

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 25 May, 1981

Time — 10:00 a.m.

**OPENING PRAYER by Mr. Speaker.**

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** Presenting Petitions . . . Reading and Receiving Petitions . . .

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

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

**MR. WARREN STEEN:** Mr. Speaker, I beg to present the Fourth Report of the Standing Committee on Statutory Regulations and Orders.

**MR. CLERK, Jack Reeves:** Your Standing Committee on Statutory Regulations and Orders met on May 19, 20, 21, 22 and 23, 1981 and heard representations with respect to the Bills before the Committee as follows:

No. 17 — The Medical Act.

Dr. W.B. Ewart, College of Physicians and Surgeons.

Dr. Sybil Shack, Manitoba Association for Rights and Liberties.

Ms. Eleanor Dawson, Manitoba Health Organizations Inc.

No. 18 — The Pharmaceutical Act.

Mr. George B. McCoy, Manitoba Pharmaceutical Association.

Ms. Shirley Seidel, Manitoba Health Organizations Inc.

No. 20 — The Registerewd Dietitians Act.

Ms. Shirley Seidel, Manitoba Health Organizations Inc.

Ms. Elizabeth Hamilton, Dietetic Association of Manitoba.

No. 21 — The Physiotherapists Act.

Ms. Shirley Seidel, Manitoba Health Organizations Inc.

Ms. Shirley LePers and Mr. David Balfour, The Association of Physiotherapists of Manitoba.

No. 22 — an Act to amend The Architects Act.

Mr. Jim McFeetors, Manitoba Association of Architects.

No. 25 — The Registered Respiratory Technologists Act.

Ms. Shirley Seidel, Manitoba Health Organizations Inc.

Mr. Barre Hall and Mr. W.C. MacKeen, Manitoba Association of Respiratory Technologists.

No. 40 — An Act to amend The Chartered Accounts Act.

Mr. F.W. Betton, Mr. D.A. Thompson, Q.C. and Mr. O. Gilmore, Manitoba Institute of Chartered Accountants.

No. 47 — The Interior Designers Association of Manitoba Act.

Mr. Paul Zaidman, Association of Canadian Industrial Designers/Manitoba.

Ms. Margaret Stinson and Mr. Abe Anhang, Interior Designers Institute of Manitoba.

No. 19 — An Act to amend The Veterinary Medical Act.

Dr. Blaine Thompson, Manitoba Veterinary Medical Association.

A written brief was submitted and distributed to all members with regard to Bill No. 25 — the Registered Respiratory Technologists Act from Ms. Shirley LePers, The Association of Physiotherapists of Manitoba.

Your Committee has considered Bills:

No. 17 — The Medical Act.

No. 18 — The Pharmaceutical Act.

No. 19 — An Act to amend The Veterinary Medical Act.

No. 20 — The Registered Dietitians Act.

No. 21 — The Physiotherapists Act.

No. 22 — An Act to amend The Architects Act.

No. 25 — The Registered Respiratory Technologists Act.

No. 40 — An Act to amend The Chartered Accountants Act.

No. 47 — The Interior Designers Association of Manitoba Act.

And agreed to report the same with certain amendments.

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

**MR. STEEN:** Mr. Speaker, I move, seconded by the Honourable Member for Radisson, that the Report of the Committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

### ORAL QUESTIONS

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

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker, my question is to the Deputy Premier. It's now been several weeks while we have been awaiting advice as to whether or not Manitoba Hydro has pursued the questions which it raised with the firm of Aikins MacAulay, questions which were unanswered. Can the Minister now advise whether or not Manitoba Hydro indeed has followed up and has attempted to obtain the answers from Aikins MacAulay to the questions that were posed in their letter of April 17 pertaining to the circumstances of the provision of legal opinion or legal statement, whatever you call it, to Manitoba Hydro by one Steward Martin?

**MR. SPEAKER:** The Honourable Minister of Energy and Mines.

**HON. DONALD W. CRAIK (Riel):** Mr. Speaker, as I have indicated in the House before, the matter between the client and their solicitor will be pursued in that usual manner. They have been apprised of the feelings of the House on some of these matters. I have had no information back from them at this point in time that I can impart to the House.

**MR. PAWLEY:** Mr. Speaker, since it appears that the House may very well terminate this week, can the Minister assure us that we will indeed be receiving some response to these questions prior to the conclusion of this session?

**MR. CRAIK:** Mr. Speaker, I will provide the information to the House if I'm provided with it by Manitoba Hydro and if the House is sitting. If not, I presume the member will have to pursue it in the manner that has been pursued before, that is at the next sitting of the House, or in the event that Manitoba Hydro wishes to make a statement of their own which they do from time to time, then presumably the information will come about in that manner.

I'm reminded of the fact, Mr. Speaker, that certain information was achieved by the Member for St. Vital by contacting the utility directly and getting a reply directly back from Manitoba Hydro, so I suppose that is also an alternative that may be pursued in this case if Manitoba Hydro wishes to pursue that. Again, I want to emphasize that a great deal of the information that has been forthcoming from the utility has been directly from them.

**MR. PAWLEY:** Mr. Speaker, since we've been waiting for some three weeks to a matter that has been of great importance within the Chamber as well as elsewhere throughout the province, can the Minister advise why there has been such silence and such a delay on the part of Manitoba Hydro in indicating yes or no, whether they will be pursuing the unanswered questions that were posed to Aikins MacAulay, which Aikins MacAulay invited Manitoba Hydro to obtain the answers to by simply communicating directly with one Steward Martin?

**MR. CRAIK:** Mr. Speaker, of course we've discussed this on several occasions before. The member is perhaps correct when he says it has been a matter of great interest to this House. It certainly has been to the Leader of the Opposition, there is no doubt about that. But let's again be reminded of the fact that the position has been taken that the proceedings between the client and their lawyer remains in that forum. They have indicated certain interest in following and pursuing some of these things. That is where it will remain; they're not going to be instructed, certainly by me as Minister, as to their course of action because they have not been instructed in the past either.

**MR. PAWLEY:** Mr. Speaker, then further to the Minister, can the Minister advise whether or not he was informed at any time as to the reasons given by Mr. Steward Martin for his terminating his contract with Manitoba Hydro to provide legal services to

Manitoba Hydro during the time of the Tritschler Commission Report? Can the Minister inform us as to the reasons that Mr. Steward Martin terminated his services with Manitoba Hydro?

**MR. CRAIK:** Mr. Speaker, I think all you have to do is, if the document we received, and apparently it is one that came from that person, I'm sure that the Leader of the Opposition, if he really wants to analyse his question that he's asked, all he has to do is read the document and also read the eighth page of the document which conveniently, or otherwise, was not tabled by the Opposition when they tabled the first seven pages.

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

**MR. PAWLEY:** Mr. Speaker, is the Minister prepared to permit us to find out from Mr. Steward Martin himself the reasons that he terminated his services for Manitoba Hydro?

**MR. CRAIK:** Well, Mr. Speaker, I know that what the Leader of the Opposition really wants to do is to be able to say that the utility will be instructed to follow a certain course of action in their legal matters. I've said from Square 1 that the utility engages their legal advice, whoever they may be, they deal with them, they perform all other aspects of their legal matters with them as in the normal client-solicitor relationship and what they do and what they advise, they are aware of the proceedings of the House. Information that comes back to them will be made available if and when it's received.

**MR. PAWLEY:** Mr. Speaker, can the Minister advise why he is skirting around so extensively in respect to simply advising or recommending to Manitoba Hydro re these matters pertaining to Steward Martin? While, on the other hand, the Minister had absolutely no compunction, no reservation in ordering the deletion . . .

**MR. SPEAKER:** Order please, order please. Order please. I find we are now getting into a debate rather than seeking information. If the honourable member has a question I would entertain his question.

The Honourable Leader of the Opposition.

**MR. PAWLEY:** Mr. Speaker, the question is quite clear and straight. Why did the Minister not apply the same criteria in his arranging for responses to these questions that we've been posing. Has he applied, pertaining to the criteria which he exercised in exercising his ministerial role, in regard to the tribute to Len Bateman in the 1979 Hydro Report?

**MR. CRAIK:** Mr. Speaker, the Leader of the Opposition now, either is displaying his real lack of awareness of how the system operates for a utility or a Crown Corporation reporting through a Minister; either that or he is deliberately trying to mix the apples and the oranges up at once. Mr. Speaker, in the latter case the Tritschler Inquiry had been sitting as a Commission of Inquiry under all the powers of the Act that were given it for its inquiry purposes. The person in question, the former chairman, had got into extreme difficulty with the commission in the

presentation of his testimony to that Commission of Inquiry and at the time of the production of the annual report the commission had still not reported. It would have been entirely out of order, Mr. Speaker, for there to have been reference, with regard to one of the more controversial matters before the commission to have come out under the authorship of the Board and of the government, Mr. Speaker, in fact at that time.

I want to remind a former Minister that knows very well that those reports that come through a Minister are only official when they are tabled in this House. It would have been highly inappropriate at that stage for a Minister to table a report that contained comment on a matter which was still of significant controversy before a commission which had not yet reported, Mr. Speaker, and that is entirely the reason for the action that was taken. It has no relationship whatsoever about what a Crown corporation does in its dealings with its lawyer.

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

**MR. SIDNEY GREEN:** Yes, Mr. Speaker, I'd like to direct a question to the House Leader. I wonder whether the House Leader can ask that all members of the House give consent at a certain stage during our proceedings today where members of the House can pay tribute to the passing of a great Canadian in the person of David Lewis, the former Leader of the New Democratic party. I certainly would want to participate in that but I would like to do it in turn and in sequence with other members of the House.

**MR. SPEAKER:** The Honourable Deputy Premier.

**MR. CRAIK:** Mr. Speaker, I would like to just say that perhaps at the end of the question period if we didn't feel at this point in time that it took the form of a ministerial statement from the government side, we felt as well that a tribute ought to be paid at some period possibly at the end of the question period today.

**MR. SPEAKER:** The Honourable Member for Inkster with a supplementary question.

**MR. GREEN:** Mr. Speaker, I did now want to ask a question if I may.

The Deputy Premier has indicated that after question period with the agreement of all parties we will be able to participate in such a tribute, I wonder if I now may have leave to ask a question.

Yes, Mr. Speaker, I'd like to direct a question in the absence of the Minister of Agriculture to the Minister of Natural Resources. Might the people of Manitoba assume that the rather dull and gloomy weekend for recreationers spells good news to all of the people of the Province of Manitoba relative to both crop conditions and forest fires?

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

**HON. HARRY J. ENNS (Lakeside):** Mr. Speaker, I thank the Honourable Member for Inkster for giving me this opportunity of acknowledging the bountiful rain that fell upon our province over the past few

days. Mr. Speaker, perhaps it is indicative of the message that is getting through even to our city cousins that despite a weekend that was otherwise spoiled by rain for those who were on the golf links, I've heard nothing but acknowledgement from radio announcers, from people that got caught in the rain in the golf links, all recognizing that this rain was indeed timely and it has saved us multimillions of dollars in the current forest fire suppression that is underway. We have been able to control virtually all the fires, some 38 fires currently burning in Manitoba and will considerably reduce our outlay in that expenditure and, of course, I share the optimism of all our agricultural community in the fact that this rain is so timely, the germination is there. I think we have every reason to be optimistic for an excellent crop.

