BabyFirst has where there will be significant and frequent home visits.

Now, that public health nurse may not do the home visit. That public health nurse will co-ordinate the home visitors, so it will be under the direction of public health nurses, but the assessment will be done, the

needs will be assessed and then a plan will be put in place for that individual mom and child. So it will not take away from the public health nurses today that visit people after the birth of a baby. It will be an augmentation of support and service where there is a risk assessed.

**Ms. Cerilli:** Then is that assessment done in the hospital or is it going to be done in the home?

**Mrs. Mitchelson:** The objective of the program by the end of the first year is to have them all done in the hospital. Right now some are done and assessed in the hospital, but there are others that are not assessed or are not seen until they go home by a public health nurse, so that assessment would be done in the home, but the ultimate end goal is to have that assessment done before the mom and babe leave the hospital. We are anticipating by the end of the first year we will be able to have that in place.

**Ms. Cerilli:** Why are you having the assessment done in the hospital? It seems to me to build on what is existing already with the public health nurse in the home and have the assessment done in the home since there are so many variables once you go home that would impact on the health of both mom and the babe, especially if there are other children at home. I mean there are all sorts of factors.

**Mrs. Mitchelson:** The focus of BabyFirst ultimately would be to try to ensure that there is contact prenatally, but we do not always know prenatally. I mean, there are women, young girls, believe or not, that walk into the hospital and the first indication that anyone has that they are pregnant is they are delivering a baby and they have never had medical care, they have never been involved in Child and Family, they have dropped out of school and nobody knows where they have gone. So in those cases I think it is important that we assess the risk and ensure that we have a plan in place before they leave the hospital.

Ultimately, if there is a risk assessed, because we know and we identify that there is a young female, pregnant and alone with no family supports, we would anticipate that the BabyFirst program would kick in at

least in the last trimester of pregnancy, so that you have already done that evaluation, you have assessed and you know what kinds of support. It would be great to have the plan up front, but we do not want young girls leaving the hospital without some sort of a process in place.

**Ms. Cerilli:** I can appreciate that, but I would think that this would also work with the existing public health nurse system, and it sounds like that is partially intentioned, but, as the minister knows, I have just gone through this process. I can say that the public health nurse that visited me in Transcona was excellent, and she was very helpful. I do know that she phoned me the day I got home from hospital. She was there the next morning. She was a tremendous help with breastfeeding.

On the other hand, that was Transcona. In the north end where a friend of mine who has recently also just had her first child, it was weeks before a public health nurse was calling her or there. The last time I talked to her I do not think there still had been anyone. I would be very concerned that that system is not going to be improved so that all the births occurring throughout the province would have some kind of initial assessment, and it would not just be what is identified as high risk at the hospital. So that is the reason I am raising this as a concern because I think that, as soon as possible, all new moms need to have that visit from a public health nurse and some kind of assessment done of the home situation.

**Mrs. Mitchelson:** Mr. Chairperson, I hear really good reports about the Transcona area and the public health nurse and the system there so I am glad to hear that reinforced. I guess I want to stress or emphasize that this is additional public health nurses. This is not expecting the public health system and the number of nurses that are there today to expand the things they do. Although, in some instances if you have got a really good public health nurse, they may want, through the Winnipeg Hospital Authority—is it through the Winnipeg Hospital? Yes, it is the Winnipeg Community Authority in Winnipeg. They may want to utilize a really good person in a very significant way dealing with young people who need supports.

I think we want our best public health nurses involved in this process, but I want to stress that this is additional public health nurses in the system, and the dollars are there within the program to make that happen. So we will be seeing a greater assessment of risk and certainly a greater ability for us to determine who needs intensive home support and home visiting.

**Ms. Cerilli:** As I said, I was just following up on some of the issues that were raised earlier with the home visitors, but I want to go back to what we were talking about before I left. That was sort of the bigger picture in terms of the Children and Youth Secretariat and the priorities you are setting and funding.

\* (1750)

I am wanting some explanation of why you chose the priorities that you did and how that worked because I looked back to the working groups that were established, particularly the high-risk working group which had gang members, adolescent sex offenders, adolescent prostitutes and also the issues around children in care. Your government has lots of issues around children in care, but I do not think there has been any priority put on that area, and there does not seem to be any priority put on the issues around gangs and young offenders.

So I am wanting some explanation of why those were excluded, also how you chose the priorities that you did in the area of critical health incidents. That is where you are getting the priority on nutrition and on fetal alcohol, but there has been, I think, only two of seven that were identified as the priorities by that working group. So again, some explanation of why those were set as the priorities.

**Mrs. Mitchelson:** Mr. Chairperson, I think as we compiled all of the information that was gained through the steering committee reports, and many of them on issues that are really significant issues and ones that we need to address and need to continue to think about, but I think we went back through the Child and Youth Secretariat to the research. The whole Fraser Mustard research and all of the indication that if we spend a dollar today at birth for a child, we are saving \$7 later. If we can prevent one fetal alcohol birth from

happening, we are saving \$1.5 million over the life of that child in supports. So the research all told us that early intervention was significant and important and we needed to start to do it now.

The consultations with the community, yes, to deal with the issue of street gangs, youth prostitution, all of those things, and I guess the best thoughts around the issues of where we needed to start to reinvest dollars were in the areas of early intervention because if you get a child off to a healthy start to life, if you get the parent involved in a significant way in that child's life, down the road, and we are not saying tomorrow, but down the road we will see less gang activity, we will see less youth prostitution. All of those things, I mean, we have to start somewhere and we have to start now. So all of the initiatives that you are seeing right now are initiatives that are early intervention that will get children off to a healthy start to life, will work with families to try to make families and parents stronger and healthier.

So that is the first phase of our initiatives. That does not mean to say that we have not done things on the youth gang side. Some of the Urban Sports Camps announcements are dealing with youth gangs. There is still ongoing dialogue and discussion around the prostitution issue, but I do know that we are now able, through changes to our Child and Family Services Act, to put third-party sexual offenders on the Child Abuse Registry now.

We do have john school. We know that if there is a john or a pimp that is sexually exploiting a youth, we can charge them with child abuse. They can be charged and convicted of a sexual offence. They can be placed on the Child Abuse Registry. They can be required to go to john school. There are those kinds of initiatives that are underway.

That does not mean to say that we do not have to deal in some way with young people that have been sexually exploited and try to figure out how we can best support them. We are still in ongoing dialogue around the issue of juvenile prostitution, but there have been some things put into place at the other end. So the priority initiatives that we have undertaken through the

Children and Youth Secretariat are trying to prevent those kinds of things from happening.

I was explaining to the member for St. James (Ms. Mihychuk) just a few minutes ago that if we can get at the issues right on, up front, we are maybe not going to see the results or the full results of our activities until that child graduates from Grade 12 at the same rate as every child graduates from Grade 12. Some of this is long term, and we could wait another two or three years and concentrate at the far end. Heaven knows we are putting a lot of our money into services after the fact, when families have broken down, and there has been dysfunction and there has been abuse and neglect. Many of the symptoms that we are seeing in society are as a result of that.

So we could wait and continue to pour money in at that end, or we can start to put money in at the front end while still maintaining our services and enhancing, because we are putting more money into Child and Family every year, but we are now seeing significant positive results. So where we need to be concentrating our effort with new money is at the front end and continuing to fund the system that needs funding at the far end.

I did indicate, too, to the member for St. James (Ms. Mihychuk) that in the past—and we can be as much at fault as other governments right across the country or governments in the past in Manitoba that continue—we do not anymore—but believe that we can just put money into our Child and Family Services system for both protection and prevention, and that we can expect the Child and Family Services system to be all things to all families. Reality is that they do have a mandate under the act for protection of children. They also have a mandate for prevention, but there is other prevention activity ongoing right throughout our communities. All of the money that we have put in to interventions through the Children and Youth Secretariat have been into community organizations.

I know for a fact, and if you talk to those that work in the Child and Family Services system, they will tell you that they are the most hated in the community, because when they knock on someone's door, those people think they are there to take their kids away.

Sometimes it is very difficult to do the prevention and the protection.

So we need Child and Family Services partnering with other community organizations—public health. I mean, the public health nurse—and I think my honourable friend would agree, there certainly was no concern when the public health nurse phoned and came and knocked on her door the day after she had a baby. I mean, it was a welcoming experience. Many families do not welcome our Child and Family Services workers into their homes because they do feel threatened, and they are afraid to admit that they need help as a family because they think their children may be taken away.

So there is a real need for our Child and Family Services agencies to partner with the community organizations, public health nurses, educators, early childhood educators, to try to ensure that we are all working toward the same end goal, and that is to keep kids out of the protection system and to work with families before they need our Child and Family Services system to pick up the pieces.

**Mr. Chairperson:** The hour being six o'clock, committee rise.

## HIGHWAYS AND TRANSPORTATION

**Mr. Chairperson (Marcel Laurendeau):** Would the Committee of Supply come to order, please. This section of the Committee of Supply has been dealing with the Estimates of the Department of Highways and Transportation. Would the minister's staff please enter the Chamber at this time.

We are on Resolution 15.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits.

\* (1440)

**Hon. Glen Findlay (Minister of Highways and Transportation):** Mr. Chairman, at the end of our discussions last day, I was talking about St. Andrews and I had made some comments—excuse me. Not a good time to lose your voice. I said I would add more today if there was more to say. The additional information is that the R.M. has now sent a new letter

of intent with Transport Canada and have retained a consultant, the Stanley Group and their auditor, to study some feasibility, and they expect that report to be in at approximately the end of August '98. That is the current update that we have.

**Mr. Chairperson:** The honourable member for Dauphin.

**An Honourable Member:** Not Dauphin.

**Mr. Chairperson:** Flin Flon. I am sorry. I had Dauphin—

**Mr. Gerard Jennissen (Flin Flon):** That is all right, Mr. Chair. That is close enough. I thank the minister for giving me that update, and perhaps just a couple of questions on Winnport. I know all of us are excited in this province with the prospects of Winnport.

I am still not clear, though, when they talk about the new multimodal cargo centre, what is meant by the onsite free trade zone. What exactly does that involve?

**Mr. Findlay:** Well, conceptually what is involved is that—pick an example. Let us say a plane load of product, whatever it is, comes in from Asia—and the staff will correct me if I am wrong here—that they would have the capacity without going through Customs to do certain assembly activities onsite before that assembled product or products would move by truck to, say, the U.S. or other locations in Manitoba.

So it is a process—well, it is a free trade zone. It is a zone in which you can do activities without incurring costs or the cost associated in dealing with Customs. In simple principle, I think that is what it is. What it might entail eventually, who knows, but in the early stages here, that will not be part of the start-up process.

The start-up process will be the 747 cargo loads between Winnipeg and two locations in China. That will be the start-up element, and it will just be freight movement, and the ultimate development of a free trade zone will be when and if there is a capability of doing that kind of business.

**Mr. Jennissen:** Is time of the essence? I am wondering, because I do believe that Winnport is also

then in competition with other airports that are trying similar approaches; I believe Huntsville, Alabama, if I am correct, if my memory serves me correctly. So is time a factor, is what I am saying. In other words, if things do not grow over the next few years, then it may not work for us.

**Mr. Findlay:** Mr. Chairman, the member for Flin Flon (Mr. Jennissen) mentions Huntsville. Clearly, that is one of the locations that has been up and running for some time, and as for some of the technical expertise, it was obtained from them. We had a consultant who was up here from there and talked about how that one functions. There is also one close to Dallas, and there are other locations, I am sure, in the U.S. where smaller or larger operations with this idea in mind are functioning.

But in terms of the nearby competition, that does say that time is of concern to us, as, clearly, if the Air Force base at Grand Forks was to close, there might be a strong push in the U.S. to replace that economic activity with some other activity to use the airport, and an air cargo operation would certainly be one of them—you know, Winnport by concept.

Calgary and Hamilton have expressed interest in getting involved. They have come into the game late in terms of what Winnipeg has done, but, clearly, if Winnipeg does not get up and running by their targeted time of September of '98, it gives more time for these other competitive locations to get their act together and attract business.

Certainly, Winnport is very enthusiastic right now in terms of putting together their ground force in China, putting together the business element on this end in terms of the freight forwarders and establishing time lines and prices and having, what do you call it, a telecom system to track freight to be able to make their system work responsibly for the shipper and the shippee.

So I just say Winnport is well positioned. Having got the designation was a big, big hurdle to cross. They are raising capital right now, and I have every reason to believe and recent discussion with them that they will be up in the air in September of '98 for the betterment of Winnipeg and Manitoba.

**Mr. Jennissen:** Does the province have a direct role in helping Winnport? I am wondering what our role actually is. I know it is basically that the private sector and the city are involved, but I am sure that the province also plays some role here.

**Mr. Findlay:** The member's question is: is government involved? Yes, government has been fairly significantly involved along the way. Initially, there was a Northern Hemisphere Distribution Alliance Concept. I think they used \$300,000 from the city, the province and the feds, and that was like five years ago. Then that process of discussion and development led to the evolution of Winnport. Winnport, under the transportation aspect of the Winnipeg Development Agreement, there has been a total of up to \$5 million allocated. Mr. Chairman, \$1 million has currently been spent, and \$3.5 million is allocated to the next phase, the start-up phase. That Winnipeg Development Agreement is jointly funded by the City of Winnipeg, the Province of Manitoba, and the federal government.

\* (1450)

The Department of Highways and Transportation is in charge of this element of the administration of the Winnipeg Development Agreement, and we have worked very closely with the people at Winnport to help evolve the success story that is there. We currently have one staffperson, Rob Andriulaitis, who is seconded to Winnport for the time being, and an awful lot of indirect staff time has helped Winnport deal with a variety of issues over the course of time to help them evolve. It is, as the member said opposite, driven by the private sector fundamentally, but we are very much in the background in a fairly significant way.

**Mr. Jennissen:** Mr. Chair, last year during Estimates I remember discussing with the minister the possibility of user fees at the Winnipeg Airport. I know it is now a privatized airport under the Winnipeg Airport Authority. I am not clear whether those fees have actually been implemented yet. Are passengers being charged user fees at this moment?

**Mr. Findlay:** Mr. Chairman, the Winnipeg Airport, over the course of time, will have to be responsible for the upgrading or replacement of the runways, buildings—in other words, capital improvements.

Edmonton, Calgary and Vancouver all have airport improvement fees varying from \$5 to \$10, I think up to \$15 depending on where you are going, and you pay that fee after you have gone through security. It is an annoyance to the travelling public that, whoops, they think they are getting on the plane; all of a sudden they see a little booth, and you pay another \$5, \$10 or \$15.

