

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 10 May, 1982

Time — 2:00 p.m.

MR. CLERK, Jack Reeves: It is my duty to inform the House that Mr. Speaker is unavoidably absent and would ask the Deputy Speaker to take the Chair of this House in accordance with the Statutes.

OPENING PRAYER by Mr. Deputy Speaker.

MR. DEPUTY SPEAKER, Mr. Jerry T. Storie (Flin Flon): Presenting Petitions . . .

NON-PARTISAN STATEMENT

MR. DEPUTY SPEAKER: The Honourable Minister of Health.

HON. LAURENT DESJARDINS (St. Boniface): Mr. Speaker, I'd like to ask leave of the House to make a non-partisan statement or announcement at this time, if I may.

MR. DEPUTY SPEAKER: Leave? (Agreed)

MR. DESJARDINS: Mr. Deputy Speaker, I wish to confirm the news that the Speaker suffered a slight stroke on the weekend while in Ottawa and he is expected to remain in an Ottawa area hospital until Wednesday at the earliest. Fortunately, Mrs. Walding was with him when this happened and she is able to stay with him and she is with him now. I'm sure that all the members would like to join me in wishing Mr. Walding a complete and early recovery. Thank you, Sir.

MR. DEPUTY SPEAKER: Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

MR. DEPUTY SPEAKER: The Honourable Attorney-General.

HON. ROLAND PENNER (Fort Rouge): Mr. Speaker, as I previously advised members of the House, I have been discussing problems related to drunken and impaired drivers with senior officials in my department and others.

My department recognizes that this is a very serious social and legal problem and that the incidence of impaired driving is increasing. The statistics for convictions under the various sections of the Criminal Code, which deal with impaired driving, show an increase between 1980 and 1981, Sir, of 26 percent and yet, it may well be the case that the number apprehended may represent just the tip of the iceberg. It is likely the case that only a small fraction of those who drive while impaired are arrested.

A brief presented to me by the Citizens Against Impaired Driving (CAID) estimates that there may be as many as 542,000 instances of impaired night-time

driving in Manitoba in each year. While I'm not prepared to accept that figure without further research, I do accept the organization's view and the view of my officials that the problem is one of immense proportions. It seems clear from such figures that the main problem is prevention and detection rather than simply one of punishment. In order to investigate ways of significantly reducing the incidence of impaired driving I have today appointed a committee to be chaired by Mr. J.D. Montgomery, Q.C., General Counsel in my department. Other members of the committee include, Deputy Chief John Urchenko and Sargeant Robert Taylor, both of the City of Winnipeg Police; David Cruickshank, the Executive Director of the Alcoholism Foundation of Manitoba; Mr. Kirkpatrick, Chief Inspector of the Liquor Control Commission of Manitoba; Larry Jocelyn, of the Manitoba Hotel Keepers' Association, and Dr. John Bock of the Manitoba Committee on Crime Prevention.

This committee will examine innovative ways of preventing persons from driving while under the influence of alcohol or a drug to an extent which impairs their ability to drive. The committee will be examining such things as the possibility of installing mini-breathalizers in licensed premises to enable departing guests to check their own levels of impairment. I've had several other suggestions from concerned citizens and these will be turned over to the committee. I invite citizens of Manitoba generally to pass suggestions along to the committee. While experience, Sir, shows that punishment by itself does not deal with the problem effectively, nevertheless, deterrence does play some role. In this connection I have examined the present policy of this department with respect to when persons involved in a second occurrence of driving while impaired should be charged as second offenders. The present provisions of the Criminal Code provide mandatory jail penalties for second and subsequent convictions. If a person is charged and convicted as a second offender, there is a minimum of 14 days in jail. If a person, and that is the law under the Criminal Code as it presently is, if a person is charged and convicted as a subsequent offender, that is three or more convictions, the Code provides a minimum of three months in jail. In 1979 the then Attorney-General adopted a policy which called for a person involved in a second occurrence to be charged as a second offender only if the second occurrence takes place any time within one year of the first occurrence. I have had several submissions on the need to more severely limit the so-called grace period.