**MR. GREEN:** Mr. Speaker, I thank the honourable member for his answer. I regret that he has tinged it with some suggestion that we urban people do not appreciate the benefits we get from the prosperity of our rural population. As a matter of fact, Mr. Speaker, it is we urban people who more share the notion that we are a brotherhood of man and that we are our brothers' keepers. May I ask, Mr. Speaker, whether the Minister will not acknowledge that the first person who ask about drought in the last year was an urban person, even before it had been raised by the government and before they had got a committee to deal with it, and that urban people have continually been asking questions of the government this year to show their concern with the prosperity of our rural population which accrues to the prosperity of all? I would like the member to recognize that there is prosperity of the working people in urban Winnipeg accrues to the benefit of the rural population.

**MR. ENNS:** Mr. Speaker, my generous nature does not make it possible for me to do anything else but to embrace the remarks of the Leader of the Progressive party, acknowledging as I do that he is in search of something other than just good crops in the Province of Manitoba and hopes to reap what he is attempting to sow from time to time. But his concern, his sympathy, his empathy for all parts of Manitoba, in this case more particularly perhaps for rural Manitoba, is well taken and well accepted I am sure by all.

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

**MR. LEONARD S. EVANS:** Thank you, Mr. Speaker. I'd like to address a question to the Minister of Community Services and Corrections. I had hoped to ask him this last week but apparently he was away. Regardless, can the Minister advise whether the Government of Manitoba is prepared to allow or to authorize ARM Industries of Brandon, the sheltered workshop which I believe the Minister is familiar with, to make new financial arrangements with its bank so as to ensure that there be no shutdown of this 80-handicapped-person establishment in the City of Brandon at the end of this month?

**MR. SPEAKER:** The Honourable Minister of Community Services.

**HON. GEORGE MINAKER (St. James):** Mr. Speaker, our department is presently reviewing the request of our Ministry.

**MR. EVANS:** I appreciate the fact, Mr. Speaker, that the department is reviewing it. Is the Minister cognizant or aware of the fact that there is an urgent deadline, namely the end of this month, at which time I understand that it is possible that this establishment will be closed down and that is the department, is the Minister prepared to work speedily in order to avoid this unfortunate possibility?

**MR. MINAKER:** Yes, we are, Mr. Speaker.

**MR. SPEAKER:** The Honourable Member from Brandon East with a final supplementary.

**MR. EVANS:** Thank you, Mr. Speaker. I wonder also if the Minister would review the quality of advice being received by Arm Industries from the Department of Economic Developments Enterprise Development Centre in Brandon inasmuch as some of the difficulties that this sheltered workshop has been experiencing; I'm advised, largely emanating from the poor advice being given by the Enterprise Manitoba Centre in Brandon?

**MR. MINAKER:** Mr. Speaker, I can't concur with the honourable member's statement that the problem that is presently occurring at Arm Industries is due solely to advice from the Economic Development Department. The matter that the honourable member is discussing is an ongoing problem that has existed at Arm Industries in which we, if the honourable member remembers last year, injected an additional \$190,000 above and beyond their annual grant that they received a sum, I believe, 250,000 or thereabouts on an ongoing basis, so that to try and imply that the problem that exists at Arm Industries is due to advice from the Economic Development Department, that is totally incorrect.

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

**MS. JUNE WESTBURY:** Mr. Speaker, my question is for either the Minister of Labour or the Minister of Health, whoever wishes to answer it, and refers to a position developed by Manitoba Health Organization regarding maintenance of emergency services during strikes. Mr. Speaker, when will the government be responding to the position paper and can the Minister in fact tell the House whether the government considered developing this position before the present strikes began?

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

**HON. L.R. (Bud) SHERMAN (Fort Garry):** Mr. Speaker, I apologize that I missed the first part of the honourable member's question. Whether I have the full sense of the question or not I'm not sure. On the basis of what I heard I can only say that for some considerable time the commission and my office, the Department of Labour, Manitoba Labour Relation's Committee and the Manitoba Health Organizations have worked on a format for providing

emergency services through designation of essential and emergency services in the health-care field which would permit that kind of service to be maintained notwithstanding a work stoppage or strike. It certainly antedates the existing industrial dispute in which the paramedics are involved. I don't know whether I answered the honourable member's question because, with apologies, Sir, I missed the first part of it.

**MS. WESTBURY:** Mr. Speaker, since the position developed by Manitoba Health Organizations was that a third party tribunal should determine which services are essential and binding, can the Minister tell us whether indeed this position was seriously considered by the government or whether the government in fact will be adopting this position in the near future?

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

**HON. KEN MacMASTER (Thompson):** Mr. Speaker, the Member for Fort Rouge should be aware that it was our government that proposed that emergency systems be established in the Province of Manitoba by the unions and the organizations. So it was proposed by this government; specifically by my department, that the assistance and concurrence of the Cabinet and the House is aware of that. So the member has to go back some time if she'd like to get into the picture on this particular issue, proposed by our government, concurred with by the Management Labour Committee in the Province of Manitoba, accepted by and large by all unions in the Province of Manitoba except the one that's on strike today, the paramedical group.

**MR. SPEAKER:** The Honourable Member for Fort Rouge with a final supplementary.

**MS. WESTBURY:** Mr. Speaker, since the major phrase in the question referred to a third party tribunal, would the Minister advise whether that proposal has been presented to the union which is now on strike?

**MR. MacMASTER:** Again, Mr. Speaker, just to go through it step by step. We proposed that the Management-Labour Committee look at this type of system in the Province of Manitoba. They did such. There's an employee group that was established and an employer group. So we have two groups. Both groups agreed to the type of system that should be established including the third group that the member is now making reference to. I again repeat that the unions involved, the Manitoba Federation of Labour — well, if the member wants to listen to it I'll try and answer it — the Manitoba of Federation of Labour Unions involved agreed to that system and there's been no problem with it. The particular group that is on strike today has not agreed to go on with the emergency services as outlined in the proposal. As a matter of fact, about three or four days ago I got a letter from the President of the MFL, Dick Martin, in reference to this emergency system and I think he in fact himself, along with his organization, concurs as do we, as do the hospitals with the exception of the one group that's out today.

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

**MR. BEN HANUSCHAK:** Yes, Mr. Speaker. I wish to direct my question to the Honourable Deputy Premier. Is the firm Unies Limited retained by government in any capacity during the current fiscal year?

**MR. SPEAKER:** The Honourable Minister of Energy and Mines.

**MR. CRAIK:** Mr. Speaker, I don't believe so but I'll take the question as notice. I would point out to the member, in answering that, they were the firm that did the original study on the western power system that led to the Power Grid studies that have been underway for the last two years.

**MR. HANUSCHAK:** A supplementary. Would that be the study that Unies Limited was paid \$152,000 in '77-78 and \$295,000 in '79-80 for?

**MR. CRAIK:** Mr. Speaker, I can't confirm the numbers. I would point out to the member that the payments to that group for the four-province study, as it was at the time because the four western provinces were all involved in the study, was financed or the cash-flow was through the Province of Manitoba and presumably would have shown up on our books in that case.

**MR. SPEAKER:** The Honourable Member for Burrows with a final supplementary.

**MR. HANUSCHAK:** Yes, would the Minister confirm that the President of Unies Limited is one Gordon Spafford who, according to CBC, was at one time the employer of the Honourable Minister?

**MR. CRAIK:** Mr. Speaker, did I hear the member say that at time was an employer of the Minister, Mr. Speaker?

**MR. HANUSCHAK:** Yes. I had also asked the Honourable Minister whether he would confirm that Mr. Gordon Spafford is the President of the firm described as Unies Limited?

**MR. CRAIK:** Mr. Speaker, I think that wasn't the statement the member maybe. If it was, Mr. Speaker, I believe he was at time. But he made a further statement in there to the effect that Mr. Spafford was at one time the employer of the Minister — me being the Minister? Mr. Speaker, since the Member for Burrows has retreated into a shell on this, let me point out to him that if he's trying to make that point I'd like him to know that the person in question was neither an employer nor an associate of myself, if that's who he's referring to at the present time, at any time in history. Unlike some law firms who find it convenient to appoint their partners to head up Commissions of Inquiry, Mr. Speaker, we in engineering don't go quite that far.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. SAMUEL USKIW:** Yes, Mr. Speaker. I wish to ask the Minister of Natural Resources whether he can confirm that the commercial operators in the Whiteshell will have more time than the so-far

designated time of May and June to respond to the Whiteshell Master Plan?

**MR. ENNS:** Mr. Speaker, I'm happy to confirm the two things; that it is very much a draft summary proposal that has been made available to the public, and particularly those persons such as he mentions, the commercial operators and others, that we will have no desire to impose any artificial time limits upon the implementation of a plan. We may well, I should indicate, Mr. Speaker, take some aspects of the plan, for instance, the question of fees or the question of assignment rights, something like that and deal with aspects of it if we feel that we have solicited sufficient information from the general public to take some action on specific parts of the plan but there is no specific deadline set down to deal with the plan as a whole. It is an evolving program that we're on and I would like to assure, through honourable members to the users of the park, that is the intent of this government.

**MR. USKIW:** Yes, Mr. Speaker. Could the Minister confirm then that the commercial operators in the Whiteshell will have an opportunity to present their views and have them considered before implementation of the plan, and hopefully that they can be reconsidered after the end of the current busy season?

**MR. ENNS:** Yes, Mr. Speaker. I believe I can give that assurance. Although again it's very likely that, for instance, some of the complaints of the commercial operators has been in the nature of their tenure of lease. We may well decide in the interim, that having been identified by the commercial operators as a major concern to do something about it but that would be done in consultation with the operators involved.

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

**MR. HARVEY BOSTROM:** Mr. Speaker, my question is to the Minister responsible for the Environment and I would ask him if he has any further information on the proposed molybdenum mine in High Lake, Ontario, which has the danger of contaminating the Winnipeg water supply. In specific, Mr. Speaker, I would ask him if he has any reply to the letter which I sent to him in this respect some two weeks ago.

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**HON. GARY FILMON (River Heights):** No, Mr. Speaker.

**MR. BOSTROM:** Mr. Speaker, in view of the fact that the Minister has responded to a letter which was written April 21 by a citizen who was expressing concern about the proposed mine and in which letter the Minister expresses some opinion on a kind of treatment that will be required for this mine, I ask him if he considers the treatment processes and backups safety systems which he is describing in his letter of May 15 to Mr. and Mrs. Gosselin of LaSalle, Manitoba, is of the nature that he would consider to be sufficient and adequate to protect the water supply system for Winnipeg users?

**MR. FILMON:** Mr. Speaker, that's information which was provided to me by the Ontario Minister of the Environment when I met with him a few weeks ago and it's under review by my department officials at the moment.

**MR. BOSTROM:** Mr. Speaker, could the Minister indicate whether or not his departmental officials are looking at this matter in light of the City of Winnipeg brief to the Ontario Government in which they have suggested the only way the system that would handle the waste could possibly be effective is for it to be a totally land-based system with absolutely no water from the waste treatment facility entering into the lake at all? I wonder if the Minister is considering making a similar demand on the Ontario Government in terms of the facility that they would be putting in place there.