In Winnipeg here they have resisted, to this point, putting in place a similar fee, but have just recently announced a \$5 airport improvement fee that will take effect on July 1 of '98, but the fee will be collected in the ticket price. So it will be an add-on to your ticket, and you will pay for it that way so you will not have to pay for it directly or as you board the plane, so the annoyance factor is removed. But the airport will collect that money for the future development of the airport, which, I think, is a good way to go. You need to have a reserve fund built so you can deal with emergencies that come along and capital, and they are starting July 1.

**Mr. Jennissen:** I thank the minister for the answer. Yes, I do believe it certainly saves a lot of problems if it is one ticket, one price. I never liked the idea of rushing to an airplane and then finding out you have to go to another booth and pay your airport tax or whatever it is called, the user fee or the improvement fee.

I am often wondering how we get to the point of deciding \$5. I guess that is an internal decision. Certainly I do know that at the airport itself, there have been a number of improvements made. I particularly like their new observation deck. It looks great and, you know, I could see that as a wise expenditure of money.

At any rate, I would like to change direction somewhat and now ask some questions on the whole taxicab industry. Particularly, I am concerned about the Blueline licences having been changed to regular cab licences, and we can ask some questions about that later on, but at the outset, just maybe to alleviate my own ignorance, could the minister tell me briefly what the mandate is of the Taxicab Board? I have a pretty good idea of what the general mandate is, but is it strictly to safeguard the consumer, low prices, that type

of thing, or is also part of the mandate to make sure that we have a viable taxicab industry in this city?

**Mr. Findlay:** Mr. Chairman, I will read what I have here. I will read the objectives, followed by what is called the activity identification. The objectives are to ensure persons within Winnipeg receive adequate taxicab service at a reasonable cost through the administration of a system of economic regulation.

The list of the activities that they would be involved in is to conduct public hearings on matters relating to the industry and users; establishes reviews and revises the number of taxicab licences required by the public conveyance and necessity; regulates rates charged by industry; issues taxicab driver licences and regulates licence transfers; provides training for taxicab drivers; establishes vehicle standards and inspects taxicabs for vehicle condition and meter accuracy; investigates and resolves complaints against taxicab operators and drivers for breaches of regulations and service failures when warranted; maintains a liaison between the board and the taxicab industry, governments and other affected groups.

So a fairly wide mandate, but fundamentally it deals with everything associated with the taxicab industry in the city of Winnipeg, and notice I said the city of Winnipeg. That is where their activities are restricted to.

**Mr. Jennissen:** I would like to delve a little deeper into the original decisions that were made by the Taxicab Board to allow luxury service, to allow it in the sense not only because there was this great drive for it, but I believe that perhaps the Taxicab Board itself had convinced itself that that was necessary. I do not know really how accurate those outside reports that the Taxicab Board relied on were.

I have a document in my hand—I think it is in the public domain—the Manitoba Taxicab Board on Superior Class of Taxi Services, dated September 1990. In it is a press release at the very front. Unfortunately, there is no date on it, but I presume it must be around that same time, 1990. The first part of it reads: the Taxicab Board today released its decision to issue new licences for luxury taxis and proposes to establish a benefit plan for taxi drivers. The decision was reached

after extensive research and consultation over the past two and a half years.

Was that news release, in fact, every released, or was that a draft?

**Mr. Findlay:** 1990?

**Mr. Jennissen:** I have no date on the actual news release. I believe it was 1990. That is what I have in my possession. There, obviously, the decision was reached after extensive research and consultation. I guess my question is how extensive was that consultation and research?

**Mr. Findlay:** Mr. Chairman, we just are not sure what the member is referring to in terms of a document. Between the periods of 1988 and 1990, there was some significant public consultation and research done around and about the industry. I presume that is probably what he has in front of him, but things do change over the course of time. The Taxicab Board of today is making decisions based on an evolving industry, evolving need and responds to what they believe is out there in terms of public need and industry need in terms of being sure that they are seen to be supplying safe, effective, responsible service where and when needed.

\* (1500)

**Mr. Jennissen:** Reading some of that material though, it seems obvious. I am reading from it again: applications for 60 Class 1 licences will be invited. They are going to be released into two groups of 30. Further it says, successful applicants will be required to contribute \$38,000 for each licence awarded to a trustee. The \$2.28 million to be raised in this manner is proposed to assist in the funding of a group benefit plan for all taxi drivers and so on. So obviously that proposal was never acted upon.

**Mr. Findlay:** Mr. Chairman, I am not positive he got exactly all the right information, but it would appear that 40 premium-classed licences were to be allocated. Twenty were issued to Tuxedo which, for whatever reason, never got on the road, and 20 were issued to Blue Line of which nine, to my understanding, got on the road.

So there were further discussions, consultations along the way, and the end result was where there seemed to be a desire and need earlier identified for a large number, a much smaller number got on the road. Over the course of time, the people who had those nine licences applied to have them turned over to regular taxicab licences. So there was an expectation that there was need, and it turns out at the end through the pilot experiment of nine, there was not a need, to put it bluntly.

**Mr. Jennissen:** I guess the problem I have is those licences that I believe went for \$100 apiece. The average cabbie today or the average person wanting to enter into the business would be paying probably for a cab and licence to run that business, in effect, probably buying himself a job so he can work, maybe in the neighbourhood of between \$65,000 and \$85,000, so that is obviously an enormous discrepancy. If you can get a licence for \$100 and later on can convert it to a regular licence, somebody is making a lot of money. That is the point that I want to look at.

**Mr. Findlay:** Mr. Chairman, the member seems to want to challenge or question the decisions of the Taxicab Board over a course of time with maybe a limited knowledge of all the issues that were dealt with by the board. I am going to have to remind him that the Taxicab Board is a quasi-judicial board of competently appointed people and competent staff. I can assure him there is a balance of a lot of issues that they deal with in ultimately making the decisions they do.

It is a quasi-judicial board, and I as minister am not going to challenge or question or get involved in any discussion that is questioning in balance what they are doing with the industry. There are always hearings on decisions where people that have objections or other points of view have a chance to express them through that quasi-judicial board. If one selects little bits and pieces along the way, yes, you can present a funny looking story. I think the kind of people that are there with the commitment they put in, the staff and the professional effort they bring to the table, we have to respect their decisions at the end of the day.

**Mr. Jennissen:** I understand that, but I also understand for the lack of a more polite term that we are dealing with political appointees to some degree. If we look at

the history, if I can go back again, if I could read just a little bit—this is from the Taxicab Board's own wording obviously: As a rationale for the argument that there would not be enough users for a superior service at a higher fare, it has been expressed that Winnipeg is not a thriving metropolis like other cities and is a wholesale town with a farm-based economy. The president and general manager of Duffy's Taxi has asserted that Winnipeg is nothing more than an overgrown farm town.

Now, that is what is obviously a spokesperson of the cab industry, or at least one part of the cab industry, states. Now the board goes on the other side and says, and I will quote again: In the board's view, the existence of a superior taxi service in Winnipeg will contribute substantially to an improvement in the city's image and, perhaps what is even more important, the self-image of Winnipeggers, and taxi industry members in particular may be enhanced. Nothing is gained by narrow-minded defamation of our city. If the negative attitude of some taxi industry leaders blinds them to market opportunities, then others with vision must be called upon. The matter is too important to the interests of the general public for the board to fail to take the necessary action merely out of timidity. Industry leaders must have confidence in their ability to succeed in a world that demands excellence.

But that sounds like boosterism to me. It sounds to me like the Taxicab Board is definitely taking sides, because looking at it now—and I admit it is the wisdom of hindsight that taxicab spokesperson was much more right. Obviously, the higher scale taxis did not thrive, did not work, so the industry was right. The board was wrong despite their report. Is that not correct?

**Mr. Findlay:** I will go back to what I said earlier. A quasi-judicial board—and I am not going to get involved in saying yea or nay on selected comments by individuals from the board or from the public. The member for Flin Flon (Mr. Jennissen) mentioned, well, they are an appointed board. It is a five-member board. One is a representative who is sent there by the Winnipeg city police, so if appointed by anybody, by the Winnipeg city police; one representative from the Winnipeg City Council; and three appointed by the government of Manitoba. Yes, we have three, but those

three come there as independent citizens and perform the duties necessary on that quasi-judicial board.

I am not going to get involved in commenting on people's comments. It is not constructive, and dealing with the quasi-judicial board, I think it is inappropriate. If you are going to question their comments, then I would suggest they have a chance to rebut directly to the face of the member, and that is not going to happen. So I do not think anything can be gained by rehashing history with this board, because it is not an easy board for the staff or the people on the board to carry out its functions. But I think over the course of time—and I think the member is well aware—they have done an excellent job, given all the dynamics associated with the board and the industry and public perception.

\* (1510)

**Mr. Jennissen:** Well, I understand that, and I certainly admire the minister for suggesting that all the members are independent citizens. We have the same feeling up North. They are all independent citizens. They are all good people. It just happens that, certainly on the health authority boards, the first three people who were put on there were people who ran for the Tory Party, and it does look a little coincidental up there. I am not suggesting this is the same thing, and nor am I suggesting that these are not good people or capable people.

But I am saying that if I am a taxicab owner in this province and more cabs are coming into the system, even though we claim that we are regulated, that decreases the value of my cab. You can argue that nine does not dilute the value much, but what if it becomes 20 or 30 or 60 or 100? Because in these documents—and some of these are minutes, I believe, from the Taxicab Board—they even talk at one point of putting in a hundred cabs, a hundred specialty cabs, top-of-the-line cabs. So, obviously, I would be concerned if somebody could get a taxicab and pay a taxicab licence and pay a hundred dollars and I have to pay \$85,000, I mean, how is that considered to be fair competition?

**Mr. Findlay:** I will just put a couple of figures out for the member, and I mentioned this the other day and he has just referred to the number. There are 397 cabs; nine were added, a very small percentage, 2 percent

basically. Cabs not that long ago had a market street value of \$50,000. The member is mentioning \$85,000. So, while the premium cabs were brought into the system, the price of the cabs on the street went up and up and up. So it did not dilute the price at all, the process of what is unfolding.

The board has its hearings. People who have points of view can come and express them. The board in balance makes decisions, and I will respect those decisions. I do not see how one can argue that the value of cabs has been diluted. It has gone up, up, up, and I have no reason to believe it will not continue to go up.

**Mr. Jennissen:** Is the minister aware, then, on what basis the board finally determined that the luxury licences were a failure? I mean, at what point did the board say, you know, the system does not work? Even though a few years ago we claimed there was a need for a hundred of them, now we claim nine cannot make a living, and therefore we have to convert them to a regular cab.

**Mr. Findlay:** The Taxicab Board, I think the member asked a question about what reasons did they give. They had a hearing and their decision was released on April 15 that the nine standard taxicab licences to be issued upon cancellation of the nine premium licences held by BlueLine, and that there were several conditions attached to that licence. I do not have the conditions in front of me, but they were around the fact that they had to maintain the same vehicle for a year; they had to remove all visible decals that identified anything to associate with premium. The other condition I remember off the top of my head is that if a car is involved in an accident or it is a write-off, it must be replaced by a car of like condition in the course of that year. So there are significant conditions attached in the transfer. I will respect the board's decision in balance with all the circumstances they deal with.

I think it is important that we continue to promote the taxicab industry because it is important in the overall picture of tourism. For many citizens that visit the city, it is the first encounter they have. The board is trying to promote a positive encounter for people that come to the city and travel around, and we want to stimulate them to come back as tourists.

**Mr. Jennissen:** I certainly concur with the minister about the need of the taxicab industry and the job that they are doing. I take cabs all the time, and I am very impressed with Winnipeg cabs in general. I have had a few unhappy experiences, but, you know, they are minor. By and large, I think they run an excellent taxicab industry.

I have no difficulty with that; however, I must, in all honesty, tell the minister that when I talk to a lot of cabbies, it is a major concern of theirs that these licences have been converted, because they feel it is an unfair practice. It puts them at a disadvantage. They are competing with someone that got a licence for a hundred bucks where they have to pay a lot more than that. They do not think that is fair. Certainly I hear all kinds of scenarios, you know, about backroom deals. I cannot prove that one way or the other, and I would not suggest for a minute that is happening, but I do not really know. I simply would like to get at the facts.

Although the industry looks healthy on the surface, certainly I do know that cabs do not make enormous profits. I am referring here to the Arthur Andersen study, Arthur Andersen, the business consultant, the March 1998 study. If I could briefly read his conclusion, he concludes, on page 25: the above net income is the income available to the taxicab owner after all expenses. In other words, given our assumption that the owner drives a 12-hour shift, this is the wage for driving a taxi 12 hours per day, 365 days per year. The hourly wage, even at the high end of our estimate, is \$7.04 per hour. At the low end of the range, it is possible to lose money. We believe that the Taxicab Board's estimate falls within the range of possible results. Based on this report, however, the Taxicab Board's results do not necessarily represent the average for a taxicab owner in Winnipeg.

It looks like a very good study, and Mr. Andersen is suggesting, you know, cabbies are barely hanging in there. In effect, they are buying a job and slightly above minimum wage if they run it very effectively. Therefore, they certainly would not be happy, nor would the industry be very happy with what would appear to be an unfair advantage to a competitor. I wonder if the minister would comment on that.

**Mr. Findlay:** Well, let us put the whole picture out here. You talk about those numbers, yes, it looks like it is a meagre living, and it begs one question. Why has the street value of the licence gone from \$50,000 to \$85,000 while I have been minister? Somehow they are paying for it. There is a tremendous demand to get into the industry, so somewhere in the industry it is a lot more positive than \$7 an hour.

We need a number of cars out there for public service. There has to be enough to satisfy the demand, particularly in peak hours, and I think the industry works hard. The image being presented is getting better and better, but the strong demand is there to get into the industry. What they pay is incredible for a taxicab license, so there is a strong indication there that somebody who is viewing it says, I want to get into that industry, I can do better than what that report says, if those numbers are completely factual.

In balance, the board, I believe and I will say it again, does a good job, has done a good job, is continuing to do a good job of making sure the industry evolves and develops its customer service, reliable from the consumer point of view and the rates, everything is administered properly and they have safe cars on the road. Those are all issues that are important to us in government with regard to the industry in promoting Winnipeg and Manitoba.

\* (1520)

**Mr. Jennissen:** Is the minister suggesting then that he does not agree with the Arthur Andersen study, that at the high end, seven dollars an hour is too low?