After studying all such submissions carefully, I have today instructed Crown Attorneys to charge a person as a second offender if that person is involved in a second occurrence any time within two years. In addition, a person will be charged as a subsequent offender, and that is, liable to a minimum three months imprisonment if the person has been convicted on two or more occasions within the previous two years.

Representations have been made to me calling for persons to be charged as second offenders if the second occurrence takes place any time within five

years of the first conviction. I have, after very careful consideration, rejected this suggestion after reviewing the policy in other provinces in Canada and after considering the negative effects of mandatory imprisonment. However, I wish to make it clear that this policy, the one I'm announcing today, will be reviewed in a year's time and, if necessary, the grace period may be further limited.

While these are guidelines only, instructions to Crown Attorneys will carry the direction that any authorization to deviate from the guidelines must be obtained from either the Director of Prosecutions or the Senior Crown Attorney of the City of Winnipeg or the Senior Crown Attorney for the Western Judicial District.

So the Alcoholism Foundation of Manitoba has recently expanded its impaired driving program for second offenders. This program, let me explain, requires a second offender who wishes to get his license or her license back to be referred to the Alcoholism Foundation where that offender is interviewed by a counsellor. The counsellor determines whether or not the person has a drinking problem and whether or not the driver will be required to attend a course presented by the Alcoholism Foundation as a condition for obtaining a driver's license. This course is designed to assist problem drinkers. Such persons will be further required to attend classes where films are shown, discussions held on alcoholism and its related problems and professional counselling is available. It was recently announced that the Alcoholism Foundation has expanded its impaired driver program to centres throughout the province. Resources are not yet available to provide such programs for first offenders but the Committee, Chaired by Mr. J. D. Montgomery, has been requested to look into a similar program for first offenders.

Sir, I have discussed the question of sentences imposed on drunken drivers with Chief Provincial Court Judge, Harold Gyles. Judge Gyles advises me that provincial judges who do keep this aspect of the law under constant review share the concerns of the public and are currently re-examining sentencing policy in this area with a view to stiffening penalties. It is my hope, Sir, that the measures announced today will be effective and will bring home to the public our determination, the determination of the Government of Manitoba to explore every avenue to reduce the amount of drunken driving.

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

MR. G.W.J. GERRY MERCIER (St. Norbert): Yes, Mr. Speaker, we on this side welcome the announcement of the Honourable Attorney-General and concur with the concern with respect to drunken and impaired driving. I note the membership of the committee which the Attorney-General has appointed and congratulate him on the quality of the membership of the committee. Mr. Speaker, the Attorney-General referred to a policy which we developed in 1979. I do point out for the record, Mr. Deputy Speaker, that prior to developing that policy there was no policy at all. That policy was developed as the Attorney-General has done now in reviewing the existing other

policies and other Provincial Governments. I have no disagreement with the change in that policy.

Mr. Speaker, we note the work of the Alcoholism Foundation of Manitoba and we would bring to the Attorney-General's attention his comment that resources are not yet available to expand the programs. The Manitoba Liquor Control Commission this year will probably be earning up to \$100 million in profits for the Provincial Government, Mr. Speaker, and it may be that the government should consider, in view of those profits, allocating sufficient resources to the Alcoholism Foundation of Manitoba to implement and expand their programs and perhaps any other programs that are developed through submissions from the public to the committee he has appointed and following upon recommendations from that committee. Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: Notices of Motion . . .

INTRODUCTION OF BILLS

HON. VIC SCHROEDER (Rossmere) introduced Bill No. 29, An Act to amend The Civil Service Superannuation Act. (Recommended by the Lieutenant-Governor).

MR. PENNER introduced Bill No. 30, The Legislative Assembly Management Commission Act. Loi sur la commission de régime de l'assemblée législative. (Recommended by the Lieutenant-Governor); and Bill No. 31, The Child Custody Enforcement Act. Loi sur l'exécution des ordonnances de garde. (Recommended by the Lieutenant-Governor).

MR. RUSSELL DOERN (Elmwood) introduced Bill No. 34, An Act to Incorporate "The Menno Simons Collegiate."