**MR. FILMON:** Mr. Speaker, as the member well knows, even in our own Clean Environment Act we aren't in a position to tell people how to achieve objectives. We set the objectives for them that in this particular case will be total non-degradation of the City of Winnipeg's water supply. In other words, whatever effluent, whatever treatment process occurs will have to ensure that no contamination whatsoever of the water supply occurs. How they achieve that is a matter of their choice and they will choose the engineering design and the type of equipment and facilities that are constructed to achieve that.

But the bottom line is that they have to have no degradation whatsoever and no contamination beyond whatever minimal trace limits are acceptable under ordinary environmental conditions that are set down in environmental Acts; they will have to achieve that. It's not a function of this government or of the city or of any other government to tell them how they achieve it. We set the objectives; they have to meet them and that's the same thing that pertains in the Province of Ontario.

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

**MR. JAY COWAN:** Thank you, Mr. Speaker. My question is to the Minister of Health and I ask the Minister if he can indicate if he or his department has had any discussions with either the MHO or with the hospitals that are currently being struck by the Paramedics Association and in particular with the St. Boniface Hospital in respect to guidelines for possible settlement.

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

**MR. SHERMAN:** The answer to that question would be yes, Mr. Speaker, but not within recent days other than discussions which have centered on the situation and the state at which discussions and negotiations rest at the moment.

**MR. COWAN:** Mr. Speaker, as the Minister has indicated that he has had those discussions with respect to the limitations or the percentage increases which may be allowed to those hospitals and the funding which may be coming from the government in respect to covering those increases, can the Minister indicate if he has set any specific guideline

or any specific percentage figure as a figure which will not be allowed for in the event that that negotiated figure is higher as a result of the collective bargaining process?

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

**MR. MacMASTER:** Mr. Speaker, the Member for Churchill should be aware by now that if in fact discussions had taken place in any place and how they're pertaining to what the limitations are, shouldn't be discussed in this particular House and he should sure know better.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Perhaps the Minister of Labour should listen more carefully but I'll ask the Minister of Health again if he can confirm that the government has given instructions to the St. Boniface Hospital that in fact if a certain percentage increase is granted or higher than a certain percentage increase is granted — I'm talking about an area from 26 to 30 percent — that the government will not be responsible for providing the amounts of money which will be necessary for that hospital to be able to pay that percentage increase.

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

**MR. SHERMAN:** I have not given directions to St. Boniface Hospital in those terms, Mr. Speaker, and I do not wish to discuss whatever discussions I've had with St. Boniface or any of the other health facilities at the present time while negotiations are at a very delicate stage. I appreciate the honourable member's concern but I do not feel that I would be responsible in discussing those considerations in detail.

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

**MR. D. JAMES WALDING:** My question is directed to the Minister of Health. I'd like to ask the Minister whether the government or any of its health care agencies have purchased any x-ray monitoring equipment during the last year.

**MR. SHERMAN:** Mr. Speaker, I appreciate the fact that the Honourable Member for St. Vital gave me notice of this question. I don't have a complete answer for him yet but hope to have one later today. His reference is to a subject area with which I'm familiar and that was discussed I think a little earlier in the session relative to a specific firm that was developing a particular radiation monitoring device here in which the Health Services Commission and the Manitoba Health Organizations and the government were quite interested. That firm encountered difficulty and efforts were being made to find a new financial backer for it. At the present time, I'm not sure that the problem has been resolved but I'm still seeking a specific and definite answer for the honourable member and I would hope to have it later today.

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

**MR. PAWLEY:** Mr. Speaker, my question is to the Minister responsible for the Environment. Can the Minister advise whether or not he has received any report pertaining to the health hazards that may develop as a result of the former use of foam in insulation prior to its banning by the Federal Government on May 1 of this year?

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**MR. FILMON:** Mr. Speaker, if the Leader of the Opposition is referring to urea-formaldehyde foam insulation, which has been a topic of discussion in this House on a number of occasions in the past few months, I do have extensive reports and information from both the Federal and our government officials on the matter, scientific research and information. We, of course, have been involved a great deal in carrying out studies and testing for literally hundreds of people throughout the province who have had UFFI installed as an insulator in their houses. It's a continuing ongoing type of analysis. At the moment we're aware of certain effects; we're monitoring other things and we're continuing to study the problem.

**MR. PAWLEY:** Mr. Speaker, can the Minister at this point assure those that have used UFFI that indeed the use of it has not created any health hazards as far as the users are concerned, including the homeowners that have used same in the past? At what stage would the Minister be in a position to table what available reports he has pertaining to the potential health hazards involving the foam?

**MR. FILMON:** Mr. Speaker, the whole question is one of the type of installation. If it's properly installed it poses no hazard but if improperly installed then as the member knows, it's a combination of chemicals injected under pressure into the air cavity in the wall of a home and if the injection is done under proper conditions both temperature, pressure and so on, if there's a proper vapour barrier, it does not pose a hazard in any way because there are no gases leaking from the insulations. On the other hand, if it has been improperly installed then the gases which emanate from the improper installation do cause irritation, do cause uncomfortable feelings in the people who are there; obviously it is those installations we have to correct and as I say, we have been testing literally hundreds of those throughout the province. Where they have been found to be improperly installed, where there is evidence of gas seepage from the insulation then they have been removed and replaced and that is an ongoing procedure. But where they're properly installed there is no hazard whatsoever, Mr. Speaker.

**MR. PAWLEY:** Mr. Speaker, can the Minister indicate what percentage of the installations appear to be improperly installed?

**MR. FILMON:** Mr. Speaker, I'm operating off the top of my head because the reports are coming in constantly — I get monthly reports — but they are a very small percentage, less than 5 percent and perhaps it's probably even smaller than that, but fewer than 5 percent of the installations are found to be improper and in need of replacement.

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

**MR. RUSSELL DOERN:** Mr. Speaker, I'd like to direct a question to the Minister of Highways and ask him whether he can confirm that in the past year some 70 infants were killed in car accidents. I would also ask him whether he has any information on the number of fatalities of infants in Manitoba in the past year.

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

**HON. DONALD ORCHARD (Pembina):** Mr. Speaker, I cannot confirm that figure of 70; is that a national figure? I can't confirm that, I will attempt to. I'll also attempt to provide him with the other information he requests.

**MR. DOERN:** Mr. Speaker, I'd also like to ask the Minister whether in view of an increasing interest and concern for safety in the country, that a number of provinces are introducing legislation that requires the use of special seats or conveyances for children and infants in motor vehicles. Is the Minister of Highways considering introducing such legislation in this province?

**MR. ORCHARD:** Mr. Speaker, I'm not contemplating introduction of legislation at this time. But as a follow-up to what the Member for Elmwood is indicating, he may be well aware that on a national basis there is an extensive program of advertising the use of child-restraint systems throughout Canada.

A coroner from a small town in Ontario will be undertaking a tour of Canada to promote the use of seat belts, the use of child-restraint systems in all provinces, those with and those without legislation requiring the same. That gentleman we anticipate, will be in Manitoba sometime in the early part of June and will be able to answer a number of questions on the use of child-restraint systems. I might also add it has only been recently that a number of standards have been set to assure buyers of child-restraint seats, etc., are getting a product which is indeed useful, safe and one which has a standard method of installation in cars so that improper installation, improper use will not prevent a false sense of security.

**MR. SPEAKER:** Order please. The time for Question Period having expired, we'll proceed with Orders of the Day.

The Deputy Premier.

### MATTER OF CONDOLENCE

**MR. CRAIK:** Mr. Speaker, I wondered if there was a willingness on the part of the House to take a few moments with regard to recognition of Mr. David Lewis, whose funeral is today.

**MR. SPEAKER:** Is there agreement? (Agreed) The Honourable Deputy Premier.

**MR. CRAIK:** Mr. Speaker, the Member for Inkster earlier in the Question Period raised the matter of

this and it's a willingness on our part to certainly just take a moment to indicate that we would like our condolences passed on if possible, to the family, perhaps in some informal way with regard to the passing of David Lewis, the former head of the New Democratic party on the national level.

Although we of course did not support the principles and the philosophy espoused by Mr. Lewis and his party, I think it's pretty common recognition that Mr. Lewis was a man of intelligence; he was a man of devotion; he was a forceful person; he put his points across well to the people of Canada. Although they may not have always supported him, or not a sufficient number supported him to bring about the final result that he would have hoped for in putting across his philosophy and his desires in the directions he would have liked to see Canada follow, nevertheless I think a great number of people, perhaps the majority, did appreciate the fact that he did do an effective job of putting across the philosophy of his party in a very forceful, and I think in many respects, was regarded generally as a man of integrity that brought much to the Canadian scene.

He certainly devoted a fair measure of his life like many people in political life do, and did it willingly and unsparingly for what he thought were the best interests of the country. We would want to recognize him on this the day of his funeral, for his contribution to Canada.

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

**MR. PAWLEY:** Mr. Speaker, first I would like to thank the government for agreeing earlier this morning prior to the commencement of the House through the House Leader, that the government would be anxious to see indeed a participation of a tribute to one that has certainly left a deep imprint upon reform in Canada, served Canada, served the Co-operative Commonwealth Federation, the New Democratic party for some 45 years, one of the founders of the CCF and it is said during that period of time that it was David Lewis that brought together, that organized those that were the original leaders of the CCF into a political structure. During that period of time David Lewis had already graduated from law school but rather than pursue a career that would have indeed been much more rewarding maturely for him, he chose to go the route of building the Co-operative Commonwealth Federation.

In fact, Mr. Speaker, just by way of recollection in the Thirties he and J.S. Woodsworth and others are said to — was it days before certainly the days of the depression, days which it was very very difficult to financially support the birth of a new party — it was David Lewis who would travel about Canada, also often a daycoach with a little brown bag with his lunch in it working for next to nothing during the Thirties in building the Co-operative Commonwealth Federation.

It was a mark of the man's deep socialist conviction that indeed a different society could be formed in order to replace the inequities within the present system. That deep conviction was very well displayed. Some members have heard of this account. When David Lewis, as a young fellow

applying for his Rhodes scholarship appeared before the board which was to rule on the granting of the Rhodes scholarship and sitting on that board was the president of the Canadian Pacific Railway who was judging as to whether or not the particular applicant was to receive the Rhodes scholarship, the question was posed to David Lewis, what he intended to do upon graduation, to which he indicated, enter politics. To which, Beatty, who was the president of the CPR asked, well then, Mr. David Lewis, what would be one of your first acts if you had the opportunity to provide government in Canada? David Lewis very quickly shot back, nationalize the Canadian Pacific Railway.

That demonstrated the extent of the conviction that David Lewis held throughout the many many years of his activity in the Co-operative Commonwealth Federation and later into the formation of the New Democratic party. He never backed away from positions of principle even though it might dearly cost him. By the way, he was granted the Rhodes scholarship despite that response.