**Mr. Findlay:** I just say it balanced. I cannot put the two solitudes together. If the income was so poor, why is the demand so high? I will have to accept the numbers are there, just like I am saying I accept what the Taxicab Board is saying, the two solitudes do not translate to something I can fully understand, if what you are saying is \$7 an hour is not an attractive wage for 12 hours a day, 365 days a year. To me, the value of the commodity to buy to get into that industry should go down, not up, but it has gone up dramatically. So there is some incentive elsewhere that says it is a good industry to be in, but I will never for a minute say that they are overpaid.

The strange thing is again that the member has not asked this question, but I think it was for six years there was no increase in cab rates, but none was requested. Then there was a request last year, and I think it was 15 or 16 percent. If you divide that over six years, it is a little over 2 percent a year. But there was no public negative comment on that so the general point is it had been a long time at stable rates. It was reasonable to go up that amount, but I would suggest to the industry they should go up reasonable amounts every year, two or three, as opposed to wait so long and then ask for a big increase. But it went up without public comment, so it went well, and I am glad that they got that increase. It helps them deal with that seven dollars an hour problem.

**Mr. Jennissen:** I agree with the minister then. In approximately seven years there has only been one increase. I believe it was last year, what was 14 percent, I believe. Certainly it seemed reasonable. It appears to be reasonable, but we could look at it from different angles though. We could also argue that the taxicab industry has shown admirable restraint by not requesting a rate increase. We could argue that because, you know, by regulation we have only a limited number of cabs, inevitably if there is any kind of economic activity in this city the prices will go up.

I would offer another possibility of why people are eager to get into this, being a former immigrant myself, I know sometimes how difficult it is to get jobs in another country, specifically if you do not always speak the language 100 percent, and maybe in a sense people are buying a job. It may not be the best job, but possibly it is the only job they can get at that stage. That might be another factor. I do not know if it is or not, but there could be a whole variety of reasons why cabs could be at the \$80,000 to \$85,000 range.

**Mr. Findlay:** Clearly, at an unemployment rate of five and a half percent, there are lots of jobs out there, and there are lots of opportunities for training, but there is another point to look at and that is that referring to people that come to this country, and maybe this is an industry as an entry level industry, to get a handle on the country, its customs and get started in a business that you can move on from. That has been expressed to me. It is an entry-level opportunity. It is a comfortable entry-level opportunity for people from some other

countries that allows them to move on into society more confidently after a period of time in this industry. There is nothing wrong with that.

**Mr. Jennissen:** Still, I wonder if the Taxicab Board—I do not in any sense wish to be negative about it—is aware that when you inject other licences into the system at a much lower price, it is going to affect the overall price of what your cab is worth. Therefore, it does erode the financial liability of the industry. Certainly, that cannot, in my opinion be, the intent of the board, but if you are focused purely on the public and giving them the best deal, then you might, in fact, be hurting the industry, and the end result being you are going to hurt all of us, including the public.

**Mr. Findlay:** Well, I would just say to the member that I am confident the board looked at all those dynamics in the process of making their decision and saw the strength of the value of the licence over the last period of time. I have already given the numbers, from 50,000 to 85,000, and the 2 percent addition of the number of cabs in an economy that is growing, with the number of people travelling growing, that it can be absorbed reasonably and responsibly.

I would assume that those were some of the elements of their consideration that caused them to make the decision that they made upon a request to the hearing that was held.

**Mr. Jennissen:** Would the minister admit that the person who does hold those nine licences that have been converted has reaped an enormous financial advantage? I mean, there is little doubt in my mind about that. I wonder if the minister would concur. Will it stop at nine licences or will it go to 30 or 20 or 40?

**Mr. Findlay:** Well, there is no other number than nine. There were only nine issued. That is it, over and done. There is no such thing as 20, 30, 40 or any other number. There was only nine. We have no idea as to what it cost that person in total to put that luxury cab in the marketplace and all those factors were in front of the board. They are intelligent people, responsible people. Some of them have been there for a fair period of time. They would not miss elements like that. I would not say whether anybody gained or lost, but I respect the process of making decisions. Decisions

have to happen day in and day out, and, over the course of my almost five years being in this job, I believe the Taxicab Board has made in balance some tough decisions.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

But I think that those decisions can be defended by them that in the course of ongoing business they were right decisions. I think a year from now we will look back, as these cabs enter the system at a buoyant time, it will be seen to be the right decision. Whether somebody made or lost depends on what information you have in front of you, but I think there were a lot of costs incurred over the course of time, it would appear, for the extra cab. He is required to keep it there for another year and allowed to only have the regulated rate that everybody else gets. So I would not say he came out ahead or behind.

**Mr. Jennissen:** Still I think we have to be fair on balance in the sense that, while it may be financially advantageous to one person, or tremendously so, because we are looking at nine cabs, maybe even three-quarters of a million dollars, maybe that high, what about the welfare of the 400 people that drive cabs and other people involved and families? I mean, it has to be balanced properly. I just feel there is an injustice there, or at least appears to be an injustice there. It might just be in my perception. I do not think so, because I have enough cabbies telling me there is something there. They are unhappy with it. Perhaps, if that has to be addressed, the Taxicab Board is willing to deal with spokespeople of, let us say, Duffy's and Unicity and other taxicab groups. Certainly I am not imagining this. There are some serious concerns about this.

My last question to the minister would be is the government really, in a roundabout way, attempting to deregulate the marketplace? In other words, to allow more cabs into the system. That, of course, then would lower the overall value of the cabs that do exist. I mean, it is always not done through the front door, but, in effect, it is being done through the back door. Is that a deliberate policy?

**Mr. Findlay:** No, we appoint the Taxicab Board, and they make the decisions in balance that they believe is right for the industry' as a quasi-judicial board, and that is what they are doing.

**Mr. Jennissen:** If the Taxicab Board, at some point, decided to deregulate the industry, let us say, totally, would there be any attempt made or would the minister push for attempt being made to compensate, to address compensation issues for those cabs already in existence? They are obviously losing a lot of investment.

**Mr. Findlay:** That is a speculative question that has no merit, and I am not going to answer it.

**The Acting Chairperson (Mr. Dyck):** Item 15.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits.

**Mr. Jennissen:** I just merely want to point out to the minister that I am not making this up. I am not suggesting for a minute that there is not an issue there. Too many cabbies are telling me there is an issue. I hope that the Taxicab Board is open and above board about all of this and certainly meet with the spokespeople that appear to have serious and grave concerns. I do not want to leave the impression that this is a manufactured item made to embarrass the minister or the government or the Taxicab Board. It is not a personal thing, but too many cabbies made an issue of it, and I think I have to raise it. It is a transportation issue.

**Mr. Findlay:** I appreciate what the member is saying. It is an ongoing industry that is always going to require a significant, strong hand on behalf of the board to be sure that there is fairness and equity on an ongoing basis. I am confident that that is the outcome of their decisions over the course of time because there are very competent people there. Many of them had lots of years of experience, and particularly with city police having Rick Brereton in there. That is a pretty significant individual to have there, so I feel very confident.

\* (1530)

**Mr. Jennissen:** Perhaps we could move onto a less controversial, light topic.

I would like to deal with some real issues. I apologize to the minister that yesterday I had to rush out to the airport, so I did not hear all of his comments

when I talked about private members' Resolution 40 on rail transportation in northern Manitoba. I was not trying to be impolite and rush away, but I just had to leave. I did read the minister's comments, and, yes, I think we all agree on that, that we have some work ahead of us in terms of resurrecting or bringing to some form of strength to the passenger transportation in this country. It certainly concerns us in the far North, or at least in the immediate north.

I want to ask the minister some questions, particularly about Justice Willard Estey's report. I had someone tell me yesterday that there was a preliminary report out on grain transportation across the country. Is the minister aware of such a preliminary report?

**Mr. Findlay:** We, as four western provinces, as four ministers, met with Mr. Estey on January 14, a very preliminary part of his process. Subsequently, we met with him again on April 21 and had good discussions with him in both cases. The four provinces have remained together in terms of the written presentation we made to him. We were involved in sourcing a consultant to help with the logistics review, which will be information that Mr. Estey will hopefully use in the second phase of his study. But he has released, I understand, and delivered to Mr. Collenette, his first phase of his study and will embark now on the second phase of his study.

We have just received a copy. Staff have had a quick look at it. I have not had a chance to look at their comments on it, but Mr. Estey has met the commitment of a preliminary report in phase one by the end of May to the federal minister, which is, I presume, now publicly released yesterday, but I have not had a chance to review it or staff's comments.

I think what he basically did—just a 30-second fly-by on it—is identify all the issues that were raised. He identified the issues, and the recommendations will come in his second phase. Again, hopefully, he will draw upon the technical assistance and help of the provinces in doing that process.

For a person of his age, he is an incredibly intelligent individual. Anytime you talk to him, you come away with an impression that this man has got control of what he is doing completely. I think he has made that

impression on everybody he has dealt with. So his report, the recommendations, will have a lot of merit because of the credibility of him as an individual to seek out all the elements, flesh out all the detail and assemble it all in his mind and come out with what he believes are reasonable and right recommendations.

I do not for a moment think everybody will agree with him, but I think they will at least recognize that in balance he believes these are the right things to do for the development of the industry on into the 21st Century. I think everybody out there who might have gripes all say it is time for a total analysis, review, and a new direction, but I know at the end of the day there will be vested interests that will say, well, it should have gone this way or should have gone that way, and everybody wants it to go his way. There are about 15 ways out there that different groups want him to go. But he has identified the issues, and now he will put some time and effort into the appropriate analysis he believes must be done to be able to come up with the recommendations as to how to deal with the issues that have been recognized.

He has met widely and broadly with the public at large, farmers at large, industry at large, four provincial governments, many organizations like the Wheat Board, railroads. So I think he has done a great job of the preliminary round, and we will be prepared to work with him as he works forward to try to put recommendations around all the issues that were identified.

A week ago last Friday, we met with the federal minister as ministers across the country, and, clearly, as four western ministers we stressed to Mr. Collenette that Mr. Estey is going through a very extensive review process, two phases. The second phase, targeted for the end of December of this year, will come with the recommendations, but the recommendations only have meat, in effect, if there is federal action on those recommendations.

That means that the follow-up federal action, oftentimes and most definitely in this case, will need legislative change which would take an awful lot of 1999. So we are looking well past 1999 for outcome of what Mr. Estey is doing. We expressed some sense of urgency that we wanted a commitment that he would

follow up effectively with the report and deal with the recommendations forthwith.

We said that on the basis of a previous review that was done by a grain panel about three years ago, appointed by Mr. Goodale, again a pretty esteemed group of people from across western Canada, and they made some strong recommendations for change in the industry. The report got set on the shelf and nothing happened. That was most disconcerting to people in the industry, that a good report was put together, some new direction was identified, and there was total inaction at the federal level.

So we do not want the same to happen here. Mr. Estey is also concerned about that, so we are going to keep pushing for his report to be implemented in a fashion that is fair and reasonable.

**Mr. Jennissen:** Well, I can certainly relate to reports sitting on shelves. Specifically, the economic development report on northern Manitoba was a wonderful report. They interviewed just about anybody and their dog that moves in northern Manitoba, but I do not know that too much has happened to many of those mightily good recommendations. So, yes, I can sympathize with that.

I also read the minister's notes from January 14 to Justice Willard Estey, as well as Judith Bradley's [phonetic], and certainly both gave, I thought, excellent presentations.

I do have a book here from Saskatchewan. It is Investing in Transportation. It is dated last year. Andy Renaud—I do not believe he is the Minister of Transportation anymore in Saskatchewan but was then. On page 25, I could just read a little blurb and get the minister's comment on that: A 1996 study commissioned by Saskatchewan Highways and Transportation estimated that producers in western Canada could obtain a net saving of about \$3.5 billion in transportation costs over 20 years by owning the federal hopper car fleet. It would be extremely difficult to capture many of those savings without producer ownership of the cars.

I raise the topic because I have also heard the deputy minister wax quite eloquent on it. I was surprised he

was that involved with that issue. He seemed to know a lot about it. It kind of struck a chord, because I know it is certainly discussion among farmers. So could the minister comment on that? Would those savings be realized?

\* (1540)

**Mr. Findlay:** I do not see how. I am a farmer too, and what we are promoting in the Estey review is accountability in the whole process, grain companies, Wheat Board, railroads, terminal operators, who want accountability, contracts, commercial contracts that assess accountability where somebody does not meet the shipping commitment.

We are really talking an awful lot about a customer pull process, so just pick an example. Let us say a customer in Japan was buying a boatload of canola. He would contract with the terminal operator. He would load this boat in July of 1998. A terminal operator, through the various avenues available to him, would contract right back to the elevator system for the collection of that from the Prairies. The elevator then would deal with the farmer to be sure it is in the system. The elevator company would deal with the railroad contractually to be sure that the grain in their elevators got through the rail system to that terminal at appropriate timing so it could be there to load the ship. We think that is the accountability, efficiency process, a commercial contract system that will work.

But I do not see how owning the cars in all of that makes that thing work any better. The principle behind owning the cars, well, we can save this kind of money. I think you save it by a faster turnaround. Well, if you have commercial contracts in place and the railroads own the cars, they have a vested interest in making them work, making them turn around fast, making sure they do not sit on the rail sidings or sit loaded at the Vancouver end, that there are contracts that make those cars be kept moving in the system.

Right now if you bring a carload of barley to a location in Winnipeg and they decide they have not got enough room in their facility, they can leave it sitting on the track for three weeks, two months. It makes no sense.

Now, if the farmers owned them, how would they be able to make that work any better unless there are contracts between all the players and there are penalties involved in doing that? I have said to the industry, the people looking at owning them, you have to strike contracts with the railroads. If the railroads do not fulfil contracts, you are into disputes. These rail cars are already old. Some people would say they are old technology, they are too heavy, they are not big enough. The new generation of cars are bigger, more efficient. As you have to repair and replace those cars, you have got capital upgrade costs. It will eat that three and a half billion so quickly your eyes will blink. I just do not understand the dynamics of how that will make the system work better.

Why should the farmer have to invest money in the system? Let the railroads invest; if they want to run their business, invest in their own capital infrastructure. The farmers invest in their machinery on the farm; the elevators invest in their elevators. But keep each distinct so down the road a farmer, let us say, in Manitoba in particular, be it good, bad or indifferent, there is going to be more and more of their commodities moving by truck. There has been over the last few years and will continue to be, because they are not going to be shipping through Vancouver. It is too costly. They are going to be shipping to hog plants, to feed mills, to feed lots, to processing plants like in Harrowby or Altona or Can-Oat at Portage. That is where a lot of the value is added before it ever sees a rail car. I just do not see what the advantage is of owning those cars.