MR. PHIL EYLER (River East) introduced Bill No. 35, An Act to amend An Act to incorporate The Mennonite Brethren Church of Manitoba.

INTRODUCTION OF GUESTS

MR. DEPUTY SPEAKER: Before moving to Oral Questions there are a number of groups in the gallery. I direct the members' attention to my left where we have a group of 30 students of Grade 5 standing from the Cranberry Portage Elementary School under the direction of Mr. Neufeld. These students belong to the constituency of the Honourable Member for Flin Flon.

There is as well, a group of 50 students from the West Kildonan Collegiate. These students are of Grade 11 standing and are under the direction of Mr. Butler and Mr. Hudson and are represented by the Honourable Minister of Consumer and Corporate Affairs.

There is also a group of 38 students of Grade 9 standing from the Arborg Collegiate under the direction of Mr. Jacobson and are represented by the Honourable Minister of Agriculture.

On behalf of all the members, we welcome you here today.

ORAL QUESTIONS

MR. DEPUTY SPEAKER: The Honourable Member

for Turtle Mountain.

MR. A. BRIAN RANSOM (Turtle Mountain): Mr. Speaker, my question is to the Attorney-General in his capacity as House Leader. In our request for information over the past two months, the Opposition has placed a number of Orders for Return, written questions and have placed questions with Ministers during their Estimates. At the moment there are a number of those items outstanding and I wonder if the Government House Leader could advise when we might expect answers.

MR. DEPUTY SPEAKER: The Honourable Government House Leader.

MR. PENNER: With respect to any oral question which was taken as notice and which, in the view of the Opposition House Leader has not yet been answered, I would request his assistance, in fact it is necessary in identifying any specific question. I have, in fact, as I announced about three weeks ago, been attempting to identify any question which has not yet been answered so that I can speak to the appropriate Minister and invite an early reply.

Part of the difficulty, and I am just stating this as a matter of fact, is that a number of questions were asked on several occasions, sometimes in slightly altered words, and it appears on investigating or at least on researching Hansard that they indeed, have been answered. So that if, let me repeat, Sir, there are specific questions in the view of any member of the Opposition through the Opposition House Leader, still waiting for an answer, I'm talking about oral questions, I would welcome receiving additional notice of them so that an answer may be given at the earliest opportunity.

With respect to Orders for Return, again, I have recently met with officials in my department in trying to identify any that have not yet been answered. It is my understanding, Sir, that any written addresses not answered appear on the Order Paper every two weeks and the next time they appear I assure the Opposition House Leader that a double check will be made and that, as soon as possible, an effort will be made to answer. I do know that some of the questions that were taken on written notice required considerable research having to do with the number of contracts, the number of Civil Service hirings and firings, and that these are being worked on and that staff are preparing answers. And I wish to assure the Opposition, through the Opposition House Leader, Sir, that the Orders will be answered shortly.

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

MR. RANSOM: Mr. Speaker, with respect to the questions that have been placed with Ministers during their Estimates, it was the assumption of the Opposition that when a Minister agreed to answer a question that the Minister would make note of it and subsequently answer it. If that's not the case then we will have to place some of the questions again.

Mr. Speaker, a further question to the House Leader, the Attorney-General, with respect to bills. When

questioned earlier the Government House Leader said that there were yet 18 to 20 bills to come, I believe. We have had some introduced; we will be into the Budget Debate shortly which will not end until after the 20th of May, would it be the Government House Leader's intention to introduce any heavy legislation after that point?

MR. PENNER: Heavy legislation. Mr. Speaker, I would have thought that they are all heavy in terms of their importance and their fundamental importance to Manitoba society, but I will take that on notice, if I may, to just cheque what's now presently on the Order Paper. I am, in fact, reviewing with Chief Legislative Counsel what's up the pipe and will discuss it, either privately with the Opposition House Leader or make an announcement in the House. But, I don't think there is anything additional to those things that have been announced in terms of Acts; mostly what will be coming up will be in the form of a relatively minor housekeeping amendments.