In 1961-62 I recall again the organizational efforts of David Lewis just in much the same way I'm informed, as he displayed in the early years of the Co-operative Commonwealth Federation in putting together the various components that make up the present New Democratic party. It was after the Diefenbaker sweep, '57-58, when the Co-operative Commonwealth Federation was indeed in very serious shape, organizationally and otherwise and it was David Lewis, Tommy Douglas and Stanley Knowles and some others that really contributed extensively to the organizational work which resulted in the New Democratic party's foundation.

David Lewis will be known for his intellectual capacity, never in doubt. His presence was always strongly felt at every conference, every council, every convention held by either the New Democratic party or the Co-operative Commonwealth. He was compassionate. His organization with administrative skills were never questioned; never questioned within or outside the party. When he had opportunity to lead the New Democratic party into the federal campaign, indeed held the balance of power. It cannot be argued that he played a great role in the formation of Petrocan, in the indexing of pensions, in improving the lot of veteran's pensions in Canada and indeed contributing extensively to the present federal election's provisions that we have today in Canada. They certainly mark a high point in his career.

In 1973, of course, he was first affected by leukaemia and was defeated in '74 but continued to teach and apparently was well regarded as a teacher from '74 on. He was as a young man, one that saw a vision of a better society, a better Canada, a society that would be more equitable, more decent and he worked, he struggled, he sacrificed throughout his lifetime for that. He managed to travel a long distance towards that destination; that journey not yet completed to that kind of society but certainly he managed to achieve a great distance and his imprint, Mr. Speaker, will be long remembered, long recalled, not only within the New Democratic party but I know will be long recalled within the entire Canadian society for David Lewis; will live long after his death.

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



**MR. GREEN:** Yes, Mr. Speaker, I'm very much appreciative of the fact that the House is giving a moment for its members to pay tribute to David Lewis, a great Canadian, who recently passed away. I can say, Mr. Speaker, that of all the condolence discussions that we have had that it's never been my case to participate in a discussion with respect to a person who I have had more empathy with and more personal involvement with; that most often we are talking about people, yes, who we have known, some who we have not known. In the case of David Lewis I'm talking about a person who I had extensive involvement with; both as a lawyer and as a member of a political party.

As a lawyer, Mr. Speaker, David Lewis was acknowledged to be one of the best industrial relations consultants and counsel in this country. I had the pleasure and privilege of working with him on a very well known Manitoba case, as a matter of fact. The Minister of Labour, myself, David Lewis and others spent many many nights together at the Charter House Motel in working out our strategy and our position relative to the case involving the United Steel Workers of America and the Mine Mill and Smelter Workers at Thompson. It was as associate with him in that case that I was involved with David as a lawyer and in which his skills as counsel and the recognition which he has received across this country as labour counsel, became quite apparent to me.

I also had the privilege of being a vice-president of the National New Democratic party for some 12 years during which period at both council meeting, table officer's meetings, executive meetings, conventions, I had opportunity to be directly acquainted with the work David Lewis has done as, Mr. Speaker, have members of the Progressive group in this House since the Member for Burrows was a Provincial Secretary of that party occupying the same position as David Lewis did on the national scene and had occasion to arrange for a dinner between 1966 and 1969, where we were treated with a vintage David Lewis address to the Manitoba New Democrats, which we then were.

I think, Mr. Speaker, that the significance of Mr. Lewis' contribution will long be appreciated. Unfortunately some of the significance will remain a mystery to many people and he will not receive acknowledgement for it since it has been and is the case with a party which during his lifetime, act as a stimulant rather than a government in power, that much of the credit for the achievements is obtained by others while the work in obtaining the achievements is done by people who are appreciated, but never receive their ultimate recognition.

While this may have been some matter of regret to David Lewis, I am sure his greatest satisfaction came from the fact that things were done and perhaps sorrow at not achieving ultimate recognition will not have deterred from the fact that he received a self-realization and a satisfaction of knowing and having other Canadians know just what he did. Perhaps it's the words of Eugene Debs that best characterize the life of David Lewis: "It is not for us to finish the job, neither is it for us to stop trying".

Mr. Speaker, I think one of the empathies which I say I share with David who, and his family, were guests in my home and I as a guest in his home, is

that we shared a common heritage. One of the things that David Lewis I'm sure would feel was one of the greatest achievements of Canada as a whole of which we are both a small part, is that a Jewish child of Polish immigrant family could come to Canada and play an important and significant role and be one of the candidates for the Prime Ministership of this country, indeed a respected candidate, someone whom everybody has recognized as having made a significant, valuable and lasting contribution to this country.

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

**MS. WESTBURY:** Mr. Speaker, I appreciate the opportunity on behalf of the Liberal party of Manitoba and all Liberals in Manitoba, to express sympathy with the friends and family of this outstanding Canadian. I never had an opportunity to meet Mr. Lewis, Mr. Speaker, but I was nonetheless aware through the media, of his integrity and his great charm. I have been told by a friend of his who was on city council when I was, that as a young boy when he came to Canada unable to speak a word of English, he virtually taught himself to speak English by going to the library to read. It's just amazing to consider that this young man eventually became a Rhodes Scholar and as has been said, a candidate for the Prime Ministership of this country.

Mr. Speaker, perhaps the greatest tribute to Mr. Lewis is the fact that it really isn't a matter of surprise to anyone to know that he has silently suffered through the terrible disease of leukaemia for apparently eight years and carried on his normal activities during that time.

So, Mr. Speaker, in conclusion I do want to extend deepest sympathy to the family and to the friends of Mr. Lewis.

**MR. SPEAKER:** The Honourable Member for Point Douglas.

**MR. DONALD MALINOWSKI:** Thank you, Mr. Speaker. I would like to also add a few remarks about a great Canadian, the late David Lewis, my countryman. I knew him for over 20 years. As we all know, he was born in the same country as I was, namely in Poland, therefore I would like to convey my deepest words of sympathy to his family. I realize that his death is a great loss not only to his family and the NDP, but also to our great country.

Mr. Speaker, I strongly believe that his ideas will live on in the hearts of millions of men and women in Canada and abroad as well. In conclusion, I would like to express a short statement: Let him rest in peace. Thank you.

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

**MR. SAUL CHERNIACK:** Mr. Speaker, I'd like to add a brief personal note. My wife and I have been friends of David and Sophie Lewis for four decades or so. Indeed, my father and his father worked together in a national organization known as The Jewish Labour Committee, which I think made ample progress toward human rights legislation that exists now in very many provinces.

Our friendship was close. I am indeed sorry that I will not be able to attend the funeral although I would have liked to have gone, but both the work of the last few days in this session and a funeral in my own family make it impossible for me to go. But I do want to pay tribute to David and to Sophie, because indeed they've always been a team, for their humane approach to all the problems in life and for the leadership they have shown to so many of us in this country, working toward a better life for all.

**MR. SPEAKER:** Orders of the Day.

### ORDERS OF THE DAY

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

**MR. MERCIER:** Mr. Speaker, I move seconded by the Honourable Minister of Finance that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

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

### COMMITTEE OF SUPPLY

#### CAPITAL SUPPLY

**MR. CHAIRMAN, Abe Kovnats (Radisson):** The Committee will come to order. I would direct the Members of Committee that we are now under Capital Supply, 1981-82, Capital Authority Requirements for Non-Budgetary Programs, Schedule A. We are on the second item, The Manitoba Telephone System — pass.

The next item is the Manitoba Water Services Board — pass.

The Honourable Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, I'm not sure whether the Minister is prepared to give us the information with respect to the program of the Board itself for the year for which we are voting funds. I don't recall whether that has been distributed by the delivery department, namely the Department of Agriculture, but if it hasn't, Mr. Chairman, I would like to know just what the program entails for the next year. It seems from recollection that this is a very small amount of capital supply for the Water Services Program compared to other years and I'm just wondering why.

**MR. CHAIRMAN:** The Honourable Minister of Agriculture.

**HON. JAMES E. DOWNEY (Arthur):** Mr. Chairman, to the member, I believe I did during the time of the Department of Agriculture Estimates provide him with a list or read into the record a list of the work activities and if I didn't at that particular time I will check on it and provide him with the work activity that's in place and that is to be carried out.

There really is a continual work program being carried out, Mr. Chairman, and there isn't any

reduction in program; it just the way in which the cash flow is going into certain projects and some of the larger projects which require larger amounts of money have been finished in this particular last year or so. Approximately the same number of communities are being serviced as they are requesting service.

**MR. CHAIRMAN:** The Honourable Member for Brandon East.

**MR. EVANS:** Mr. Chairman, I'd like to take this opportunity to ask a few questions of the Minister regarding the move of staff from Winnipeg to Brandon, I believe it's this particular Board personnel that are moving and if not perhaps the Minister can advise me otherwise, but I understood it was these personnel that served this Board that were involved in the move to Brandon.

I'll just repeat, Mr. Chairman, because I guess the Minister couldn't hear me. Could the Minister advise whether it is the staff of this Board that are being moved to Brandon by his department?

**MR. DOWNEY:** Yes, Mr. Chairman.

**MR. EVANS:** I wonder if the Minister can now advise just where will the staff be located in the City of Brandon. Could he give us an update of how many people are involved and when does he think this move will be completed.

**MR. DOWNEY:** Mr. Chairman, I believe there was a press release went out approximately a week ago specifying where the office of the Water Services Board would be — maybe the Minister of Government Services has the detail — and if not I can provide it for him. I'll leave it up to the Minister of Government Services to answer that. The number of people — I think there's approximately 30 positions in both Agri-Water and Water Services Board. The other question — when was the move to take place. It will proceed to be done in the month of July, Mr. Chairman, so it would probably be completed by the 1st of August; in the months of July and August is when the move will take place.

**MR. EVANS:** Yes. I guess what the Minister is telling us is there's really no change or very little change from the original plan and really this is what I'm confirming — because I appreciate the fact that there had been a previous statement — I was just trying to verify that there were no changes. Could he briefly tell us what functions will be performed by this particular group that is going out? Are they going to perform the broad range of functions of the staff for a particular region or are they going to serve the entire province in their particular specialty?

**MR. DOWNEY:** Mr. Chairman, it is the intent to have Water Services Board and Agri-Water to service the Province of Manitoba out of the office in Brandon. There will be of course certain services in the best interests of delivering of services wherever we can do it out of there. I can't see where there'd be any difficulty in providing those services out of Brandon for all the province. I know there has been some towns and villages throughout the province who have been what I would say incorrectly informed, that it

may be more costly to provide service for those particular communities because the office is in Brandon.

I want to say, Mr. Chairman, that I don't believe that to be true. I think there is some information being provided that is not as accurate as could be in that regard and to be specific, it is our intent to deliver the provincial Water Services Program out of the office in Brandon that's to be established there.

**MR. EVANS:** Yes. I thank the Minister for his remarks, his statement. I agree with his observations. I think there's no question that particular operation — I'm not that familiar with it — but I don't see why it could not do just as well out of the City of Brandon as it could in Winnipeg. I wanted to mention to the Honourable Minister at this point that this problem of staff resistance if you will, because this was reported in the paper about some staff being unhappy about it, I guess it comes about no matter what agency you're talking about, no matter where you're moving them.