As one of the issues identified by Mr. Estey, he sees it as an issue. It has certainly been raised out of Saskatchewan, but I say as a Manitoban, I question whether there is any real strategic value in owning those cars. I really, really do. I think farmers are better off to invest in granaries, aeration in their bins or bigger trucks than into rolling stock on the railroad at which at the end of the day, I do not know how they can have any greater say in the way the system is operating. A commercial contract with penalties, to me, is the best discipline there is. That is it.

**Mr. Jennissen:** Just to finish with the Saskatchewan booklet for just a minute, one other point that was raised in this booklet that came up was that modern

logistics practices can improve competitiveness and would save us a lot of money. One thing that struck me was, and I quote, for example, a Just in Time logistic system was a major contributor to Japan's economic growth, and I do not deny that.

But on the other hand when I read, the people talk about sustainable development and less environmental damage, they are kind of condemning of Just in Time logistics, because they argue that it puts more vehicles on the road more often, less warehousing, more greenhouse gas emissions. I sometimes wonder if we are not going counter to directions. [interjection] Yes, going thataway actually.

**Mr. Findlay:** The answer is yes and the answer is no, and I will say why the answer is no because we have in the process of this Estey process, as four provinces, got together and commissioned an outfit to do a modern logistics study. We think there is a lot to be gained in that logistics study, and, yes, the industry is in a Just in Time principle.

In the front door, out the backdoor, all timed and maybe that is why the trucking industry is making gains on the railroad industry. They are better able to fit into that principle. But that is the way society is too. I mean, you go to the grocery store, you want fresh milk there. You do not want one that has been sitting there for three or four days; you want it to have arrived that day. That is, again, another aspect of Just in Time that meets a lot of demands.

Whether that is counterproductive to gas emissions, greenhouse gases, probably it is. I have read reports that would indicate that hauling by truck produces a lot more gas emissions than hauling that same tonne that long distance by rail. So the federal government on one hand is saying we have got to reduce greenhouse gas emissions, such gasses by 19 percent between '90 and the year 2010. At the same time we are making sure we are getting rid of all those rail lines. So, you know, they are going in both directions.

Just considering what I just said, they are counterproductive. Now I think before you make a rash decision like maybe I might have made, let us look at a whole pile of other factors. How does it all come together in balance? Does it all fit over the course of

time? Does Just in Time system create somehow reductions in costs and if our reduction in emissions—well, on the surface it may look like they are increasing. So I think that it is important, the whole package of issues we looked at. But I tell you, we are halfway, almost halfway, between 1990 and 2010, and we are still on the increase in terms of greenhouse gas emissions instead of starting to get a handle on them.

There is talk about much more cost-efficient engines, rail engines and truck engines that will reduce emissions. The same applies to a car. I mean, this Ballard fuel cell concept is part of that game. To just look at a little bit of information, sometimes we draw pretty strong conclusions that will not meet the overall test of time, but we are in a Just in Time society and economy in Canada and globally. I do believe the logistic systems that have proven themselves in certain commodities and certain countries need to be looked at here. Will they fit here? Do they work here? Because we do have to reduce cost in order to be competitive, but basic producers of raw commodities, whether it is wheat or ore or lumber, it has to get a fair return or he does not stay in business. If the basic producer cannot stay in business, then the whole system loses.

So there has got to be overall balance in how the economic system works, and it is in a rapid evolution right now. Hopefully that is an answer, but it is a bit rambling, but it is an interesting time in which we live.

**Mr. Jennissen:** Well, the answer is not as rambling as some of the positions the federal government takes, that is for sure. They ramble off, they gallop off madly in several different directions at the same time. There is no doubt about that.

I was going to ask the minister about Paul Tellier of CN who has stated that market forces must govern Reform Grain Transportation and Handling System. In fact, that is one of his favourite themes. He said the same thing when we were trying to save the Sherridon line. It was always market forces and American shareholders and so on. But what might make sense to the bottom line or to the shareholders, if you look at it strictly from an accountant point of view, it might not necessarily be good for a region or for northern Manitoba for that matter.

So I know I am getting into a bit of an ideological area we could talk about forever. But at what point do we counter the Paul Tellier's and say, yes, that makes sense part of the time, but there is also such a thing as nation building, there is also such a thing as regions that you may have to give preferential treatment to. So we cannot always say market forces dictate everything or ought to dictate everything. I mean, we have to be very careful about that, I would suggest.

If we use that same logic, you would not want to run a train to Pikwitonei because there are not enough people there obviously; yet, if you think a little deeper, a little more strategically deeper in the sense of long range, then you know that northern region has tremendous potential. Maybe if you hang in there and get those trains working and you do the proper marketing, eventually they will be very profitable. They are just not profitable now. Using the Paul Tellier logic, you cancel them, you cut it, you sell it, you scrap it, you give it to China.

\* (1550)

**Mr. Findlay:** Mr. Chairman, I think Paul Tellier's principle is working, and I will tell you why. Paul Tellier and CN, for whatever reason, decided they wanted nothing to do with the northern lines. That was no secret in the years preceding the announcement that they were going to offer it for sale. We advocated to them that if you do not think you can make a business case out of this, at least open it up for tenders to anybody that might be interested to try to make it work. Lo and behold, there were some interested parties, and OmniTRAX became the successful bidder.

In the discussion yesterday, I think the member opposite indicated that there are more positive things happening now in that rail line with a vested interest now operating it. In terms of opening up the North, we think there is unbelievable opportunities. I mean, that is why we promote the prospecting business like we do to find new finds of all kinds of ores that can be mined and processed in northern Manitoba and shipped to the world. Forestry, in terms of the investments that have taken place in more recent times, has been fantastic. There are opportunities there.

Certainly OmniTRAX is looking at north-south trade. The northern segment of the north-south corridor here

is from Churchill down into the northern states. That does not mean only Canadian product is going through Churchill. Maybe there are options, competitive, financially viable options that product can move to European or northern Russian markets through Churchill.

So I think OmniTRAX, again, with the market-driven principle and is the only principle they can function with because they invested their shareholders' money and are expecting a return over time, sees a whole new vision that CN did not see as a Crown corporation. Now CN as a private company has a whole different vision of things. I do not think it is any secret that railroads are streamlining their business interests so that they can increase their efficiency and increase their profitability and serve their customers better than they have in the past.

I think CN's recent purchase of Illinois Central and striking commercial arrangements with two other railway networks in the southern U.S. and into Mexico is a clear indication they see strategic market opportunities of north-south trade from Canada, when their system that collects like a funnel and feeds down through the Chicago area going on south through the Illinois Central system. The Illinois Central System is a pretty strong railroad, and CN, a Canadian company purchasing an American company? Most interesting. But I think they are strategically positioned for the north-south trade that we are going to get more and more involved in with the emergence of Mexico and Central America.

There are untapped opportunities that I think are rather immense, and as a carrier they see that opportunity. That is all part of the north-south trade corridor principle that we promote. Sure we promote the road, because that is the public entity, but I think the railroads are promoting theirs, and that is a good combination between the road and the rail of doing that.

So I think the market system works. I think it works very well. It is the system that has evolved the world very efficiently, and that is why we are so far ahead vis-a-vis Russia in what principle they tried. Now they are trying to market principle. I think I have said this other times and places. The member has maybe already

heard it, but in 1991, I was in Moscow. I never thought I would ever be there, but it was a unique place to be. I probably would not want to go back, but nonetheless I have been there and done that sort of thing.

At a reception, a very senior deputy minister of the Russian government said to me there is only one government in the world. I said, who, U.S.? Who is it? He says, no, the international marketplace. I thought, my God, of all people to say that sort of thing.

You just think about it. It is what makes decisions happen. You take a million decisions, ten million decisions around the world by individuals all trying to compete and earn a decent living. That is a pretty effective government. You make five wrong decisions, 10 right decisions, and over the course of time a system and a path evolves. Big, small, it is all integrated over the course of time. Because if you make the wrong decisions, you drop off out of the picture. You make right decisions, you stay in the game. As governments and everything, we hope we make more right than wrong. You will always succeed if you make more right than wrong. There is no guarantee of success, but it sure motivates the soul. I think that is what makes Canada a strong country and North America a very strong competitor in global trade.

**Mr. Jennissen:** Well, I am not disputing the logic of that at a certain stage in human development at all. But it appears to me at the same time that it does favour the strong over the weak, and it does give advantages to some over others.

Historically in this country—I am sure it was not purely for monetary or market reasons—we drove railroad lines across this country. We had other visions that were, I think, much more global and were not necessarily a balance sheet vision, so I think there is certainly a place for the marketplace.

I do not know how important it is, but sometimes there are other overriding factors. Poorer regions of Canada, neglected regions of Canada, sometimes they need a helping hand. We cannot simply use the same logic. I would apply that same thing to telephones. It is easy when you have, not a captive market, but a very concentrated market like Winnipeg. Again, if you are in Tadoule Lake, that is a different matter. If you have

to pay for a telephone what it actually costs you, if you are using only strict market principles, that is a different matter.

**Mr. Findlay:** I agree with the member, because we just made an announcement yesterday that is exactly along that line, keeping in mind the Tadoule Lakes of the world. The market principle works. We have got 70 percent lower long distance rates. We have got lots of competition. We have got service choice for the consumer. But, at the end of the day, the cost of delivering services to the smaller communities, rural and remote, is higher than delivering the services in Winnipeg. So you cannot force one service provider, in this case MTS, to go to all these small communities and have to spend—let us pick a figure—\$80 a home when their return is \$10. You eat the \$70; meanwhile, come back to Winnipeg and compete square on with the AT&Ts and the Sprints of the world.

What we are saying is all those service providers have a responsibility to contribute to that extraordinary cost at Tadoule Lake. That extra \$70 has to be paid out of a fund which they all contribute a certain element of tariff to for every service delivered. Then MTS and all Stentor companies are on a level playing field with the AT&Ts and the Sprints of the world. Strangely enough, I am told AT&T supports that principle. That is good.

But this is a Canadian concept of how the stronger regions should help the weaker regions in some matter of policy. That is what governments are here for: to develop the policy that helps the market system work, so that it does not disadvantage those that certainly have—in the case of telecom or transportation—a distance-related disadvantage.

The people in Toronto make a living off the mining in Flin Flon. There is no question about that, but they do not recognize it directly. I think they have a right and responsibility to be sure that the people who live there and extract that raw resource have a fair and reasonable opportunity to all the telecom services and transportation services that are available. So our system evolves. Yes, it is market driven. But we are here to help be sure that the Canadian policy of the weak being helped by the strong in a country that is far flung and has got many strengths and challenges—I will

not call them weaknesses—but just challenges, to deal with. We have done that pretty well as a nation over the course of 130 years.

I think the principle we put forward here of a contribution fund with everybody contributing—I know some people say governments should contribute, but I think that is not dealing with the issue properly. Let the service providers contribute. Then everybody comes out in a win-win situation for reasonable quality services today at, what we will call, respectably affordable rates.

*Mr. Chairperson in the Chair*

**Mr. Jennissen:** Yes, to continue with railroads again, especially that northern section, the Bay line. Some concern, of course, that Churchill, which is the northern terminus of that, hopefully not just the Bay line but the whole trade corridor in mid-North America is having some difficulty with Akjuit, I think, at the moment. That rocket range is not doing as well as we had hoped it would do, and I do not know if that would impact on the viability of that railroad or not, but it is certainly a concern we have.

I am just wondering if the minister would outline for us what the province has done with respect not only to dredging the harbour, what other costs we may have had to make Churchill and the Bay line a functioning unit. I know that we are involved at some levels, and I believe dredging the harbour is one of them.

**Mr. Findlay:** In concluding the overall OmniTRAX deal, certainly they purchased the track from CN, and they took ownership of the Churchill port from the federal government. As part of that transaction, some \$34 million were committed for port improvements of which \$6 million is provincial money towards dredging of the port and the rest is federal money. So that is the agreement that was signed. We felt it was reasonable for us to contribute in that component of the overall package. We did feel that it was a federal responsibility, federal jurisdiction, and that they should contribute it all, but at the end of the day we committed \$6 million to facilitate in the dredging operation to improve the viability and the competitiveness of that port, as we do believe it will expand and grow—and I do not think with one-way trade. I believe the two-way

trade possibilities are fairly real there, no matter what is coming in. In some cases you could think ore could be coming in there and coming into northern Manitoba for various smelters, and that opportunity surely should be there. All kinds of products can move out.

When you deal with countries, and, I think, particularly Russia, you cannot always be selling to them. You have to be buying from them in some fashion. There has to be two-way trade or they will not have dollars to buy with.

I have heard also comments that maybe phosphate rock could come through that and get to the fertilizer plants in Alberta more cost-effectively than hauling it across North America or from Florida around through the Panama Canal and up the West Coast and across the Rockies. All kinds of opportunities exist if you have a well-run business through the Port of Churchill. I think OmniTRAX has got the incentive to develop a well-run business.

\* (1600)

**Mr. Jennissen:** Certainly the minister is correct that, if backhaul was possible on that Bay line, it would make a big difference, and we had hoped at one point Voisey Bay, but that seems now an impossibility. However, I have talked with Mike Ogborn—[interjection] Never say never, true, of OmniTRAX and I guess they call themselves the Hudson Bay Railway now, and they seem to be actively engaged in the former Soviet Union, Russia, negotiating about acquiring ore that would then come back through that rail line. I hope that that will work.

The question I was going to ask the minister: have we had any direct input in Akjuit, attempting to save it or the rocket range, or is that a dead issue?

**Mr. Findlay:** Well, Akjuit was a principle that I think back six, seven, eight years ago was very aggressively developed and pursued by, again, the private sector. They have done a lot of work. They have had help from this government through Industry, Trade and Tourism to get the business case up and running. I know they worked hard to try to contractually do business with various companies in the U.S. that launch rockets. It is clear that in the telecommunications

industry, low, low level orbiting units are part of the future telecommunications. There is a lot of business there.

It is disappointing that Akjuit was not able at this time at least to put it together. I would not say that the issue is dead. It is certainly in some level of suspension right now, but you never know what might just lie right around the corner, because all the principles that were espoused as to how Churchill was a very attractive place to launch in terms of number of days that were clear sky and the fact that there was not a lot of population close by so that the stages of the rockets could fall down without causing an impact on people and all that sort of thing. All of those advantages exist.

In the early stages, clearly the rail line was critical. It had to be there for getting the rockets up there. I would suspect it is not good news for OmniTRAX that Akjuit is not—or its successor is in some level of suspension or abeyance right now, but again I say: never say never. You never know what opportunities, who might see it as a further opportunity, is able to pick up the ball and make it work. I think the principle is still there, and the advantages of Churchill being a rocket range are very real. Some investments certainly were made on the site. Those investments are not lost. The physical structure is still there, so we will wait and see.