MR. RANSOM: A final supplementary, Mr. Speaker. In the September 16th edition of the Winnipeg Sun headed, "Pawley Pledges Interest Relief," the quote is "The NDP Government, upon election to the Government of Manitoba, will immediately, at its first Session of the Legislature, pass interest rate moratorium legislation so that no businessman will have to lose his business because of ruinous policy of the Government of Ottawa."

Mr. Speaker, my question to the Government House leader, is debt moratorium legislation one of those pieces yet to be introduced?

MR. PENNER: Mr. Speaker, not necessarily.

MR. DEPUTY SPEAKER: The Honourable Member for Elmwood.

MR. DOERN: Mr. Speaker, I wonder if I could, with leave, make a correction to the First Reading of the Bill, just in terms of the wording. The Order Paper and the printed First Reading indicated that Bill 34 was An Act to Incorporate the "Menno Simons Collegiate." It should read the "Menno Simons College," which is post-secondary.

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

MR. RANSOM: Mr. Speaker, in view of the Attorney-General's answer, "not necessarily," can I ask the Attorney-General then, has legislation been prepared so that should the government judge it is necessary to introduce it that it might be done on short notice?

MR. DEPUTY SPEAKER: The Honourable Attorney-General.

MR. PENNER: Mr. Speaker, no.

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

MR. L.R. (Bud) SHERMAN (Fort Garry): Mr. Speaker,

my question is to the Honourable Minister of Community Services. I would ask him, Sir, whether he has received a report on the circumstances surrounding the death of an 18-month-old girl last week in a Winnipeg Children's Aid Society foster home?

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

HON. LEONARD S. EVANS (Brandon East): Mr. Speaker, I can advise the honourable member that I have requested a written report on this matter; one is being prepared and I hopefully will get it later today, but thus far I have not received it.

MR. SHERMAN: Mr. Speaker, can the Minister advise the House whether the home in question was operated by the Winnipeg Children's Aid Society or whether it was a child-caring agency or child-caring institution that operated the home, or whether in fact, it was a private home?

MR. EVANS: Mr. Speaker, I will have to take that under advisement, I am not clear on which category the home fell into.

MR. SHERMAN: Mr. Speaker, I would like to ask the Minister whether he has received any requests, including recent requests, for a review of all Winnipeg Children's Aid Society foster homes and foster parents?

MR. EVANS: Yes, Mr. Speaker, as the honourable member knows, this is a very very difficult area. But I have had a request recently for a meeting and I believe we have one set up tomorrow at some time with a group of persons who are involved - not involved but concerned - with this particular case and situations that may be similar to this one.

MR. SHERMAN: Mr. Speaker, a final supplementary on this subject. With respect to the former ward of the Children's Aid Society who had requested a copy of his file, and in connection with which the Minister instructed the Children's Aid Society to make that file available to him, can the Minister advise the House whether that file has been made available to that individual; whether the Minister has placed an order for that file, or ordered that that file be embargoed, or whether that file is still in the possession of the Children's Aid Society?

MR. EVANS: Well, Mr. Speaker, we have requested the Children's Aid Society to forward it, give it to the individual and I would assume that that will take place. However, as the member may know from reading the newspapers and so forth, the Executive Director of the Children's Aid Society of Winnipeg has asked for a meeting with me respecting this particular matter. But I would assume that the report will be given to that individual in due course if it hasn't been done already.

MR. SHERMAN: Mr. Speaker, excuse me, I would like to ask one more supplementary. Can the Minister advise the House of where that file is at the present

time? Is the file still in the records of the Winnipeg Children's Aid Society?

MR. EVANS: Well, Mr. Speaker, I thought I had answered that question just previously. I would imagine that they would wish to keep a copy regardless but as I indicated, we had requested them to turn the copy over to the individual. I would assume that either has been done or is in the process of being done. Let me take that question as notice and perhaps I can come up with a more definitive answer tomorrow for the honourable member.

MR. DEPUTY SPEAKER: The Honourable Member for Virden.

MR. HARRY GRAHAM (Virden): Thank you, Mr. Speaker, I have a question for the Honourable Minister of Transportation.