The Western Regional office of Manitoba Hydro was moved to Brandon in the mid Seventies and I believe at that time the staff had recommended that the office be in Winnipeg — the Western Regional office for Manitoba Hydro was to be in Winnipeg — and fortunately we had a very broad-minded Chairman of the Board at that time, Mr. Cass-Beggs, who agreed that a good place for the Western Regional office would be in the western part of the province, namely in the City of Brandon. Also the Autopac offices in Brandon of course is a little different because Autopac was a new operation and you didn't have the same type of problem with staff.

Then I just have this one last question and maybe it's the Minister of Government Services who can provide the answer now and that is, what location in the city has been chosen for this office? I think that information should be available because now we're at the end of May and the Minister said that the move might take place sometime in July.

**MR. CHAIRMAN:** The Honourable Minister of Government Services.

**HON. WARNER H. JORGENSEN (Morris):** Mr. Chairman, all I can tell my honourable friend, because the name of the building escapes me at the moment but the information is available and I'll see that he gets it. But it's been indicated by the Minister of Finance, it's not the old Co-op Building as I think my honourable friend suspected it might be. It's on 18th Street South I believe but I don't recollect the name of the building precisely so I'd rather not trust my memory and give the member wrong information. I'll wait till I check it.

**MR. EVANS:** Just by way of clarification then. Is the Minister saying that the staff are going into an existing building, 18th Street South, perhaps south of the Shoppers' Mall, west of 18th Street, one of those buildings?

**MR. JORGENSEN:** I'm not that familiar with the precise locations of various buildings in the City of Brandon so I'm not able to corroborate his suggestion. I'll get the information for him and send it across to him that's of any value to him, they're

not exactly going into existing building. There will be some modifications made but essentially the buildings are in existence.

**MR. EVANS:** Thank you, I appreciate the information or the offer from the Minister to give me the specifics on that building. Just one last question and that is, does this move entail the transfer of certain equipment from laboratories existing in Winnipeg or does it mean buying new equipment? Just what is involved on that side of it as opposed to the personnel side?

**MR. JORGENSEN:** One of the features of a location that we were looking for was that it would be able to not only house the personnel in adequate accommodations but it will also provide storage space for equipment that will be transferred there and materials that they use in their operations, so that they have the storage space close to where the personnel will be located and that was the one location that had all of those features.

**MR. CHAIRMAN:** The Honourable Member for Fort Rouge.

**MS. WESTBURY:** Thank you, Mr. Chairperson. I would like to ask the Minister, how many staff people have actually resigned to take an early retirement or ask for transfers to other departments or other branches because of this move to Brandon?

**MR. DOWNEY:** At this point, Mr. Speaker, because I know that some of the individuals were looking for other jobs, I haven't got that precise figure because I wouldn't expect the final number to be available until the actual move took place because I know some people who have now decided that Brandon would probably be a pretty good place to live and work out of, I think basically that figure would be more available. I would make as a general comment, Mr. Chairman, I don't think that there are a lot. I think that the majority of the people are accepting the move as one that will be able to provide the service equally as well from Brandon and are people that are committed Civil Service workers and haven't got any problems with the move. But I can get that information for the member.

**MS. WESTBURY:** Mr. Chairperson, has the Minister or his staff given any sort of a guarantee to staff people that if for some reason, probably a family reason, they are unable to accept the transfer to Brandon, they would be guaranteed other jobs within the Civil Service or are they merely being let go as they were when the rural water services operation was closed down?

**MR. DOWNEY:** Well, Mr. Chairman, I'm not that sure just how much information the member, or how much knowledge she has when she refers to the fact that people were just let go when we dropped the program of a water services supply depot. That, Mr. Chairman, was a normal process; it was a program that ended and in that particular instance as in all other program stoppages the individuals who are employed in those jobs, that employment terminates. Now they have the full opportunity to get a job within the Civil Service in another area and if they are

accepted at the first opportunity, I'm sure, the same would apply now that we have done everything to accommodate those people who have found a difficult situation in not being able to move.

We can't guarantee them a job, or I can't guarantee them but I have, Mr. Chairman, and I haven't been taken up on it. I have said when the move was to take place that I would entertain anyone who had specific difficulties. It is unfortunate that those individuals haven't come directly to me but in particular some have found fit to go to the press and make some kinds of comments and tried to make it into a political issue. I don't think it's in the best interest of productive work that can be done out of the Brandon area and I don't think it's in the best interest of a future good working relationship with the agriculture community. I think that we've made every effort to accommodate those people who have found severe difficulties and will continue to do so.

**MS. WESTBURY:** Well, Mr. Chairperson, I didn't expect the Civil Service to receive a lecture through me because I asked a few questions. I assure him that none of his staff have come complaining to me about the matter at all. I have received my information from the press. I don't think that the Minister has any reason to complain that these questions are being asked in this House. Surely this is our responsibility to bring out answers that are relevant to transfers. I happen to think that Brandon is a wonderful city and I think many or most Manitobans would find themselves privileged to live there.

However, it is a fact that civil servants were dismissed when the rural water services supply depot was closed down and they were not only the people who were employed in the warehouse at the time, there were people who were employed in the Norquay Building who were dismissed and the Minister cannot pretend that those people were not civil servants paying into the Pension Fund and in all ways, members of the Civil Service. I can name one in particular who is a member of my own family and that's how I happen to be aware of this.

So the Minister, to complain about his staff going to the media or anyone else to express their concerns I think that is more of a reflection on their confidence in the Minister than a reflection on the staff or a reflection on the media and certainly I don't expect as I said before to be lectured because I raise these questions in the House. I do not accept lectures from this Minister or any other Minister of this government. I will look forward to receiving a final total from him of those people who have found it impossible to accept the move to Brandon.

**MR. CHAIRMAN:** Manitoba Water Services Board — pass; Manitoba School Capital Financing Authority — pass; Insulation Loan Program — pass.  
The Leader of the Opposition.

**MR. PAWLEY:** Mr. Chairman, I'd like to just pose a few questions and I'm neither the Minister of Health or the Minister responsible for the Environment — (Interjection)— on the Home Insulation Program. I asked some questions earlier this morning and I'd appreciate more information pertaining to the use of foam.

As members know, the use of foam was banned by way of Federal Government Order as of May 1st this year due to the health hazards that were involved in the use of foam and it's considered that indeed homeowners and others that come in contact with foam can indeed be subject to health hazards. Mr. Chairman, with this kind of information I think it's incumbent on us just to ascertain the extent of the government's awareness, the extent to which the government is attempting to deal with this problem. So the number of questions I'd like to pose and it may be that the answers, as the Minister of Finance indicated, might not be readily available at this point but I would appreciate if there would be some indication that there would be an attempt to obtain the answers to my questions prior to completing this process involving the bill.

First, I'm anxious to know just how much foam indeed has been installed, not only under this program but in general, though I imagine most of the foam that would have been installed in past years would have been installed under this program.

Secondly, the Minister indicated the only concern that we need have is where the foam is improperly installed. Of course the problem would be, Mr. Chairman, to know at this point which foam was improperly installed and which was properly installed, so it seems to me that some form of inspection is required insofar as all foam if indeed the health hazards are as has been indicted to us. I understand there are some certain health symptoms that can reveal themselves pertaining to contact with foam.

So I'd like to have further information from the Minister by way of detail as to the extent of the inspections that are underway and secondly, information as to whether or not it's been ascertained where the foam was improperly installed that those are the cases the Minister indicates where there are problems. What are the kind of symptoms that are noted on the part of homeowners in those cases? Have there been any serious health problems identified in those particular cases and also do medical expertise indicate although there may not be any symptoms at this point, can there be danger of symptoms developing in the future in such cases? If so, what steps are necessary in order to attempt to minimize the impact of those health hazards taking place in those cases?

Of course dealing with the inspections that the Minister made reference to I would be interested in knowing from the Minister whether all homes in which foam has been installed have indeed been inspected? If not, what percentage have been inspected and when it is expected that the inspection program, if indeed it is covering all homes and all buildings in which this foam has been installed, when would the inspections be completed? I trust that they will be completed as expeditiously as is possible so we can identify buildings in which the foam has been installed and then take whatever corrective efforts are recommended in order to deal with the foam which I gather would involve removing the foam, if indeed the medical evidence that we have available to us warrants that kind of action being required. I'm not sure whether it is or not and I would appreciate the Minister providing me with that kind of information.

Is the Minister also certain that any of the other present installations that are taking place, any of the

other materials that are being used for instance under this program, are health hazard free on the basis of information he has now? I know he can't assure us but he can only assure us on the basis of information that he has available to him at this point.

I don't when it became obvious that foam created a health problem and I would appreciate some advice from the Minister as to the first indications that were received by himself or by predecessors — either under this government or the previous government — as to the potential health hazards involved with foam. But I'm certainly very concerned. We don't have to be worried about further installation of foam since May 1st, but I'm certainly very interested in finding out from the Minister whether or not there is any indication that he has received of any of the other materials that are used by way of insulation under this program as being reasonably suspect and are under review at the present time for being a potential health hazard.

The Minister missed some of the earlier questions. I had said this to the Minister, that if the Minister can obtain the question, I don't expect answers at this point to all the questions as long as we could obtain the answers prior to the conclusion of the process involving our bill that's before us so we can be reassured that indeed all is being done that needs to be done is being done and no further steps need to be undertaken.

**MR. CHAIRMAN:** The Honourable Minister of Consumer and Corporate Affairs and Environment.

**MR. FILMON:** Thank you, Mr. Chairman. I must admit that I did not catch the early part of the member's remarks and questions; but I will respond in part to some of the information which he is seeking and offer to bring whatever other information I have.

As a result of questions both in the House and the federal announcement of the extension of the ban on urea-formaldehyde foam insulation approximately three weeks ago, I did obtain a full summary report on the matter. Many things of course are not possible to be answered. The foremost one is, how many homes, or dwellings, or buildings in Manitoba were insulated with urea-formaldehyde foam? The difficulty there is of course that for the most part, aside from obtaining loans from Manitoba Hydro, most of the installations were made under Canadian Home Insulation Plan loans from the Federal Government. The acceptance or the approval of the type of insulation that was covered under the CHIP Program was a decision of the Federal Government and not one of the province. It was in December of 1980 that the Federal Government through the Minister of Consumer and Corporate Affairs, I believe, placed a temporary ban at that time on the use of urea-formaldehyde foam insulation in dwellings.

It was as a result of finding that there were improper installations of this type of insulation. As I indicated, it's a matter of combining chemicals under pressure and injecting them into the cavity wall space that causes this type of insulation. What can happen as I understand it, is if the pressure conditions and if in fact the temperature conditions are not right when the installation is made, the formaldehyde gas leaks and seeps out and it is that gas which causes discomfort in people.

Now again, we're not sure as to the extent of what potential health hazards that may be. That would vary I guess a great deal upon the susceptibility of people. Some people, as you know — and I am one who has various allergies to such things as pollen and airborne things at times of the year such as this — perhaps would have skin or respiratory systems that are more sensitive to this kind of thing. So it is something that causes an irritation and a discomfort in respiratory systems, in skin and eyes and that sort of thing when the formaldehyde gas escapes and seeps into the living quarters.