**Mr. Jennissen:** One last question on rail transportation. Again, we did talk to some extent yesterday with regard to private member's Resolution 40 about rail passenger transportation in northern Manitoba. Are there any initiatives by this government, or does the minister have any initiatives to put some more pressure on VIA to simply take us to the middle of the 20th Century with their service up North?

We are still, you know, dealing with service. As the minister knows, I do not want to beat it to death, but it is just not acceptable in terms of trains being 12 hours late, having to phone New Brunswick to find out whether the train is two miles down the track or not, and they never have a clue. It is most disconcerting for us. We feel like we are dealing with a system that belongs properly in the 1880s, not the 1990s.

**Mr. Findlay:** Well, I will take us back to the discussion we were having 20 minutes ago about

market principles, the private sector and how it makes things work. We have seen Crown corporations. CN could not make the rail line work, did not want to. OmniTRAX comes along, the private sector, I think the probability of making it work is a lot better than it was.

VIA is a Crown corporation and somehow or other they cannot get the message that they are not going to get business if they do not supply an adequate level of customer service, some reliability. They just do not seem to want to deliver a level of service that makes people want to use the rail. I think there is a certain psyche in Canadians that they do not want to use rail, and I think it is driven by poor, poor service, repeatedly poor service. Reliability is not there.

I think there was some interested parties over the course of time that maybe thought there was a business case there. Whether they ever made offers to VIA, I do not know, but there was interest and maybe if they were operating it, they could make it work. Whether they made offers to VIA, I do not know, whether the federal government said no, or even maybe had the offers made to them, but there are people saying there is a business to be done in rail transportation of people across this country in any and all ways.

Tourism capability through the North and up to Churchill is fantastic, particularly with foreigners. If Canadians do not want to go there, at least foreigners do, but VIA will not capture that, does not want to make the effort to make it work. If I was to do anything, I would be promoting that VIA should be privatized, then it would put the onus on somebody who was prepared to make an investment and they will make it work.

Right now it seems that VIA cannot be cajoled, twisted, pushed into saying we have a responsibility to deliver a better service. That is unfortunate because I cannot imagine the communities along there with that level of poor service. You do not know whether your train is going to be this hour or 12 hours from now. That is unbelievable in this day and age. Just with telecommunications alone, you can be more accurate than that.

I mean, the member for Thompson (Mr. Ashton) made the comment, well, you can phone down there;

they say it is between here and there, and they really do not know where it is. That is stupid. Why can they not see that as being an irresponsible level of service? So I am just telling you personally here, I think if it was privatized you would see a better level of service. That is a personal point of view, and I do not think the federal government will listen to me anyway so I am free to say it.

\* (1610)

**Mr. Jennissen:** Yes, I certainly tend to agree with the minister that something is amiss there that needs to be changed. I cannot figure it out either. It just seems impossible for me to comprehend that I can be in Cranberry Portage trying to get on a train and have to phone New Brunswick and they say, oh, it will be there any minute now, and it could be 12 hours, it could be six hours. There is no way you can figure out where or when. It is just very frustrating, and then, of course, it discourages you from train travel and that is a further negative.

But apart from that, though, I believe the province could do more with tourism or could promote it more. Maybe I am sounding like I am promoting a bad railroad or bad passenger service, but, you know, we feel that if we put a lot of emphasis on tourism, perhaps the government should put a little more effort into that Bay line and the Sherridon line. Very few tourists travel the Sherridon line, again, because of bad service.

I do not know how you would address it because the alternatives that we have proposed also do not appear to get off the ground. One of them has been this railbus from Cranberry to Pukatawagan. We had talked about this ad nauseam. The former MLA from Flin Flon, Jerry Storie, was a heavy proponent on that, as well as the chief of Pukatawagan and others, and even Ron Duhamel supports the principle, but when we try to get it off the ground there was always some red tape or some reason or some safety consideration, whatever, it does not work.

Sometimes I throw my hands up in frustration and say, well, why do we not just give OmniTRAX the right to run a rail car or a passenger car and maybe stick it on with freight? I do not know, but there has got to be a

better way in this day and age than what we have got up there. It is just not working.

**Mr. Findlay:** I do not disagree with the member. I cannot see why a railbus should not be a very viable option, a railbus that carried not only passengers but small freight and all that sort of thing that had a greater capability to be responsibly on time, reasonably on time. Maybe OmniTRAX, in some version, will strike a deal with somebody that would put that kind of business in motion.

Otherwise, I am no different than the member opposite. I went up to The Pas, I think it was about 1995, when the federal government had this review on rail transportation in the North. There was Duhamel and Harper who were the co-chairs and we made presentations. We talked about all these sorts of things, reliability of service, railbus, whatever, try something, but what we have got there now is not working.

I do not know what shelf it is collecting dust on, but nothing has taken place since then. They had this round of meetings, and it made me feel that maybe it was an impetus for some motion and nothing took place. So frustration still is here, and I have not seen them come back and enter that discussion again whatsoever. Maybe OmniTRAX and some partnership or somebody doing a business deal with them will put something in motion that will work there, because there are people that have been looking around to see where there are business cases, how things will work.

With the kind of service VIA is offering, the competition with them is you are going to win 19 times out of 20, because if you provide a better, higher quality level of service, you will get the passengers.

**Mr. Jennissen:** Then sometimes I wonder if it is not deliberate strategy by VIA to get out of the system. I mean, by offering bad service, you can do that. I have often felt that way about CN trying to run down the Sherridon line. I mean, they simply did not service the line at all. Then they run it into the ground, and then you have a good excuse to dump it and say, oh, it does not work anyway. There are go-slow orders there for most of the stretch; 15 miles an hour is about your average. Well, yes, maybe it is a deliberate strategy, I

do not know. It is just voicing some frustration here, I guess. The minister is fully aware of that.

I wonder if we could move on now to trucking. The minister seems to be very knowledgeable about that subject. I do know there are quite some extensive changes that have taken place over the last decade not only in terms of larger and bigger trucks and more axles and so on, but the need possibly for better road surfaces. Certainly a total shift in direction in terms of trade flow from east-west and north-south. I guess that must have some major repercussions for us down the line in terms of highway expenditures, perhaps safety regulations—I do not know—thickness of road surfaces. I do not know, but I am sure that as we move into a highly modernized technological age, trucks are part of that. We are perhaps dealing with road systems, certainly in that area, 50, 60, 100 years old almost and maybe not designed for the changes that are happening right now.

**Mr. Findlay:** I can probably talk for 20 minutes easy, but I will try to keep it much shorter than that. Certainly, our road substructure or road surfaces and bridges 30 years ago were built for truck weights of those days, which were 40,000 to 50,000, kind of. Today you are running B-trains, 138,000 with eight axles, and there is pressure and requests to go longer trucks and heavier weights. We are not likely to be able to respond to that anywhere in the near future.

The major system where our truck traffic is highest, of course, is what we identify as our national highway system which is Highway 1, Highway 16, the Perimeter and Highway 75. By no means is it exclusive where the problem is, but that is where the majority runs. That network I just mentioned makes up about 800-and-some kilometres, about 5 percent of our system, 5 percent of the total provincial system. As I mentioned in my opening comments, approximately 25 percent of our provincial expenditures go into that system every year. I mean, suddenly we are rebuilding interchanges where maybe the bridge is showing stress and strain. It is resurfacing. We did a lot of resurfacing, because all the truck traffic does wear out the surface in the driving lanes particularly.

We have spent \$100 million in little over 10 years in four-laning Highway 75 going south, which is fantastic

that we got it in place now with the growing north-south traffic. We have some 700 trucks a day clear through the Emerson-Pembina crossing there. There is only one busier crossing in all of western Canada and that is in Vancouver. There is no question a lot of trucks are funnelling out of the U.S., up I-29 into Canada through Highway 75, and a lot of trucks funnelling out of Canada down that direction into the U.S.

We are certainly, as I said earlier, challenged to try to have efficiency on the road. We have improved certain aspects of moving through customs there. We have joint inspections with North Dakota and with Minnesota now, I believe. The trucking industry wants more harmonization between Canada and the U.S. and between provinces to reduce the barriers. They want to load a truck in Montreal and move it all the way to Vancouver without dealing with differences in provinces between weights and lengths and the mentions in hours that they can run on the road.

The unfortunate thing is in talking with trucking companies and with truckers themselves—and before I went to the ministers' meeting, I had a meeting in my office where we asked, I think, a dozen truckers, just guys that were on the road and heard their points of view on what were the challenges to the trucking industry. There are a few, but generally speaking things are going reasonably well out there, but clearly the trucking companies and the truckers say in answer to this question: if you are loaded in western Canada and you are going to eastern Canada, how do you get there? The instant answer is: to the U.S. as fast as we can. They have no desire to go around the northern route, the Trans-Canada route north of the Great Lakes.

That is bad news for us. It is not a recent thing that has happened; it has been going on for some time. Roads are better in the U.S.; fuel is cheaper; and they run the U.S. route. They will come back up into wherever they want to come; whether it is Sault Ste. Marie or Windsor or Niagara Falls, they will come back into Canada. If they were going from Vancouver to Montreal, they might run the whole stretch in the U.S. and all the business associated with that will occur in the U.S. That is most unfortunate. So those are some of the challenges we have, and we address this with the federal minister and say that we as provinces are going

to have to focus on our north-south routes because that is where the growth in movement is, as the member opposite has mentioned, as opposed to east-west, which is the connecting link of Canada constitutionally and you as the federal government have the responsibility.

At the conference held last week at the University of Manitoba for National Transportation Week, Dr. Barry Prentice identified that the truck volumes, truck numbers east-west versus north-south, north-south is now 50 percent higher than east-west, which is a fairly significant figure. It is just again reflecting more of what is going on. So just quickly that will give you some analysis of what I think, what the department, I think, we all feel the same thing. We have incredible challenges to keep up with the needs of the trucking industry, tremendous growth in jobs there, tremendous growth in trade activities. Our trade to the U.S. has gone up from—gone up pretty well threefold since 1990. It is up over \$5 billion now, and a heck of a lot of it moves by truck.

\* (1620)

As I mentioned, the pre-emptive move by CN to buy Illinois Central is, I think, trying to recapture some of that long-haul north-south movement, and I hope they are successful at that because the more we can get on the rail, the less impact in the roads. We still do the trade north-south. So I do not think any province is immune from this challenge. We met a little over a week ago as provincial ministers with the federal minister, and we all talk on the same problems. Demands are way beyond our ability to deal with them, and we are forced to concentrate, as I have already mentioned, on our major network because we cannot allow it to fall apart; otherwise, everything else is poorly served. This issue is not going to go away. The challenges are dumped on our lap by federal decisions, and they just keep increasing and do not decrease. So just broad, sweeping general comments.

**Mr. Jennissen:** But there are still, I believe, some irritants or some problems that have to be ironed out. There always will be. I am thinking particularly, if I recall correctly, there was some talk about the United States imposing—what was it?—visa requirements or at least some stiffer ways of getting across the border, and that would create problems. I believe as well that in

terms of NAFTA there are problems once you get to the Mexican border. I believe you have to unload onto Mexican trucks, and, as well, the technologies are different. I believe, if I am correct on this, on some of our border crossings, our technology is a little bit more sophisticated and can speed things up a lot more than some of the American technology, in fact. So I guess there is a lot of harmonization, not just of truck dimensions and weights and so on, but also other things that need to be addressed.

**Mr. Findlay:** Yes, there is continued movement on harmonization. Another issue is cabotage in the U.S. There has been a little bit of give on that at their side. I think we are allowed now to haul into Mexico to certain mileage before you have to transload. You used to have to transload on the U.S. side. Things are opening up slowly but steadily. The visa question: I do not think we have it in writing, but we are led to believe that, with the Canadian-U.S. border, there will be ways and means or revisions made so there is not the negative impact. They are trying to deal with their other borders.

That is their target, not our border. We were originally in the broad sweep, but we are given reasonable assurances—and I think it was reiterated by the federal minister that there were some reasonable assurances that the issues that we are concerned about on the Canada-U.S. border will not happen. Boy, it is very important if it does. I think it will hurt more Americans than it will Canadians; nonetheless, it will hamper trade and increase the cost of trade, and it will be totally regressive.

So I feel comfortable, you know. I have heard it a couple of times through directly myself and through other ministers that the issue will be resolved before anything comes into action.

**Mr. Jennissen:** On March 21 of this year, the Manitoba Trucking Association had meetings in the city, and one of their concerns was the ARTAC road system and Winnipeg not being compatible with that. Is there any way that will be addressed? It is obviously the city's responsibility, I suppose, but is that being tackled? I think it was Mr. Dolyniuk who was pointing out that you cannot be a world-class city and talk about

being a transportation hub and then not have the capacity to allow the ARTAC system within the city itself.

**Mr. Findlay:** Clearly, it is an issue. We have our designated ARTAC routes, so trucking companies will say: do not build a trucking company depot in Steinbach. He knows that he has an ARTAC route from his front door to wherever he wants to go. You take a trucking company in Winnipeg, say one of them that built along Route 90. They have a permit that they continue to run ARTAC weights in and out of the city at least to the Perimeter.

There has been no issue. Nothing has happened to cause any impact, but the trucking companies and ourselves continue to be nervous that somebody in this city at some point in time could say, yes, we are going to pull all the permits. I do not know why they would do that, but that potential is always there. So we certainly, as a province, have advocated, I as a minister have advocated. It would be so much better given the tremendous number of jobs in the trucking industry and our trying to be a transportation hub and talk about multimodal, intermodal activities. We have to be seen to be very friendly to the trucking industry in terms of our rules and regulations at least being on a level playing field with other jurisdictions.

There have been meetings, there have been discussions, particularly between the Manitoba Trucking Association and the city, about this issue. They tend to move it forward at times, but it never gets to a conclusion or it wanes for awhile. We are slightly nervous about it. Certainly the trucking industry, when they make investments, are nervous about it, but nothing has happened to create a negative impact in the industry other than this little bit of ongoing nagging doubt as to whether they will ever have ARTAC routes or whether somebody will make a decision on pulling a permit that has been in place for a long period of time. So progress continues, hopefully, but there is no absolute light at the end of the tunnel.

About three months ago, I had a discussion with a city councillor who said, yes, we are going to get it done, there is no reason we should not. But it still has not been done, so it is somewhat disconcerting. Again, I emphasize that they have done nothing to cause us to

be concerned with the ongoing viability of what is currently in place, just not long-term comfortable, that is all.