Over the weekend the Professor Gillson and his Committee that is studying the proposals on changes in grain transportation indicated they're considering a proposal to tie the proposed increases in rail transportation to a corresponding increase in the export price of Canadian grains. I would ask the Minister of Transportation if he concurs with the philosophy of that proposal.

MR. DEPUTY SPEAKER: The Honourable Minister of Transportation.

HON. SAMUEL USKIW (Lac du Bonnet): Well, Mr. Speaker, I believe that Dr. Gilson is attempting to resolve the impasse of consensus on that very issue within the prairie region. I believe what he's searching for with that suggestion is a bit of a compromise position from at least that group that is advocating no shift whatever. I think it's fair to say, Mr. Speaker, that at one time I had made the observation that if farmers received a compensatory guarantee for their production along with the railways being guaranteed compensatory rates for transportation - that might not be a bad arrangement. I don't know to what extent the price relationship is going to have to transportation costs in the mind of Dr. Gilson but certainly we'd be prepared to look at that one, Mr. Speaker.

MR. GRAHAM: Thank you. A supplementary question for the Honourable Minister. From the remarks of the Honourable Minister, am I to receive the impression that the Minister is now changing his stand, that the Crow rate is not negotiable at all, or is the Minister reconsidering that stand at the present time?

MR. USKIW: Well, Mr. Speaker, I don't know that I should repeat what I said before and what I had just said a moment ago and that is that farmers are not people that want to hang onto something because of tradition. Farmers are concerned with the problem of being able to stay in business. The key to that, Mr. Speaker, is that they have some assurances and guarantees that the transportation costs aren't going to remove that assurance. Now, unless we tie transportation costs to farm income or the ability to pay those costs, it becomes an impossible situation. So, Mr. Speaker, while there is room to look at that opportu-

nity or that proposal, I think unless one saw that proposal, one wouldn't want to commit oneself.

MR. GRAHAM: A final supplementary. Will the Minister then take under advisement and consider the possibility of negotiating on behalf of the farmers of Manitoba, the proposal that has been suggested by Professor Gilson and back away from his previous stand of refusing to talk to anyone about Crow except on his terms?

MR. USKIW: Well, Mr. Speaker, the first thing that I would want to remind the Member for Virden is that his premise is wrong. The Government of Manitoba has not refused to enter into discussions on this issue. It is the Government of Canada, Mr. Speaker, who announced the decision as a decision having already been made and also with that statement said that they would not be interfacing with the provincial governments on that issue, but that they are appointing Dr. Gilson to interface with the industry interests. The governments of the prairies were indeed not involved in that process so we are involved only to the extent that we are able to provide help and information to those that have a concern with respect to that issue, but we have not been invited by the Government of Canada or by Dr. Gilson to participate in those discussions.

MR. GRAHAM: A further supplementary. Is the Minister now turning his back on the National Farmers' Union?

MR. USKIW: Mr. Speaker, I don't know what it is that the member is alluding to. We have taken a position on this issue, Mr. Speaker, which has the primary concern of the agricultural producers of this province. Our effort in this area has been to try to assure some degree of protection; something that they have enjoyed for a good number of years, in fact, all the way since 1897. Mr. Speaker, if we're going to have a fundamental change in this question, obviously we ought to make certain that the adverse effects of that change are minimized on those who are least able to protect themselves from the marketplace.

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

MR. J. WALLY MCKENZIE (Roblin-Russell): Mr. Speaker, I have a question for the Acting First Minister of the House. Mr. Speaker, filling station operators, businessmen, women, farmers, private citizens, others insist today that I stand in my place and ask the First Minister of this province's government if they're prepared to support those Manitobans who are driving across Saskatchewan and buying their gas for 6.4 cents or 26.8 cents per gallon cheaper than they can buy it in this province.

MR. DEPUTY SPEAKER: The Honourable Minister of Economic Development.

HON. MURIEL SMITH (Osborne): Mr. Speaker, there's no such plan afoot at this point in time.