Now if the insulation is properly installed, as I understand it, it does not cause the gas vapours to go into the living space and it doesn't cause a problem with people. It's a question of knowing whether or not it's properly installed and the only way that this can be done is through testing and we, through my department, have been testing any and all cases in which people have called with the suspicion that their insulation was improperly installed. In this case as I said, we've inspected hundreds of these installations but we have no idea nor does the Federal Government, as I understand it, how many installations of this type of insulation are in Manitoba. There have been guesstimates that range up to 7,500 possible installations. Now I can indicate that we have probably inspected something under 1,000 at the present time although we're going on with something like 60, 80, 100 a month depending on the numbers of calls that come in. So it may well be that over a period of the next while we'll be asked to inspect all of the installations, that people become aware of urea-formaldehyde foam.

So I can indicate, Mr. Speaker, this is the only type of insulation in which there has been expressed a concern because the other major ones that are marketed and utilized today are fibreglass, cellulose, wood chip and sawdust are most of the other major types of insulation that are in use in Manitoba and they would far exceed the usage of urea-formaldehyde foam. It actually has only been used in any large degree since about 1975-76, somewhere in there. That was the time at which it was developed. Styrofoam, of course, is another one that's in common usage but urea-formaldehyde is used actually probably less than almost any of the other common types of insulation in Manitoba, although elsewhere in Canada it was used extensively during that five-year period; literally hundreds of thousands of homes were insulated.

In Manitoba it appears to be a far less number and the concern is one that we are more than prepared to do an inspection on and we have no evidence that any improper insulations have not been taken care of. As soon as they are identified, remedial action is caused to be taken and it generally involves either improving the vapour barrier, the air tightness or else total removal and replacement of the insulation. My understanding is, that there are no instances in which the removal has not taken place by virtue of any economic or jurisdictional considerations; that the installers have moved in and replaced the improper installations. So as far as we are aware of, we are on top of the problem and I, as I said, get monitoring reports monthly on it and I think it will be looked after.

**MR. PAWLEY:** Mr. Chairman, maybe the Minister can clear up a question that I posed at the

commencement of my remarks and that dealt with the inspection process. The Minister indicates there's ongoing inspection process. I'd be anxious to hear from the Minister whether or not the inspection process has taken place as a result of the identification of those that have used the foam from the files of Federal and Provincial Government agencies, or is the inspection only taking place as the result of inquiries from Manitobans requesting inspection to take place because they happen to be aware of the fact that they have used it in their installation program.

**MR. FILMON:** Mr. Chairman, because it's not a matter of identifiable long-term health hazard, it's a matter of discomfort and because of the fact that it's a very small percentage of homes that have it improperly installed, it may well be that the vast large percentage of those who have had UFFI installed properly would have no potential hazard to the people living in it. It's not a case of us going after every single home. Firstly, we cannot provincially identify who has it, so we have to have it brought to our attention by the people who have had it installed in their home; subject to that we follow up and send out inspectors and give a report to them.

**MR. PAWLEY:** Mr. Chairman, the Minister indicates there are only short-term health effects. Is the Minister certain of that information based upon the material provided to him that there are no longer health effects that may potentially arise as a result of the exposure to UFFI?

**MR. FILMON:** I guess what I meant is, that the effects are identifiable immediately in terms of discomfort, but if they are not identifiable immediately in terms of discomfort, then just the fact that the insulation is there doesn't pose a threat unless it was improperly installed and then it is a threat. But that should be readily identifiable because of the fact that people will experience this discomfort as I understand it and will identify it very quickly on a short-term basis. It's not something that if it doesn't evidence itself immediately, that it's going to show up 10 years from now. If it's properly installed, it's going to be properly installed and the material isn't going to break down.

**MR. PAWLEY:** Mr. Chairman, I'm concerned about one that suffers from the health effects realizing that there may some connection with the UFFI and I'm wondering therefore by way of question to the Minister, to what extent are those that it is known have installed UFFI are being informed as to health effects so that they can react? I can see that a family could very well have, I understand, irritated skin, nose bleeds, etc., etc., without for a moment thinking that has any connection with the insulation, blaming it on every other possible factor. Can the Minister advise as to what effort is being made in order to inform those that have been consumers of the product as to the potential that exists within the product itself for creating health effects?

**MR. FILMON:** Mr. Chairman, press releases have gone out from Federal and Provincial Governments and every time this matter comes up for discussion or debate as it did again three weeks ago and the

Federal Government confirmed the ban which had originally been a temporary ban, there's a sudden surge of contacts to our department requesting the inspections which do go on and even the discussions today will probably result in heightened awareness. But as I indicated, the numbers in Manitoba appear to be relatively small and the numbers of inspections that have been done are very rapidly rising. I would say that over a period of time as people continue to be made aware of it and it appears as though literally tens of thousands, if not more, are certainly aware of it, then they look into the matter and ask for an inspection and we are able to follow up.

We are also able through the fact that it's identified as to which were the principal suppliers in Manitoba, we are able with their co-operation to systematically from their records to go through people and try and fill out our information that will allow us to adequately respond to all of the potential customers and installations on it.

**MR. PAWLEY:** Mr. Chairman, I wonder if the Minister could advise whether or not any consideration has been given to distributing the press release to known users of UFFI because I think many of the users would probably have used the product as a result of the Pensioner Home Repair Program, and maybe indeed be senior citizens that aren't readily exposed to media coverage. I'm wondering what kind of effort has been taken in order to contact those that have been users to ensure that they're aware of this important information.

**MR. FILMON:** Mr. Chairman, my understanding is that we have tried to make the information known to those who we can identify but we have an identification problem. If the member is able to recommend steps that may be taken to ensure identification of all the people, then certainly we'd be happy to follow up on that. But my understanding is, that we have made the information available to those who are identified as having had that UFFI installed in their homes and I will just double check to ensure that's the case, but that's the information that I have.

**MR. PAWLEY:** Mr. Chairman, I'd like to just address some questions now to the Attorney-General under this section. It's my understanding that two companies that have been involved in government home insulation programs have been the subject of RCMP investigations and indeed there are case files close now to three years that are under investigation — and I don't intend to name the companies, I'm aware of the two companies — and one is still in business.

Can the Minister indicate whether he has any information as to when charges will be brought to bear, if indeed they are to be brought to bear, against these companies involving fraud; or alternatively if indeed charges are not being brought to bear, when indeed will there be some indication that it has been found by the RCMP Criminal Investigation Squad and his department that charges are not warranted because my concern is, that apparently we've been looking at criminal investigations now for close to three years? One of the companies involved has been sold; there are other principal owners now. The second one is still

operating on the basis of the pre-existing owners prior to the allegations being looked into by the RCMP but there have been three years gone by. Surely, Mr. Chairman, there should be some bringing this matter to a conclusion.

I'm not certain, Mr. Chairman, the extent of the Attorney-General's Department involvement at this point, whether the case file has been referred from the RCMP Criminal Division to the Attorney-General; so that would be the first question.

Secondly, if indeed it has not, can the Attorney-General find out what is taking place pertaining to those case files so there can be expeditious handling of these matters and, either charges brought to bear or it be indicated that indeed these companies have a clean bill of health? Apparently it's been a kind of purgatory for the past three years in which there's investigation, case files opened; the extent of the Attorney-General's involvement I'm not certain but certainly there's been investigation underway from the Criminal Division of the RCMP involving at least two companies, if not more.

My concern is the lengthy delay and the fact that money is still being obtained under this program by company or companies that have been under criminal investigation for a considerable length of time, more than what I would think to be a reasonable period of time to ascertain whether charges are to be brought before the courts or not.

**MR. MERCIER:** Mr. Chairman, I know there is some activity by the RCMP in this area but I will take the question as notice, Mr. Chairman, and respond to the Leader of the Opposition either later in the session or by mail if the session ends.

**MR. CHAIRMAN:** Insulation Loan Program — pass;  
The Credit Union Stabilization Fund — pass.

The Honourable Member for Lac du Bonnet.

**MR. USKIW:** Well, Mr. Chairman, I wonder if we could have some explanation as to the need for that appropriation.

**MR. CHAIRMAN:** The Honourable Minister of Fitness, Recreation and Sport.

**HON. ROBERT BANMAN (La Verendrye):** Mr. Chairman, in response to requests from the credit union system, the government has undertaken to provide a loan of \$2.5 million to the Stabilization Fund. The credit unionists' movement in Manitoba is currently undertaking a total review of their operations. They have in the past several months, as the members opposite are probably aware of, closed some of the operations that have sustained deficits continually over the last number of years, notably the ones in Thompson, The Pas and Lynn Lake. All those credit unions had shown a loss every year. They are now in the process of also evaluating and checking into greater detail some of the other operations. They are providing loans to some of the credit unions, for instance, the Dauphin Credit Union is receiving an interest-free loan to offset some of those heavy losses that were sustained in an effort to help out some of these operations and get proper management in place, has requested this from the government and the government will be assessing the loan on an annual basis. They have provided us

with projections as to how the Stabilization Fund as well as the individual credit unions will be building up reserves to meet the mandatory reserve requirements of the government now, so that the depositors in the system and the whole system will be strengthened, we feel, by this move.

**MR. USKIW:** Mr. Chairman, I would appreciate knowing the details of the loan. Is it interest-bearing and at what rate? What is the repayment schedule and, of course, what measures has the Credit Union Central undertaken to make certain that its members are going to be levied sufficiently to be able to retire this debt to the Province of Manitoba?

**MR. BANMAN:** Mr. Chairman, it's a ten-year period. The interest on the loan is at current rates which will be reviewed on an annual basis to see how they're making out with regard to the projections they have forwarded to us for the building up of the reserves. As the member was probably aware, one of the major problems we had was back in '71 when we did away with the individual reserve requirements because of a number of things that happened at that time. Instead of the individual credit unions maintaining those reserves, what has happened is they paid them back to their members. I would suggest to the member that is probably the biggest mistake that has been made in the movement since probably its inception.

So what is happening now is there's a mandatory requirement for an individual credit union to build up a reserve fund of up to a minimum of 3 percent. This will be done in an orderly fashion in order to arrive at a proper reserve level. One of the misconceptions out in the field very often is that the credit union system is very much like a branch-banking system, which I know the honourable member across the way appreciates it is not. So there's actually a two-fold thing taking place. Number one is that the individual credit unions will be asked to build up their reserve fund to a minimum of 3 percent and, at the same time, the Stabilization Fund is endeavouring to build up their reserve. But with the heavy losses that were sustained in some of the closings that have been taking place, also some of the loans that have been made to some of the credit unions that sustained some major losses, it is felt that, in consultation with the system, this was the best route to follow. As I mentioned, the rates are at prevailing rates; the interest on that money will be reviewed annually to see how the reserves are being built up.

**MR. USKIW:** Mr. Chairman, when the Minister uses the term "prevailing rates" I assume it is some margin beyond what the cost of money is to the Crown. If I'm incorrect perhaps he might want to clarify that.

**MR. BANMAN:** Mr. Chairman, the final detailed draft or the agreement has not been worked out at present; the moneys have not been advanced. Until the exact terminology is placed down in the agreement — I haven't got an agreement before me — the agreement of course will be public information but in consultation with the system, we have been talking about prevailing rates; now whether that is a percent above what we're borrowing at, or the exact figure, it has not been arrived at.

**MR. CHAIRMAN:** The Credit Union Stabilization Fund — pass. Capital Supply. Resolved that there be granted to Her Majesty a sum not exceeding \$75,150,000 for various Capital purposes — pass.