**Mr. Jennissen:** One other concern that was identified by some members of the Manitoba Trucking Association at that meeting on March 21, I believe it was, was that they thought that the hours of service allowed to truckers were horribly out of date. I believe it is, what, 12 hours or 13 hours a day now. I presume they wanted to extend that. Are these numbers of hours set provincially, or is this a federal matter?

**Mr. Findlay:** Mr. Chairman, hours of service have been a bit of a complicated issue over the course of time. There are different hours, different jurisdictions. There are federal hours for interprovincial trucking, and we as a province have adopted them for trucking within the province simply for harmonization. But the Canadian Council of Motor Transport Administrators and Transport Canada are looking at different means of administering hours of service from the standpoint of efficiency for the trucker and the truckers and to be sure we consider safety on the road for other road users.

There is a simplified formula being proposed that I think that CCMTA is actively looking at. When I talked with the truckers that I mentioned awhile ago, about three or four weeks ago, there was some strong desire from them to have the system that was more simple and straightforward and, therefore, more easy to live within the rules. The hours of service that are being discussed are 14 hours maximum per day on the job, 10 hours off, a maximum of 70 or maybe up to 84 hours per week with a mandatory 24-hour reset. That is a more simplified system than all the existing regulations with caps and reset hours that currently exist.

The truckers say for travelling through different states and through different provinces, and they have different rules—like, my log book, I can hardly keep my log book up to date with where I am at, and I might get caught sitting in Michigan for 48 hours. It is not very efficient. I would sooner be back home. So thinking about the more simplified system, I have not heard anybody speak against it to this point. I think it respects truckers'

needs. I think it respects safety on the roads in terms of fatigue, and the truckers said they believed it would work and it promoted the opportunity to be home at least once a week and an adequate reset.

\* (1630)

The issue for me is, you can say you have a maximum 10 hours not in the truck each day and a 24-hour reset, but you cannot guarantee that the people sleep or rest at that period in time before they get back on the road. Everybody in the trucking industry is very safety conscious, promotes safety, and they know it is incredibly important to their industry in the eyes of the public at large that they be seen to be promoting safety not only to the kind of rig that they run but in terms of the driver behind the wheel. We are all doing that, and I think that the considerations for hours of service right now are a reasonable step to further improve safety on the roads.

**Mr. Jennissen:** As I drive north, I drive by some possible locations for weigh scales, but they do not seem to be any nearer to completion. As I read some reports, I also read that in the near future it is possible that we can dispense with weigh scales altogether. There are electronic ways of reading information, scanning it from the truck itself. How close is that to reality?

**Mr. Findlay:** Mr. Chairman, for enforcement purposes, we are still using only the static scale, because that is the only reliable information that will stand up in court. There are weigh-in-motion concepts out there, but they are not sufficiently reliable at this point in time. We have used some inroad installations for electronic screening to monitor weights on trucks. Accuracy is not 100 percent, but it would indicate to you if there is an increased frequency of loads that appear to be running overweight. You can bring a scale into the area and then do your enforcement that way. So it is a scanning device at this stage at best and not one that we can use for enforcement. It does not mean that the technology will not improve over the course of time, but at this stage it is not deemed reliable enough for court.

**Mr. Jennissen:** Does the minister have any statistics handy on inspection of trucks that are overweight?

How many trucks in the past year were overweight?  
Perhaps a breakdown on those statistics—[interjection]

**Mr. Findlay:** He asks the questions; I answer them. You just pay attention.

Total number of vehicles processed in '96-97, 375,000; number overweight, 1,273, so a very small portion. 1997-98, 364,000 vehicles processed; 1,293 overweight. I can give other categories if the member is interested, but those are the numbers for overweight.

**Mr. Jennissen:** We have limited time, Mr. Minister, and also some of my colleagues want to ask some questions on roads, so I want to sort of bring this to a close.

I have one other area I would like to look at briefly. It again comes from the Saskatchewan pamphlet I discussed earlier; that is, Saskatchewan talks about expanding trucking partnership. If I could just read a little bit of this. We propose to expand the trucking partnership program. This program encourages the use of larger trucks and heavier loads but only under controlled conditions which improve safety. Under the program, the province works with the private sector to design overweight or overdimension truck-haul systems for moving commodities. Experience has shown that trucking cost-savings of 20 to 30 percent can be achieved through the trucking partnership program.

This, apparently, once fully implemented, would generate somewhere between \$10 million and \$20 million annually for highway improvement projects. This money is put into a transportation partnership fund where the revenues received are going, I believe, into innovative directions for improving transportation, transportation systems, perhaps even road systems, I do not know. It sounds like a very interesting direction to go, and I am wondering if we are contemplating anything similar in this province.

**Mr. Findlay:** Yes, Saskatchewan has had that partnership process in place, I think, primarily in the lumber industry where they sign an agreement with a company to run overweight trucks. They calculate what the incremental damage is to the road by the heavier truck, then calculate, as the member has indicated, the increased gain for the company, and they

share in that increased gain in revenue. The company pays extra for running those extra weight trucks through the province which then theoretically should be using that money to further upgrade the roads that are impacted, because these extra weights will impact the roads and cause them to deteriorate faster.

We have actually done that kind of arrangement with Regal Feeds on a piece of road that was within one year of being reconstructed, and they wanted to run heavier weights. We said what the incremental damage will be, we struck an agreement on what that would be, and they paid it. We are in similar discussion with companies in the oil industry and Moose Lake Loggers about being able to run extra weight loads. We will be compensated for the extra impact on the road, and they will increase their efficiency and productivity which is a positive for them.

\* (1640)

We hope that, of course, that would make them more competitive in dealing with their industry; it is under discussion. Clearly if you run extra axle weights, extra truck weights, there is impact on the road. So there is the cost, the lifetime of the road will be shortened, and you have to come back and rebuild it sooner, and you have got to gain some revenue from that process to do it. That is what Saskatchewan is doing and what we are doing in isolated cases and will do it on a broader basis once we feel we have a policy that adequately reimburses us for our extra cost.

**Mr. Jennissen:** I wonder if we could switch gears a little bit and head into some safety and licensing issues. From May 18, for a period of two weeks, there was a vehicle inspection program in the city and, I believe, beyond the city. I am looking at the headlines. I am fully aware that the press sometimes exaggerates things somewhat, not always in our favour. I do have the Winnipeg Free Press of May 27, 1998, saying: Lemons lurking on city's streets. Then in the same Free Press on May 23: 80% of cars on road have safety problem, spot inspections find. I think the Sun on May 27 has the headline: Blitz dings trucks: Major defects found. And so on.

Would the minister care to comment on that? Are things worse than they were before?

**Mr. Findlay:** Well, Mr. Chairman, a number of things are taking place, a number of initiatives are happening to stimulate better vehicles, safer vehicles on the road. As the member surely is aware, you know, we instituted a PVIP, Public Vehicle Inspection Program, that requires that all vehicles on sale or change of ownership outside of family go through a safety inspection. Over 100,000 vehicles a year in Manitoba go through that process.

Annually we have what is called—it is a North American blitz—the CVSA, Commercial Vehicle Safety Alliance. It has a three-day blitz. It happened in Manitoba here at the beginning of June. We as a department have inspectors out who can deal with things that can happen on the road, can stop vehicles and do an inspection. We have trained city police and RCMP people to carry out the programs that the member is referring to that have been reported in the Free Press. That started two years ago—I am not sure if it was three years ago—two or three years ago it started. It had not been done before. I think it is a very good idea to do that. It will pick off some vehicles that—you know, they target the vehicles—pick a vehicle that is obviously likely to have some problem with it, and that is good. Why not? Somebody is out there with a vehicle that is not up to spec, let us pick him off. It sends a signal that you better get your vehicles up to spec or you are subject to be caught in a blitz or caught in a spot inspection that you may not want to be in.

So the member asked, is it better or worse? My understanding, generally speaking, about the CVSA or the inspections in the city here is that it is slowly getting better, but they are pretty strict, and sometimes they say it is out of service. It may only mean a brake adjustment or a headlight or a turn signal light that is out. It is not that seriously difficult a thing to change, but if you are out operating on the road, you should have all your equipment operational. I think it is important to continue to do this.

\* (1650)

I also strongly support the stop check, spot check that they do at Christmastime. It should be done more often during the year. I think that the RCMP did it last weekend, or is it the city police? It was done in and around Winnipeg here a week or two ago. Again, it is a Christmastime process. It is a very good idea. It was

done on a Friday before the long weekend maybe, in May. So it is good to do that to send a signal to the people that it is not acceptable to drink and drive. It is not acceptable to drive without a licence. It is not acceptable to drive a junker.

Some legislative changes that we have done as a government, the Stolen and Wrecked Vehicle Initiative is being done across the country. We are one of I think it is five provinces in all that implemented the legislation, again to prevent us from being a dumping ground for these stolen and wrecked vehicles that are put back on the road and get a licence and away they go. We are making it very, very difficult for bad vehicles to be on the road.

So there are a whole series of initiatives that are being done provincially, nationally, with the concept of being sure that we have better and safer vehicles and more responsible operation of those vehicles. We certainly appreciate the ability of the police to put some man hours and some resources to the inspections they are doing. I want to reiterate to the member, they were trained by us to do what they are doing.

**Mr. Jennissen:** Mr. Chair, in January I received an e-mail message from a person, and he talks about the failure of the Motor Vehicle Inspection Program. I do not normally like to read fairly lengthy letters, but this one touches on a group of issues that seem to reach my office on occasion. It sort of summarizes a lot of other complaints that I have been getting. So, if you will bear with me, I would like to read that into the record and have the minister comment on some of the allegations that are being made, or some of the suggestions being offered.

It starts off with the following: I wish to draw your attention to the problem-plagued history of this program—meaning the Motor Vehicle Inspection Program—since it has been implemented in 1995. The January 6 segment of Buyer Beware on CBC 24 Hours highlighted another instance of inconsistent and erroneous inspection results that were obtained when a sample vehicle was submitted in several government-authorized and licenced inspection stations.

This experience was no different than the results that have been uncovered in past 24 Hours stories on this

program since its inception. In every case, including this one, the provincial officials' response is that the problem will be followed up and addressed, but as past and present history illustrates, this has not worked. I believe that the main motivation for the implementation of this program was to support the interests of the auto repair industry under the guise of protecting the public from unsafe vehicles. However, the public is not being protected from incompetent repair facilities and are left having to go from one repair facility to another in the hopes of getting an accurate inspection.

In the January 6 Buyer Beware segment, the provincial official interviewed indicated that the consumer must bear the responsibility of finding a competent repair facility. The government licensing and training process for inspection facilities is obviously a failure, if it cannot give the public an assurance of accurate inspection being performed by these facilities. The provincial government, in effect, is indicating that this program has been less than successful in that, they continue to provide a provincially staffed inspection station for consumers who are dissatisfied with inspection results from one of the privately run facilities. I say this is an admission of failure because why else would the government have the need to make this option available to the public if the private facilities were doing a satisfactory job?

I also believe that the provision and operation of this program should be returned to public jurisdiction and that inspections should be performed by provincial staff who have no benefit or profits to gain from the repairs that have to be done to the consumer's vehicle. In that way, the consumer could at least have some assurance of the objectivity of the inspection. In the present circumstance, the privately run stations stand to profit from the repairs that the consumer has to have performed in order to continue to drive their vehicles.

The government has had numerous opportunities to correct the problems with this program since its inception. What has been done to date has not worked, to the continued detriment of the consumer.

Now, the minister undoubtedly would wish to respond to some of those comments.

**Mr. Findlay:** Mr. Chairman, I will give some general answers to what the member raised, but I would hope that he is not promoting that we should just say to heck with it and put unsafe vehicles on the road. I would hope not. If that is the general inspiration for what we are doing, generally, we take the position that the registrar of motor vehicles should not allow a vehicle to be registered and insured without knowing whether or not the vehicle is safe and in roadworthy condition. That is a reasonable degree of consumer protection.

The PVIP program has in place across the province 900 stations with approximately 3,000 people registered to do that sort of inspections. The member says, well, let us go to a public system. Can you imagine how far you would have to drive to get to where we can afford to have the next station? The system we have is broadly spread, easily accessible, pretty well every community right across the province. If it was a government system, you would have a station in Winnipeg, one in Brandon, and one in Thompson, instead of 900 for easy public access all over the province.

This is not an absolute precise science. The member for Interlake (Mr. C. Evans) is close enough to the industry. He probably knows. You inspect, and the book says—and the book is pretty thick and has a lot of detail, but everybody's eyes are not exactly the same, and you say, well, should it be three-sixteenths on the brake, and it is just, you know, I know it is over or under. Now, the owner of the vehicle would love you to err and say it is okay. But two weeks later that is going to be under. Should you be fixing the brakes today, or when it fails when your teenager is driving it two weeks later?

\* (1700)

I hear complaints saying, oh, they err, they are all over the ballpark. But at the end of the day, if you had to do some repairs, you know you have got a safer vehicle. We work hard as a department to be sure that we deal with the complaints, and that is why we have got staff that will go out and deal with the customer complaints. We have got 109,000 inspections, and if we get one, five, 10, or 25 complaints, man, percentage-wise, we have got a tremendously well-functioning system. We are working with the

customers, we are working with the garages to be sure everybody understands what it is, what is expected of them, and try to improve greater level of consistency.

The CBC, for some reason, does not want to have any program inspection of cars. I would not mind some day just stopping over at CBC and just checking all their cars to see if they should be out driving on the road. We want safe vehicles throughout. The member opposite wants safe vehicles throughout. We have vested interests out there that do not want that, and I am not prepared to listen to their bogus arguments. The department works hard, the industry works hard, the Motor Dealers Association works hard. We all want safer vehicles on the road. That is why I said earlier I support all the inspection programs that are ongoing out there, which have multiplied.

One could say, well, it is terrible, all the bad cars out there. What are you going to do about it? Let them keep running and not do any inspections, or go out there and do some inspections and find out there are some problems, identify them, make them fix them and send the signal that it is not acceptable.

Just like speeding. You send a few tickets. You send the message. A few tickets, you send a message that it is not acceptable to speed; it is not acceptable to have overweight trucks. It is not acceptable to have bad brakes in your vehicles. It is not acceptable to have your turn signals not working. This is all part of promoting greater public safety and greater customer confidence in the system. It is why we brought in the Stolen and Wrecked Vehicle Program. I mean, we do a lot of initiatives. I will guarantee we will not be perfect in all of them. We will work to try to get better and better, but human nature being what it is, people will make errors.