MR. MCKENZIE: I wonder, Mr. Speaker, if the Acting First Minister and the government are proposing any memos or papers to advise the citizens of this province that they support those citizens who are going across to Saskatchewan and buying their gasoline at those excellent prices. Are they prepared to stand up and tell the people of this province therefore . . .

MR. DEPUTY SPEAKER: Order please. The Honourable Minister is prepared to answer the question. She's been asked the question. I would hope that everyone would give her the courtesy of listening to the answer.

MRS. SMITH: Mr. Speaker, it's our understanding that interprovincial trade is an open activity. I think we would be the laughing stock of the entire country if we made some particular provision for a group of Manitoba residents who happen to be near the border of Saskatchewan. I mean, after gas prices, what next, beer?

MR. MCKENZIE: Mr. Speaker, a final supplementary of the Honourable Acting First Minister. Are we to understand from the remarks of the Honourable Minister that this government has no position or no statement to make to the people of this province whether, in fact, they support and it's fair ball for people to go across and our business to be phoning me since early morning, along the border of the province, and wondering what position this government's going to take on this matter.

MRS. SMITH: Mr. Speaker, it seems to me the question is suddenly shifted from what we're going to do for the residents who are near the Saskatchewan border to what we're going to do for the residents that live throughout Manitoba. Our whole program is designed to give a fair deal to the people of Manitoba.

MR. DEPUTY SPEAKER: The Honourable Member for LaVerendrye.

MR. ROBERT (Bob) BANMAN (La Verendrye): Thank you, Mr. Speaker. A question to the same Minister. In light of the different programs that have been put in place by other jurisdictions, namely Saskatchewan and British Columbia, when they faced similar problems at their border towns with regard to the selling of gasoline by small retailers, and I point out to the Minister that areas such as Flin Flon and Creighton, where this problem is going to become a real big problem for any operator in Manitoba, is the government planning any programs of tax rebates to operators along the border so that the Manitoba people will be in a position to make sure that they will be competitive with their neighbours maybe only a mile away?

MR. DEPUTY SPEAKER: The Honourable Minister of Finance.

MR. SCHROEDER: Mr. Speaker, the questions asked are important. There is a concern with respect to what happens at the border. I have instructed my department to investigate what, in fact, has happened between other provinces where similar difficulties

have existed in the past and he's brought up the example of Lloydminster. We are expecting to come up with that report fairly soon, and once we do, we will initiate whatever policy decision we believe is necessary, based on that report.

MR. BANMAN: A supplementary question to the Minister of Finance then. I wonder if he is reviewing the system of phasing in, in other words, in different zones, phasing in different tax rates to make sure that even people that are along major arteries such as the Trans-Canada Highway, areas such as Virden, running west of Virden, that those people will not be adversely affected to any great extent by this particular program - in other words, that the businesses along the borders will not go bankrupt because of the difference of 26-cents-a-gallon tax in Saskatchewan versus Manitoba.

MR. SCHROEDER: Mr. Speaker, what we are going to be doing is getting that report and we will do what we can to ensure fairness for Manitobans and to ensure that we will receive the kind of tax from gasoline and diesel fuel that is reasonable under the circumstances.

MR. BANMAN: Thank you, Mr. Speaker. I have a question for the Attorney-General. In light of his statement today, I wonder if the Minister could inform the House, since the statistics show an increased number of people that are driving while impaired, and I think the increase among teenagers is fairly alarming, is the government proposing this Session to bring in legislation which would see the legal drinking age in Manitoba raised from 18 to 19?

MR. DEPUTY SPEAKER: The Honourable Attorney-General.

MR. PENNER: No.

MR. DEPUTY SPEAKER: The Honourable Member for Arthur.

MR. JAMES E. DOWNEY (Arthur): Mr. Speaker, I have a question to the Minister of Natural Resources responsible for Water Resources. Would the Minister of Natural Resources, Mr. Speaker, be prepared to meet with the representative group of some 250 petition signers, people of the southwest corner of the province who are requesting a diversion around the Hartney Dam, would the Minister be prepared to meet this afternoon with a representative group of people who have had their valuable agricultural lands being drowned out?