Schedule A, The Manitoba Agricultural Credit Corporation, \$3 million — pass.

The Honourable Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, I would have hoped the Minister of Agriculture could have been here to give us an outline of what the \$3 million is all about. It seems to me that is, at least I assume it has to do with something that has come up since the original printout of the Estimates for Capital Supply. Perhaps someone can illustrate for us just what he is doing with that money.

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

**HON. BRIAN RANSOM (Souris-Killarney):** This is to provide some authority for the program the Minister outlined at the end of last week.

**MR. USKIW:** Mr. Chairman, I'm not at all familiar with what it is. I think that announcement was not made in this Chamber, at least I don't recall it having been made in this Chamber. I know there was some commentary about an announcement in the media but I don't recall an announcement being made or program explained here, unless I've missed it along the way somewhere, Mr. Chairman.

**MR. RANSOM:** I can't give the member details. I can outline very generally the situation and if that's not adequate, we'll get information from the Minister. The program was basically an extension of what was already being done within the Agricultural Credit Corporation but they raised the lending limit from \$150,000 to \$200,000 which automatically is going to require some additional funds plus they expect to be doing more debt consolidation than they've been doing previously. Some of the funds that are likely to be used were already within the authority but it was anticipated that some additional authority would be required as well. That's why we have the requirement here for the additional three million.

**MR. USKIW:** Well, Mr. Chairman, I only know as much as was reported. In the report there was mention of helping some 160 farmers through a Debt Consolidation Program. It seems to me if that's what it is, then the Minister might be able to tell us whether they have identified, in their particular clientele, the people they now have on a credit program, that there were 160 that needed this kind of extra capital in order to refinance their operations. It seems to me that's a very narrow program if it's specific to only 160 people in the Province of Manitoba, Mr. Chairman.

**MR. DOWNEY:** Mr. Chairman, I'm sorry I missed the first part of the member's comments. I'll have to take a minute to catch my breath.

**MR. USKIW:** Mr. Chairman, if he wishes me to recap I'm prepared to recap.

**MR. DOWNEY:** If it would be possible he'd do that please.

**MR. USKIW:** Mr. Chairman, I indicated that I wasn't aware an announcement had been made in this Assembly with respect to an additional \$3 million being made available to the Agricultural Credit Corporation; if it was, I missed it somewhere along the way. I gather some announcement has been made and it's been carried by the media but in that particular announcement there is mention made of \$3 million that is going to be used to refinance 160 farms. It seems to me if all the Minister is doing is putting in \$3 million to refinance some of his existing clients, and that's a very narrow program with respect to the whole question of refinancing because of the current high interest rate market farmers are facing.

**MR. CHAIRMAN:** The Honourable Member for St. Johns.

**MR. CHERNIACK:** I thought maybe the Minister wants another moment to catch his breath and I'd like to enlarge on the question somewhat. I'm sorry I missed the discussion under The Manitoba Agricultural Credit Corporation, \$33,350,000.00. I was hoping then to explore with the Minister this newly announced program of aid because of high interest rate and that is consolidation of debts. Let me premise it just a little bit more. From listening to what the Minister of Finance said just moments ago, it seemed to me he was saying this is just to add a little money to an existing program, which confused me, Mr. Chairman, because I thought the three million was the program dealing with consolidation of debts and apparently a subsidized interest rate because the announcement in the newspaper — I didn't see one in the House — said a 15 percent rate. So that I wish the Minister, when he replies to the Member for Lac du Bonnet will, at the same time, elaborate as to whether this is a new program or just an enlargement of an old program or is he using moneys planned for other matters under the 33 million to enlarge the three million. That's what I wasn't clear on.

**MR. DOWNEY:** Mr. Chairman, on the point of announcing in the House or not, he's aware that on Friday morning there was an additional circulation or request for some \$3 million. Because of the House adjourning at 12:30 on Friday, the people were informed on Friday afternoon, as I thought it was the proper thing to do. I didn't have an opportunity to do it in the House sitting. The approval had to be, or at least the request put forward, so if there's any concern by the members I would apologize to them. I'll try and explain at this particular time what the actual situation is.

The additional funds are for the expansion of Capital Authority for the credit corporation, not a new program. It's an expansion of a program we feel is important to introduce to, particularly those producers who find themselves in difficult situations because of either carry-over of last year's debt from operations or high floating interest rates charged by banks on machine purchases, which in some cases I would think are now in the neighbourhood of some 20 percent.

The member refers to the interest rate. The current interest rate being charged by Manitoba Agricultural Credit Corporation is 15 percent, that's on both an



intermediate and a long-term loan. Now I don't know how that relates specifically to a long-term bank loan; I don't think it would be too far out on long-term money, 15 percent but I haven't got what the bank rate is on long-term mortgages.

The proposal to assist particular farmers in those areas was to relieve them of some of the problems that the last year's debts or those floating loans may create on people who were in a situation of probably a short crop from last year, low inventory and being faced with a monthly billing that could be accumulating interest of some 2 percent a month — which some farm suppliers charge — and was to alleviate those kinds of situations. There was a capacity within the current lending of MACC to redirect some \$3.7 million that was for capital lending as well as the additional \$3 million. The figures that MACC provided to me, those were the figures they felt they would need and so we proceeded to do that.

One of the other points I think should be made and was a part of the announcement is that if the members recall in 1978 when we reintroduced direct land lending in July, I believe it was, and we introduced several new programs, at that particular time we reintroduced loans for land with a maximum of direct lending up to \$150,000; that with the increased prices of land and other expenses that farmers had to deal with, we felt it important to raise that ceiling from \$150,000 to \$200,000; that was again a change in the program. Plus the fact in 1978 we made a provision for the corporation to guarantee a loan to a farmer as long as the bank, I believe it was initially introduced, as long as the bank kept their charge not more than 1.5 percent over what the prime lending rate was. There was a change, and I'm not sure of the time several months ago, when we reduced that to 1 percent over what prime rate was.

So the changes in the program have been taking place. This is a change in a program, not really a change, an expansion in a program, to try and direct assistance to those people who found themselves in severe difficulty with the loans they may have, not only with the credit corporation but may be outstanding in other areas. As far as the overall problem that the agriculture community are facing with high interest rates in a general sense aren't any different than those faced by anybody in small business, consumers or anything else. I don't believe there is anything that a Provincial Government can do when it lies with the responsibility of the Federal Government and that of course is a problem we all have, the high cost of interest in an overall industry sense in the same situation as people in small business.

The program announcement was not to help or to subsidize all farmers' interest rates but was to try and offer those people who were in a real difficult situation, an opportunity to get some relief. That, Mr. Chairman, was the intent of the program. I'm satisfied from the information provided me from the credit corporation plus from the banking institute and from the constituency that all the members in this House represent on our side of the House — because we do have a fairly good and wide-ranging membership that are answerable to the farm community — it's one of the concerns that has been

brought to my attention from them and we have tried to deal with it in the most beneficial way.

I think, Mr. Chairman, in the next few months followed along with the rains that we have just received over the weekend, we can look for a little more optimism because high interest rates on top of high input costs in fertilizers and fuels in many other areas has caused a tremendous mental strain and concern to the whole community that is supported by farmers and of course by the farmers themselves. So it has been an attempt to deal with it as responsible as possible and I'm sure as I said with the rains that we have just received, the attitude in rural Manitoba will be somewhat different in the coming weeks.

**MR. CHAIRMAN:** The Honourable Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I was asking the Member for Lac du Bonnet just when this 15 percent rate came in to his recollection. His impression is that there was a formula which was something like .5 percent over the province's borrowing rate as assessed by the Finance Department from time to time. If that's the case I wonder if the Honourable Minister would indicate what was the prime rate at the time the 15 percent figure was arrived at and possibly he could learn from the Minister of Finance what is considered to be today's borrowing cost by the Province of Manitoba if indeed the formula is related to the cost of borrowing on the Canadian market by the province.

**MR. DOWNEY:** Mr. Chairman, the member refers to when the 15 percent came into effect. It has been increasing over the last few years really, months in particular on an ongoing basis as the general interest rates have been increasing. To deal specifically with the formula and to deal with the rate in which MACC borrow their money from the province and the repayment schedule to the province and any of that detail I would have to take as notice, Mr. Chairman, and provide for the member so I could be accurate on both the formula and the cost of money that the credit corporation has to pay the province for.

**MR. CHERNIACK:** Mr. Chairman, I'm speaking from memory and it's years back, my impression is that there was a formula established that the Crown corporations of which MACC is one, the interest rate to charge to them would be a fraction above the estimated cost of borrowing by the province and I think changed quarterly, that's my recollection. Whether it is that now or not I don't know. But I would like to be able to relate the 15 percent that is now being charged with the formula in the light of the fact that by recollection is that recently Ontario Hydro, I think guaranteed by Ontario, borrowed I think it was a 10-year loan at close to 16 percent — that's my impression — and I'd like to establish whether the province is subsidizing the interest rate or is not subsidizing the interest rate to MACC. Correspondingly, I'd like to know what is the rate being charged by MACC in relation to the rate it is paying to the Province of Manitoba? These are matters that I think come up now as being something we are discussing.

We are being asked to provide an additional \$3 million. I'd like to know what is the cost to the

taxpayer? What is the cost to the farmer in relation to the cost to the taxpayer in order to find that out? I wonder if the Minister couldn't give us a little bit more information on that.

**MR. DOWNEY:** Mr. Chairman, I believe that the formula being used is the same one that has been used traditionally by the Manitoba Agricultural Credit Corporation. There hasn't been to my knowledge any change in the charge for provincial funds that they are using. Mr. Chairman, I think that as the member has referred to, there is a quarterly revision or a revision at a certain period of time and it is kept in relationship to the cost of money with the province. I do not believe, unless it is because interest rates have been increasing at such a rate in the last few months, that there is any direct subsidy in that manner.

In fact I am aware that there has been a repayment schedule set up by the Manitoba Agriculture Credit Corporation in the past few months or years to repay the funds back to the province. As far as a subsidy on the interest, the only subsidy that I'm aware of at this point is the direct subsidy that is provided by the government of up to \$2,000 on a young farmer loan which is 4 percent on the first \$50,000 to a maximum of \$2,000. As far as any subsidy on the additional money that we're referring now over and above the ongoing formula that the member is probably as aware of as I am that's in place, I'm not aware of any additional subsidy.

**MR. CHERNIACK:** Mr. Chairman, if the formula is still the same as it was, that is a quarterly change, then I would guess that in the last few weeks there may indeed be a subsidy from the Department of Finance to MACC. That would make sense because of the great escalation lately.

I am under the impression, Mr. Chairman, I wish somebody could confirm to me that when we go into Ways and Means we will have to pass a resolution on Capital Supply, or let me put it differently, whether or not my impression is correct we certainly will go into Ways and Means to deal with the deficit which this government is setting up on the current Budget and at that time I would request that both the Minister of Agriculture and the Finance Minister have ready for us, full information on the estimated cost of borrowing. As a matter of fact, Mr. Chairman, it may be useful if we get a schedule let's say for the last six to nine months of what were the rates established by the government of its charges to MACC and other Crown corporations and then we can get a pretty good idea of the formula as it applies.