But if you say that the brake is one-thirty-second over or under, it is not the end of the world. Should it have passed? Should it have failed? If it is close, I say you should fix it anyway, your own protection. You are the one behind that wheel. Do you not want reliable brakes when you get into a situation where you need them or good tires or turn signals that work, so that the guy behind with the big truck knows you are going to make a turn? If you do not have a turn signal and you slow down, he might run over you. That is kind of serious.

So it is your own person protection, public protection. We want safer, safer vehicles on the road.

We can drive down any street in the city, and I bet you we will pick out a few vehicles that we would suggest should be subjected to an inspection, but they are still out there, no matter what we do or how often we do it. I would suggest more and more inspections are important. We will never be perfect. I mean, even the ones that the police inspect, does anybody come around to verify that all their decisions are right? No, but I will bet you eight out of 10 or nine out of 10 are right.

That is pretty good from my point of view. We will always work to get better and better. The public servants involved here and the people in the garages all work to get better and better. The person who takes it in for an inspection is not required to get it fixed there. You have said, filling the pockets of the garage owners. The person has the right to take it elsewhere. There is one garage set up, I cannot think of the name, which does only the \$40 inspections—only. You have to go somewhere else to get it fixed, so he has no vested interest in saying it requires more repairs or less. He is trying to do it accurately and responsibly. If you want total independence, maybe that is the right place to go. A person has the freedom to go there, go where he wants. If he wants to go to another place to get it repaired, you have got the freedom to do that. It is consumer choice. But at the end of the day, I believe we are trying to improve consumer protection and safety on the roads.

**Mr. Jennissen:** I think the minister is fully aware that we are all in favour of safer vehicles. I do not think that we can ever get to a stage where vehicles are too safe, and, yes, there are a lot of unsafe beaters on the road, but it is not entirely a bogus argument. I will give the minister one example.

I will stop with that, because I got a call less than a week ago from a lady in Sherridon, Manitoba. Now, if I can just briefly give the example, and she is typical of many, she bought a '84 Buick Park Avenue in the city here in Winnipeg, for \$3,600. She felt the brakes were not right. The guy claimed he fixed them. She drove North, had a heck of a time, did not trust the vehicle, smelled carbon monoxide inside the vehicle, and did

not know what to do. She was fairly young. She phoned Autopac. Autopac said take it to the nearest garage in Flin Flon. She did. Either Flin Flon or Creighton, I forget. I think it was Flin Flon. The garage would not let the car out of the garage at all. He said there were major safety defects. I think she listed 28, if I am not mistaken.

She phoned the dealer back in Winnipeg who also inspects vehicles. Did not agree with the amount of money needed to fix the car. He sent a guy up who drove the car back. I mean, the garage would not really let the car off its own premises. Yet, here is a dealer driving it back. So on those 800 kilometres that is a dangerous car. Now, again, I am sure he is going to ding this young lady with a lot of extra bills.

Those are the kind of stories I hear a lot as well, and it just does not make me feel good. I wonder if the minister would comment on that. I mean, what would have become of this young lady. I mean, obviously we have got inspectors that inspect cars, driving unsafe cars to their own premises. I think it was over 800 kilometres roughly.

**Mr. Findlay:** The system that existed prior to PVIP was that that backyard operator was not required to do any safety inspections on the car. He did not have to certify anything; if you sold it out of a dealership, you did. We levelled the playing field. I do not know where this person bought it, from a small operator or a curbside or from a large dealership, but if she bought the car and had it registered in her name, she had to have a safety certificate. Did she have a safety certificate? If she did and it had all these problems, we have got an issue with that particular garage, and that is why we have the staff to deal with that. You know, phone DDVL, and we will have a person deal with that station, because, if he is doing that sort of thing, that is unacceptable.

So the issue is to find out, because that is how we make it better out there. We have suspended some. We have sent a message. Some have decided they want to sue us for that. Big deal. We are interested in public safety here, and that is how we track the bad actors down.

I mean, the car industry, a politician, used car dealers and lawyers have all gotten treated similar. I mean,

they do not have a lot of respect. There are still people out there who will take advantage of the vulnerable public, but, if she had a safety certificate and had all these problems, we have got somebody to target. So I would ask that some activity be taken to let DDVL know so that they can follow up on it if there was a safety certificate involved in the transfer.

\* (1710)

**Mr. Jennissen:** I am interested in speeding up, because I know the member for Interlake (Mr. C. Evans) wishes to ask some questions on roads. I will just ask one more question of the minister, at least at this stage, and that is multiyear drivers' licences. Are they in the offing? Because it seems to me that would make a lot of sense. You know, you pay for your driver's licence once in five years or three years, five years preferably. That I would think would be a good direction in which to be travelling.

**Mr. Findlay:** I must thank the member for that question, because it is an issue with me, and it has been an issue with me for a long time. I will tell about the frustration I have. There are 63 jurisdictions in North America that issue licences, only two that do not have multiyear licences. I would love to have a multiyear licence. In Manitoba you pay \$13 for the licence, and, if you had to pay it once every four or five years, the financial cost, say, four years, \$52, not that bad a hit. Everything is electronic today anyway, so if you lose your licence, suspended, it does not matter what paper you have got in your pocket, you can carry that licence for four years after a suspension. It does not mean anything, because the next cop who looks at it and checks the computer, it was suspended three and a half years ago. The paper does not mean a lot. It would be nice to have multiyear licences.

But you know what has been the problem is that every licence, we have through Autopac mandatory insurance that every licence carrier must hold, and there is good, legitimate argument why that is in place instead of insurance only on the vehicle, because often the vehicle is in an accident not because of what the vehicle did wrong but what the driver did wrong, and the driver may not own any vehicles. He drives out there quite irresponsibly because somebody else does all the repairs. He does not contribute anything to the

insurance. So there are good, legitimate reasons why there is a tariff on every licence, and it has been in Manitoba for probably ever since Autopac came in. Certainly for a long time that has been the case. It used to be \$35. I think it is now up to \$45. A recent PUB, I think a year ago PUB increased it to—

**An Honourable Member:** Tax grab.

**Mr. Findlay:** What? Tax grab? No, no. It pays the insurance on your vehicle. So you add \$45 a year for insurance plus \$13 a year for licence, and now you are paying \$58 a year. You multiply that by four or five for a multiyear licence, and now it becomes too big a hit. There would be public resistance to that, so they have asked for a process of payments every six months or every year, so you are still always going back and back.

I like the idea of multiyear licences. I wanted to have it implemented, but we ran into this roadblock. We felt that the combined insurance plus licence cost was too high for a person to pay, you know, \$200 in one shot, and that is where it is hung up. The principle is right, but we are complicated by the insurance aspect that is added onto the licence, and I would not argue against that because I think it is good to have it there.

**Mr. Chairperson:** Does the honourable member for the Interlake have leave to ask his questions from the front row? Leave? Leave has been granted.

**Mr. Clif Evans (Interlake):** Mr. Chairman, I appreciate the time that my colleague has given me here. I will ask the minister to respond to some of the issues that I am going to raise as he has done before, and that is by correspondence. When we talked during Estimates a few years back, the minister was able to provide—and I would like that again—but I would just like to find out directly from the minister on a few issues and let him know of a few road issues.

First of all, travelling in the past month, not only my constituency, but a few other constituencies, I noticed, of course, the potholes that we have in some of our roads. In my constituency, I can name you Highway 68 from Poplarfield to Highway 6, and also in the stretch between Teulon and Inwood on Highway 17. I was just on Highway 68 coming back from Dauphin yesterday,

and I really want to know what is the schedule that the department has to get that portion of 68 repaired?

There has been absolutely no work. I have been on that road 10 times in the last month between Poplarfield and Eriksdale and it is a disaster, an absolute disaster. Now, I can appreciate that the department has to deal with a lot of roads right now with the same situation, but nobody is seeing anything being done. Just last week I was called about the same situation, called about 224, going through Peguis, the same kind of situation where it has just gotten to the point that it is undrivable in some spots. I mean, coming back from Dauphin yesterday, I even had to slow down to maybe 60, 70 kilometres an hour.

**An Honourable Member:** That was the speed limit, likely.

**Mr. C. Evans:** No, the speed limit was 100, and it is not like me to have to slow down when it comes to trying to get to somewhere, but I am not being critical here. I am asking what is the schedule?

I noticed that at the Poplarfield yard, the plant was going, but people are saying what is happening with it? It is real bad. Of course, the trucks are still hammering it, and it has become a very bad safety situation, and vehicle-wise, too. I mean, we hit a few spots that were unmarked that I am sure that I will be having to check my shocks and that. That is not just for me, that is for everybody that travels that road.

**Mr. Findlay:** Well, certainly what the member has identified is, not that it will make him feel any better, but not unique to the roads. I will tell him some of the technical reasons behind why it is happening.

That has been an unusual year for road break-up. It is all over the province. There are not good reasons why in many cases, but it has just been a bad break-up year. I read a news release from Saskatchewan yesterday, where, you know, they called them golf courses, bad news all over Saskatchewan, too.

In dealing with 68, what you will see in the next two or three weeks will be such an incredible improvement over what you are seeing so far, is the break-ups happen, the potholes popped, and the department does

not feel it is appropriate to go back and put a patch in at this stage because there is moisture underneath in the subgrade, and they want the subgrade to dry out. They call it, let the subgrade heal, and they put gravel and calcium in, which, you know, the big trucks pop it out quicker than we would like. Once that subgrade is dried out, then they will come back with the permanent asphalt patch, and that is usually around about this time, about mid-June. That is why you see the plant running. The time has come that the subgrade has healed enough, dried out, that you put the permanent patch in without it popping out with moisture rising. So that is the technical reason behind it. I would like it not to happen, but it does happen. I have seen where they have put some of the permanent patches in.

You must appreciate I might drive 16 highway once in a while. Then they are out there in the last couple of weeks putting permanent patches in, not just filling in the hole, but cutting out a pretty big square. I think this year they have done a beautiful job, better than I have ever seen with the equipment they have got, doing a better job than ever in terms of laying it in nice and smooth, but it is deemed appropriate to do that after it is appropriately dried out so there is not moisture trapped that causes a further problem. So that is what is behind it. We are committed to do it, we must do it, and I think our staff basically do a very good job, but there are climatic limitations to how quickly you can do the perfect fix.

**Mr. C. Evans:** I certainly appreciate the minister's answer to that. It is also what I have been trying to say. I have called the department and have always had a tremendous response from the department when I do call to make these inquiries. But as the minister may or may not know, in most cases the technological explanation is not what they want to hear. They want it done, but I am certainly hoping that we can get at it as quickly as possible with those and, of course, all the other conditions, because I drove 68 right from Dauphin and I saw in Mr. Cummings's constituency, I said to my wife, it is like we are driving through the Interlake.

**An Honourable Member:** No special treatment.

**Mr. C. Evans:** No. So I know that it is a situation across the province. I would like to put the minister,

make him aware, I have written to you and you have responded about 326 from 329 north. I have been lobbied, and I have spoken about it in a few of our debates. I have requested that the department do a road count on that portion—

**An Honourable Member:** On the first five miles approximately?

\* (1720)

**Mr. C. Evans:** Right, right. Again, I have been lobbied by all the companies that are situated there, have expanded, if the minister would go back and see in Hansard that I have used these examples. The community area, the population has grown, the companies have expanded, so, of course, people have moved into the area. It is a direct line. That portion, of course, goes on to Arborg or turns east to go to Riverton, which is pavement, so people are going from pavement north on 326 from pavement onto this gravel. Not only does the community that lives there but the people that have businesses there use Riverton and Arborg as a source of services, so they travel that road an awful, awful lot. The request, I guess, is going to come from the area people, through me to yourself, to have a meeting with you to discuss that portion of the road and, of course, get the municipality onside.

In the meantime, their concern is a bit of upgrade and maintenance on that road. I can tell the minister through personal experience that it is—and I know there has not been any gravel as yet put on that portion of the road—extremely dangerous. It is very dusty. It is the type of—I am not an engineer, so I do not know the type of soil or gravel or whatever that is on it, but it is very, very, very dangerous. The communities are asking: is there something that can be done in the interim as far as that dust control and upgrading that road with maintenance so that it is much safer?

The truck traffic on that road, just to let the minister know, has increased. The volume of traffic has increased. People used to by-pass that portion of the road, except those that lived near there. Now, with the business that is there, the trucks coming from Virdi and from the other businesses are large, big trucks, and they transport, as I said in one of my debates, all across the United States and Canada.

So I am wondering if the minister can respond by at least saying that the department will go out there seriously, look at the situation, and, perhaps, even be so good as to stop in and talk to some of the businesses around there just to get it first-hand from them.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

**Mr. Findlay:** Mr. Chairman, I think I can make the member a little bit happier before the day is over. We have met with the people there, and we have a program started last year where all gravel roads over 250 vehicles a day will receive dust control. [interjection]

That road qualifies. It is up to 310 now, so it will be done and that means extra gravel and dust control vis-a-vis calcium. So it will be done this year. Dust control, plus extra gravel, so that part is coming. It qualifies on exactly the stretch, of course, that the member is referring to because there is a high-traffic volume. So overall there should be an improvement seen.

**Mr. C. Evans:** Thank you very much, and I am very pleased to hear that. I was going to ask about the program with the 250. Is the department undergoing any process right now to determine—and I, of course, have talked about my constituency, some of the roads that I have been coming to the minister about. I give you 234 going to Pine Dock. We have requested road counts on that road, not just at a seasonal time either, because of the new development, new resort, that was built just in Pine Dock.

Matheson Island has also a tourist attraction. In speaking to the ownership of that resort, they tell me that, of course, with their expansion there too, the car travel has increased also. There are tourists coming from the south or coming to Winnipeg and then driving up, and they drive pavement until they hit that road. Then they hit, boom, and end up at this beautiful resort, and they wonder. So I was going to ask the minister if, in fact, gravel roads in my constituency—the minister can inform me which roads are being looked at and considered for this 250 and, of course—[interjection] All of them.

**Mr. Findlay:** The road the member is referring to, 234 north to Pine Dock has traffic counts of 130, 180, 180, 150 at different points along the road, so it is fairly well

below 250. We will get the member a list of the roads in this constituency with regard to traffic counts— [interjection]

Yes, those that are going to be part of the 250 AEDT dust control program, so we will get you that. We think it works quite well. We are spending \$1.6 million on that province-wide. There is extra gravel and the calcium as I mentioned, so there is a fair bit of money being spent already. I would like to lower that down to 200, but it would escalate the costs. It is just a matter of money. It comes right down to that.