Having said that, Mr. Chairman, I rise to the statement made by the Honourable Minister in which I believe he said that the problems facing the farmer are not much different the problems facing small business. I think he put it that way. I would remind the committee, Mr. Chairman, that a few days ago I asked the Minister of Economic Affairs whether they were considering and were planning to propose a program of debt consolidation somewhat similar to that of the Minister of Agriculture, because when the Minister of Agriculture replied to a question of that nature, he said those of us in Cabinet who have a particular interest in the agricultural area have been studying this program.

I asked the Minister of Economic Affairs whether he had some program to develop and his answer was pretty succinct, it was, we have no plans. I use this occasion, Mr. Chairman, to point out that there is no reason that I am aware of that the governments could not be thinking with real concern about the problem of small business; bankruptcies are increasing and mainly because of the high cost of money. Mr. Chairman, it's obvious that a small businessman cannot afford to warehouse his goods, to stock up and to take advantage of special prices in order to buy for the oncoming season in advance unless he has capital and his capital normally is provided by loans and usually by bank loans. The interest rate now, and I don't know just what prime is at the moment — the Bank of Canada went up to 19.06 last Thursday — I'm guessing that could produce a prime rate of 20 percent which in normal business might well be 21, 22 percent to the small businessman, an amount which should be impossible for the businessman who has to carry a stock or carry accounts receivable, make it impossible to carry on even though he may have been prudent enough in the last year to cut down on his accounts receivable considering the pressures he must be having now to get his accounts payable as much up to date as possible.

To stock up his enterprise, to carry the normal accounts receivable would eat into his profits to such a great extent just in interest rates alone that it is difficult to imagine how a small businessman can continue. Unfortunately I think the ill-advised federal program of mounting interest rates I believe is designed to create this problem, is designed to raise the cost of consumer goods to such an extent that the consumers will not buy, that's what they want, that they shouldn't buy and if they don't buy then of course the small businessman can't stay in business. I think it's an inevitable cycle that they're forced into.

So unfortunately the Minister of Economic Affairs is not present at the moment. I would like to think that we have an opportunity to discuss with him the principle that is being proposed by the program announced by the Minister of Agriculture, as it should relate to small business. There are members of the Cabinet present and I think they ought to deal with that point.

One other thing, having listened to the Minister of Agriculture discuss what it is they're doing, I don't know why he made the announcement at all last week about a program. I don't believe there is a new program at all. The way he describes it is, they're asking for a 10 percent increase in the Estimates of the MACC. Now that's really all it appears to be. Apparently they don't need new regulations; certainly not new legislation and, as I understand it, the interest rate is the same, the availability of the money is on a similar kind of program. Why was there an announcement made last week? Was that because the Minister said that he was meeting with bankers to discuss farmers woes; because of high interest rates. Is that the result of the monitoring process that was promised in the Throne Speech; that as a result of monitoring he had a meeting. I'm not sure that I'm aware as to what it was that was decided at the meeting; I do know that he's asking for a 10 percent increase in MACC, not quite 10 percent.

Was there anything in this last week, or the last two weeks, that indicated any change in the program at all, other than an increase of 10 percent in the amounts requested by MACC which, Mr. Chairman, must be considerably less than 10 percent of the total monies available because MACC does turn over its funds — I don't know how much its funds amount to in total at the present time. The Minister probably knows; it would be interesting to hear that as well.

**MR. DOWNEY:** Mr. Chairman, I would like to, first of all, respond to the member's comments that when I suggested that agriculture wasn't unlike the rest of society, that there is one difference and I should point it out to him so that it isn't left on the record that there is a complete similarity; the point I was trying to make was that all Canadians, whether they be farmers, small business, consumers or just anyone living in Canadian society today are affected by the mismanagement of the policies of the Federal Government and that's the similarity that I was pointing out, in particular. The cost of doing business as far as the far community is concerned and one of the major problems that they have is that in most cases they are price takers. When I say that they receive a price which is established, in a lot of cases, in rural grain markets and when we deal with a lot of the small businesses and they are, no question, feeling a difficult time. If they are buying or servicing the community in a lot of cases the additional costs are built into the costs of that good and they are able to be passed on directly. Of course the difficulty they run into is when it reaches the point when the consumer stops to purchase because of the additional costs that are added in.

So there is an ability to pass that interest rate charge on immediately. Of course if you are in the manufacturing and that type of industry you have all the costs to build in and whether you're dealing with labour or everything else that is a built-in cost and interest and all that has to be built-in, but it is in fact there. It does represent to the people immediately what the interest rates are doing and it theoretically is able to be recovered from the consumers. So I think there is a pretty basic difference between the farmers and the people who are in small business, as far as the ability to recover the impact of the higher interest rates.

On the point of the announcement, whether there had to be an announcement or not, I think there is another change that I didn't refer to in the other comments that I made, that there was another change that has been made and it's to do with the allowing the Manitoba Agricultural Credit Corporation to lend money on a specific piece of property or on a piece of goods without having to take all the property or all the equipment that a farmer has as security. Traditionally it was that if a farmer — and I'll try and set up the example — if he had some several years ago bought a piece of property with a mortgage of, say, what would be considered to be reasonable today at 7 or 8 percent on a long-term basis, that before he could take on an additional loan with the Manitoba Agricultural Credit Corporation that money would have had to be paid out. If the farmer wanted to buy an additional quarter or half section that loan would have had to be bought out and the farmer would have to forego that reasonable or lower priced mortgage and new

money would have to be brought in from the Credit Corporation; absorb that old loan and readjust the interest on all the loan that he had, which I don't think was in the best interests of the provincial use of money or the MACC use of money or in the best interests of operating the farm; that he should be allowed to take advantage or continue the advantage of an ongoing low interest rate and to take the needed security on the new purchase for the new mortgage. That was a change which I think is not only helpful to the farmer but to the MACC who are providing funds for them.

The other point that I should make is that there was an additional \$3 million requested now but in the overall request for Capital for Manitoba Agricultural Credit Corporation was an increase from some \$19-some-odd million to \$33 million. So there is a lot larger increase than the member is referring to and it should be brought to the House's attention.

**MR. CHERNIACK:** Mr. Chairman, just to remind the Honourable Minister. I asked whether indeed there was no plan being examined, or about to be announced, to assist the small businessman? I mention the fact the Minister of Economic Affairs said that there were no plans. I was asking, in his absence, I was asking any other member of the Cabinet who could, whether he would respond to that portion of what was said and to justify the fact that there are no plans.

Secondly, I asked whether there could be an understanding that under Ways and Means the Minister of Finance would have available to us information of the quarterly interest charges made to the Crown Corporations in the last six to nine months and, at the same time, to tell us what is the estimated present cost of borrowing by the province.

In response to the statement just made by the Minister; firstly, we knew about the increase to \$33 million on Budget night, so there's nothing new about that. This additional \$3 million really has nothing whatsoever to do with the change in the securities requirements by MACC. So I still don't know just what all the statement was about last week which made it appear as if the Minister had come up with something new and fresh that was going to deal with the present difficult situation. Therefore, I think it was an unnecessary but a self-serving public announcement.

I'm also surprised, I was not that familiar or at least I don't remember, the requirement that if MACC made a loan the borrower would have to pay off all prior encumbrances. I certainly didn't remember that. I don't see why that would be. If the interest rate would be favourable on an existing encumbrance then why should MACC replace it unless they felt that the borrower couldn't manage to make his payments to include that prior encumbrance. So I think there would have to be some consideration given to the ability to repay the loans. But what the Minister is saying is fairly standard practice in all lending circles and, that is, if you lend money you lend it on the equity of the owner. Is he now saying that the change will contemplate that a borrower need not pledge all his equity. I'm talking about his equity, not his entire holdings, and pay off any prior debts; but rather, he has an equity in that farm, that example given to us, if some years ago he had a 7 percent loan which has

not been paid off yet, he could continue that but he still has an equity. Is the Minister saying that that equity would not now be taken as collateral to any loans made in the future by MACC?

**MR. DOWNEY:** Yes, Mr. Chairman, I would understand the situation to be that that equity would be considered as part of his worth and in fact could be considered.

**MR. RANSOM:** Mr. Chairman, I just advise the honourable member we will try to get the information that he asked for and I would suggest that discussion concerning the condition of small businesses might be better undertaken during debate of the Supply Bill, since in this case we're dealing specifically with Capital Authority for the Agricultural Credit Corporation.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. USKIW:** Well, Mr. Chairman, I'm somewhat intrigued at what is taking place here. I wonder if the Minister could confirm that he is providing new Capital in an effort to allow farmers to refinance their operations and that that means all farmers can apply to refinance; or is he saying that only within the present clientele within MACC is he providing that possibility? If he's talking about \$3 million additional dollars and some 3 or 4 million that he has Authority for in the Main Estimate to Capital Supply, that's only \$ 6 million and if we're talking about refinancing agriculture in Manitoba I don't think you can do much with \$6 million if you receive new applications, people who have not to this date been involved with MACC. So, I wonder if the Minister would clarify for us just what he is talking about? Existing and new or just existing clients.

**MR. DOWNEY:** Mr. Chairman, I think the member is well aware of the fact that it would be an impossibility for the Credit Corporation to try and provide the amount of money that agriculture in Manitoba needs at this particular time in agriculture production and it is no way the intent of the government to do that. The point that I'm trying to make is that in those areas, and the best information that is available through the Credit Corporation, was what we have requested for. In last year's experience those people have come forward requesting a debt consolidation of their funds, particularly where they are faced with a floating loan with a supplier or a machine institute that may be really giving them some difficulty. So it isn't just a broad opening up of the program for all farmers to refinance because the banks have been doing a reasonable job as far as the introduction of programs for the farm community. It is a matter of allowing people within the Credit Corporation and some new clients who are in a difficult situation to be considered for this program and so it's for both; those who are in and for farmers who are in an extremely difficult situation. There are certain farm operations in particular parts of the province last year where they had a reasonably good crop, a good inventory of grains and they aren't feeling the same kind of pressure they are in certain regions. But because of the lack of grain carry-over, lack of inventory they've been unable to pay off

some of last year's operating expenses and payments that have been carried over. So it isn't, in the broad sense of the word, an attempt to take away the financing from the banks but to attempt to assist those people who are in difficult situations because of a combination of tough times last year, low livestock prices and high interest rates, Mr. Chairman.

**MR. USKIW:** Well, Mr. Chairman, I still would like to get further clarification. It seems to me that the Minister has confirmed that new applicants will be considered as well. That is, people that have not to this date been clients of the Credit Corporation and, if that is the case, and I don't know what the yardstick the Minister is using . . .

**MR. CHAIRMAN:** Order please. The hour is 12:30. Committee rise. Call in the Speaker.

The Chairman reported upon the committee's deliberations to Mr. Speaker and requests leave to sit again

### IN SESSION

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

**MR. KOVNATS:** Mr. Speaker, I beg to move, seconded by the Honourable Member for Dauphin, report of committee be received.

**MOTION presented and carried.**

**MR. SPEAKER:** The hour being 12:30 the House is accordingly adjourned and stands adjourned until 2 o'clock this afternoon.