**Mr. C. Evans:** I said off the record, a little bit of prevention, too, and 200 would, of course, increase the cost, but overall I think with good maintenance and— [interjection] Just a few more questions. Can the minister—and if he cannot now, I would appreciate a response on the situation, the issue that Lake Manitoba First Nations Dog Creek brought to the department's attention a year ago about extending 419 into the reserve. I know that the department met. What is the status of that road?

**Mr. Findlay:** Staff inform me that they have met with First Nations people and with the federal government. There is a memorandum of understanding being developed on a cost-sharing agreement to extend the road. There is a right-of-way issue. If we are going to build a road, we have to have the right-of-way. That is fundamental. You know that. So the process is moving along with the federal government involved, sharing in the cost to get this done, so it is in process.

**An Honourable Member:** It is only 12 miles.

**Mr. Findlay:** Yes, but—[interjection] By the sound of things, things are moving along. It will not happen overnight, but things are moving.

\* (1730)

**Mr. C. Evans:** Because of time, I would ask the minister on record if he could, at earliest convenience, provide me with updated information from staff on the new construction of Highway 325, the condition and situation with Highway 329 from 326 west to 17, and, of course, Highway 8 from Gimli north, what the status on that road is. They are doing some work now on it

around Winnipeg Beach. Of course, the questions are always, well, you know, everything stops at Gimli.

I feel that is a very fair comment by the people who use Highway 8, the folks that go to Hecla, the people that go to Pine Dock, Matheson Island, people that come to Riverton, live in Arborg or Riverton. That is a travelled road. It does need some upgrading, so I would appreciate a response to that. I do not know whether my colleague from Dauphin is going to raise the issue, but I will just raise it very quickly with the minister. I received a letter today from a Lydia Rawluk, and I do not know if the minister has had a chance to see that letter addressed to him, with respect to the condition of 328 from Highway 6 west. It is about a four-page letter.

**An Honourable Member:** The St. Martin area.

**Mr. C. Evans:** Yes, from St. Martin. The road is just a little north of St. Martin and then goes straight west, goes to Waterhen and onward. I do not know whose responsibility, whether it is the Dauphin zones area, part of it, or my District 2 area. It is something that has been complained about and raised with me and others, and the member for Dauphin (Mr. Struthers) also. I am just wondering whether the department would take a look at that situation and see what can be done.

It also could become a very much travelled, more of a travelled road, I think, if the condition was better. You have all the population from the west end, you know, now having basically to go down to, I guess, 68 on the west side and then across. Then, of course, there are a lot of big cattle producers that are off that road. It seems like a desolate road in a way, but it is much travelled. I do not know what the road count is on it, but I would hope that the minister's department will address the letter and certainly address the situation. I cannot be sure whether the R.M. of Grahamdale and the Northern Affairs community and any R.M. or the First Nations community at the west end have approached the minister with this road or not, but I will certainly make sure that that process does occur.

So if a response from the minister on some of those roads—I will not keep him. I would just appreciate a follow-up on all the questions on the roads that I have asked so that I am aware.

**Mr. Findlay:** Mr. Chairman, just for the member's edification, traffic counts on 328, it is 160 at the east end, then it tapers off to 110; 50 in the middle; and it picks up at the west end 90 vehicles a day, so it is in that low category. But we will respond on all the roads mentioned with an updated written response as to where it is at. Highway 328 is a fairly long stretch of road, and I am sure what it needs is grade and gravel by the sound of it.

We deal with municipalities. We often ask, you know, you have got three or four or five requests, what is your priority? Because the best we can do is address the priority that is the most urgent. I am not aware of that having been raised to us, but we will review it, and anytime we are in discussion with the municipality in the area, which happens often because we deal with all kinds of requests for meetings, we will be sure to raise it.

As the member knows, Highway 6, a committee was formed last year to say where are the priorities on Highway 6, and that exists in many locations in the province. There is a committee of municipal officials all the way along giving us help, you know, work with us to help prioritize where the most urgent expenditures should happen. That happened last year and my response back to them wants them to do it in subsequent years. The target date is to do it by sometime in January so that it is information we have as we move into the decision in the next budget cycle.

**Mr. C. Evans:** Mr. Chair, just one final point and issue, and we are talking about the road counts and the 250 and the program that has been in place. I am just wondering, I did speak to a Grace Ponchon, who also wrote you a letter. She wrote on April 22 to you with respect to 233 from 17 going east.

Now, the Manitoba Pool elevator, the new elevator, is on that stretch of mile or so, or two. She talks in her letter about the health, the gravel and the dust, and I am hoping that the minister has responded to her. As of last week she had not heard anything from the department. I am wondering if that should not be seriously looked at for that program because of the elevator, because of the heavy traffic that goes down that road. I leave that with the minister and appreciate a response.

**Mr. Findlay:** We will respond.

**Mr. Chairperson:** Should I pass a few of the items?

**Mr. Jennissen:** Mr. Chair, I would like to ask one more question. Would it be all right if I asked one more question?

**Mr. Chairperson:** Yes, we have lots of time.

**Mr. Jennissen:** Then I think that would give us enough time possibly.

**Mr. Chairperson:** Okay.

**Mr. Jennissen:** I was happy to see the mayors meeting in the city here a while ago stressing and lobbying for the midcontinent trade corridor. I think that was exciting to see in Winnipeg. Also, it was interesting to see because of NAFTA, I guess, partially because of NAFTA, the need to upgrade our road systems. I was very interested in reading a bit of an article in the Winnipeg Free Press, Thursday, May 28, which was entitled: NAFTA forces the United States to update highways for surge in trade.

Apparently, the Intermodal Surface Transportations Efficiency Act, enforced in the United States since 1991, has put \$26 billion yearly into the transportation system in the United States, and now they are going to update this with the Transportation Equity Act 21 known as TEA 21. That is \$173 billion for highways, \$2 billion for highway safety, \$41 billion for mass transit. That is certainly an enormous amount of money and hard to sort of conceptualize, but we do not seem to be doing anything on that scale on this side of the border. I guess the final question basically to the minister is: how do we increase our effectiveness? How do we improve our lobbying efforts to bring the federal government on side to have the courage, the vision, the boldness, the money in place to make it happen on this side as well?

*Mr. Chairperson in the Chair*

**Mr. Findlay:** I will be quick. We certainly have addressed this issue with the federal minister, and I take it back to, I think I mentioned it earlier, way back in FDR's day, Roosevelt's day. They had the roads-to-

market concept. It led to the Interstates. I has led to the ISTEA. It has lead to TEA 21. They are investing heavily in roads in the U.S. It improves their competitiveness vis-a-vis us, and we have said to the federal minister: how can we compete in trade if our infrastructure is not up to a reasonable par with the U.S.? They are investing in improving. We want them to do that because of our north-south trade activity, but we have got to do something on this side.

In the letter we have just sent to the federal minister, we have identified that he seemed to understand that reality, and he has given some small indication that he feels that the federal government should be giving more serious consideration to doing something if we are going to make trade competitive with the U.S. regarding our road system versus their road system. So that argument has been used with him. I think he realizes he does not have a good argument to say he can continue to sit still as the big money flows in in the U.S.

This is a quick aside. Out of that TEA 21 money, the Alaska Highway and through the Yukon gets \$16 million totalling \$95 million of expenditure of U.S. dollars on a Canadian road because they have given up on the Canadian investment in that road. I wish they would think the same in Manitoba. We would get U.S. money up here. But at least we get it up to the border.

I think in that TEA 21, 38 corridors were identified as potential recipients, and this north-south trade corridor, I-29 and I-35, is in the top three. So it is a very important corridor. It is going to get some investment. It is good for us in one respect. I say, thank God we have got No. 75 up to Winnipeg done. It does not mean that our initiatives are done, but we have got to try to continue to try to keep up. So thank you.

\* (1740)

**Mr. Chairperson:** 15.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$465,300-pass; (2) Other Expenditures \$89,000-pass.

15.1.(c) Administrative Services (1) Salaries and Employee Benefits \$406,500-pass; (2) Other Expenditures \$278,000-pass.

**Mr. Jennissen:** Mr. Chair, just one question I believe, and that is on the addendum at the bottom, the footnote No. 2: Increase due to implementation of government-wide desktop (computer work stations and related software) management strategy. Just for my own information, is this related to the Systemhouse project?

**Mr. Findlay:** Yes.

**Mr. Jennissen:** The various parts of the department where this is happening, that would be approximately \$600,000, the cost? That is what I have added it up to.

**Mr. Findlay:** Staff says 598, so very close.

**Mr. Jennissen:** Sorry, it is short of my 601.7, but I am sure my math needs a little fine tuning, I am sure. Would anybody that is involved with computers for the department be involved in losing a job possibly because of this initiative?

**Mr. Findlay:** There are two SYs involved. One staffperson was redeployed back into the department and another staffperson took a job with SHL.

**Mr. Jennissen:** I am by no means a computer expert, but are those systems that are in place or being into place now, are they going to be year 2000 compliant?

**Mr. Findlay:** Yes.

**Mr. Chairperson:** Item 15.1.(d) Financial Services (1) Salaries and Employee Benefits \$643,400—pass; (2) Other Expenditures \$230,700—pass.

Item 15.1.(e) Human Resources Services (1) Salaries and Employee Benefits \$786,000—pass; (2) Other Expenditures \$243,800—pass.

Item 15.1.(f) Computer Services (1) Salaries and Employee Benefits \$1,606,600—pass; (2) Other Expenditures \$634,100—pass.

Item 15.1.(g) Occupational Health and Safety (1) Salaries and Employee Benefits \$149,000—pass; (2) Other Expenditures \$66,400—pass.

Item 15.2.(a) Management Services (1) Salaries and Employee Benefits \$381,900—pass; (2) Other Expenditures \$58,000—pass.

Item 15.2.(b) Operations and Contracts (1) Salaries and Employee Benefits \$1,558,900—pass; (2) Other Expenditures \$531,600—pass.

Item 15.2.(c) Bridges and Structures (1) Salaries and Employee Benefits \$1,958,600—pass; (2) Other Expenditures \$369,300—pass.

Item 15.2.(d) Transportation Safety and Regulatory Services (1) Salaries and Employee Benefits \$2,709,200—pass; (2) Other Expenditures \$692,900—pass.

Item 15.2.(e) Regional Offices (1) Eastern Region Office (a) Salaries and Employee Benefits \$2,281,700—pass (b) Other Expenditures \$490,400—pass; (2) South Central Region Office (a) Salaries and Employee Benefits \$2,191,500—pass; (b) Other Expenditures \$563,900—pass; (3) South Western Region Office (a) Salaries and Employee Benefits \$1,927,300—pass; (b) Other Expenditures \$481,000—pass; (4) West Central Region Office (a) Salaries and Employee Benefits \$1,576,500—pass; (b) Other Expenditures \$407,200—pass; (5) Northern Region Office (a) Salaries and Employee Benefits \$1,333,400—pass; (b) Other Expenditures \$394,800—pass.

15.2.(f) Winter Roads \$2,000,000—pass.

15.2.(g) Other Jurisdictions (1) Gross Expenditures \$2,465,000—pass; (2) Less: Recoverable from other appropriations (\$1,000,000)—pass.

15.2.(h) Planning and Design (1) Salaries and Employee Benefits \$1,680,600—pass; (2) Other Expenditures \$488,200—pass.

15.2.(j) Northern Airports and Marine Services (1) Salaries and Employee Benefits \$3,231,500—pass; (2) Other Expenditures \$2,395,000—pass.

15.2.(k) Materials and Research (1) Salaries and Employee Benefits \$1,646,000—pass; (2) Other Expenditures \$532,000—pass; (3) Less: Recoverable from other appropriations (\$1,049,200)—pass.

15.2.(m) Traffic Engineering (1) Salaries and Employee Benefits \$798,700—pass; (2) Other Expenditures \$264,500—pass.

15.2.(n) Policy, Planning and Development (1) Salaries and Employee Benefits \$1,780,800—pass; (2) Other Expenditures \$574,600—pass.

15.2.(p) Driver and Vehicle Licensing (1) Salaries and Employee Benefits \$11,320,500—pass; (2) Other Expenditures \$6,112,600—pass; (3) Manitoba Public Insurance Cost-Sharing Agreement \$4,653,800—pass.

15.2.(q) Boards and Committees (1) Motor Transport and Highway Traffic Boards (a) Salaries and Employee Benefits \$358,700—pass; (b) Other Expenditures \$191,300—pass.

15.2.(q)(2) License Suspension Appeal Board and Medical Review Committee (a) Salaries and Employee Benefits \$236,400—pass; (b) Other Expenditures \$99,100—pass.

15.2.(q)(3) Taxicab Board (a) Salaries and Employee Benefits \$319,600—pass; (b) Other Expenditures \$96,900—pass.

Resolution 15.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$59,104,700 for Highways and Transportation, Highways and Transportation Programs, for the fiscal year ending the 31st day of March, 1999.

\* (1750)

15.3. Infrastructure Works: Operating (a) Maintenance Program \$58,180,200—pass.

15.3.(b) Mechanical Equipment Services (1) Salaries and Employee Benefits \$6,741,400—pass; (2) Other Expenditures \$16,436,800—pass; (3) Less: Recoverable from other appropriations (\$23,178,200)—pass.

15.3. Expenditures Related to Capital (c) Construction and Upgrading of Provincial Trunk Highways, Provincial Roads and Related Projects \$105,100,000—pass; (d) Aid to Cities, Towns and

Villages \$1,300,000—pass; (e) Work in Municipalities, Local Government Districts and Unorganized Territory \$3,190,000—pass; (f) Rural Municipal Bridge Assistance Program \$400,000—pass; (g) Other Projects \$3,600,000—pass; (h) Less: Recoverable from Capital Initiatives (\$5,000,000)—pass.

Resolution 15.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$166,770,200 for Highways and Transportation, Infrastructure Works, for the fiscal year ending the 31st day of March, 1999.

We will now be moving on to the Minister's Salary. At this time, we ask the staff present if they would take their leave. We would like to thank them for coming to see the committee at this time and for all the great work in the past years, too.

15.1. Administration and Finance (a) Minister's Salary \$26,300—pass.

Resolution 15.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,625,100 for Highways and Transportation, Administration and Finance, for the fiscal year ending the 31st day of March, 1999.

This concludes the Department of Highways and Transportation.

Is it the will of the committee to call it six o'clock? [agreed] The hour being six o'clock, committee rise. Call in the Speaker.

**IN SESSION**

**Mr. Deputy Speaker (Marcel Laurendeau):** Is it the will of the House to call it six o'clock? [agreed]

The hour now being six o'clock, this House is adjourned and stands adjourned until 10 a.m. tomorrow morning (Thursday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, June 10, 1998

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