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

HON. AL MACKLING, (St. James): Mr. Speaker, subject to the requirements of the House, yes.

MR. DOWNEY: Mr. Speaker, I'm indeed pleased that the Minister is prepared to meet with a representative group if a Page would take a copy of the petition with those 250 names.

Second question, Mr. Speaker. Would the Minister of Natural Resources, if the proposal is somewhat reasonable in his estimation or in his department's estimation, could we see immediate action on the resolution of the flooding of farmers or the removal of portions of the dam or a cut around the side of that dam, Mr. Speaker, to alleviate some of the problems in the Souris River?

MR. MACKLING: Mr. Speaker, I will be prepared to meet and to listen and to recommend a course of action that is reasonable. It may be that I might be persuaded that the past actions of the previous administration, in not listening to that group, they may have made a mistake. I will listen and I'll judge the matter on its merits.

MR. DEPUTY SPEAKER: The Honourable Member for Radisson.

MR. GERARD LECUYER (Radisson): During the weekend I met a number of my constituents at a function and, in particular, one whose wife is awaiting elective surgery, and I was wondering, Mr. Minister, if any new developments have taken place with regard to the negotiations with the MMA?

MR. DEPUTY SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, the information that I can place in front of the House is that the MMA has requested an increase of \$31,160 - that's an average for the doctor's getting over \$20,000.00. This would require \$44.5 million and it would increase the average fees of a doctor to \$126,160 per year and the Commission has on the table an increase of \$9,000 per doctor, the same, those averaging \$20,000 or more. This would require \$12.6 million additional and this would increase the average fees, revenue, for \$104,000 per year.

I thought that the question was, Mr. Speaker, is there anything new with the negotiations? If that's not the question . . .

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

MR. MERCIER: Mr. Speaker, a question to the Minister of Finance or the Minister of Labour. Could he indicate what the first demands of the MGEA are?

Mr. Speaker, the government is apparently in the mood for providing a lot of information to the House. I asked the Minister of Labour if he could indicate what the first demand of the Manitoba Government Employees Association is?

MR. DEPUTY SPEAKER: The Honourable Minister of Labour.

MR. SCHROEDER: Mr. Speaker, now that he got the marbles out of his mouth I could understand it. As the Minister of Health was answering the other question I was just musing that \$9,000 amounts to more than the total amount that people on the minimum wage will receive at \$4.00 an hour. The increase that's on the

table is more, in total - just the increase - than what a person on the minimum wage makes in total, after the \$4 an hour minimum wage comes into effect.

With respect to the MGA first proposal, that was so far back that I don't recall the number but what I can say about the MGEA and government negotiations is that certainly the MGEA has stepped a long way back from their original position.

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

HON. WILSON PARASIUK (Transcona): Mr. Speaker, on May 5th I was asked a question by the Honourable Member for Lakeside, if I was aware of current layoffs within the Tantalum Mining operation and I'd like to answer him that on Wednesday, May 5th - the day he asked the question - at a Board Meeting of the Tantalum Mining Corporation of Canada Limited in Toronto, representatives of a minority 25 percent shareholding, attending the Board meeting were informed that a five-week summer shutdown would be necessary because of existing high inventories and poor markets for tantalum. The company normally has an inventory of approximately 30,000 to 40,000 pounds of tantalum. The present inventory level is in excess of 200,000 pounds and it is expected, even with the temporary summer shutdown, that by December of 1982 the inventory will be approximately 300,000 pounds; the inventory in December would represent over one year's production if related to the level of sales presently being experienced this year, the December 1982 inventory would represent more than two years of sales, under normal sales circumstances the inventory would represent approximately one year of sales.

Officials of the company feel because tantalum is a specialized commodity of high value with low volume of production that the stockpiling strategy will not impact adversely on the company when markets return to normal. The stockpiling strategy, along with timing the plant closure to coincide with the holiday period, is expected to minimize the impact on the employees. The shutdown was announced by company officials to the employees on Friday, May 7, 1982. There will be approximately 100 employees laid off from June 28 to August 2, 1982. On resumption of operation all employees are expected to be recalled.

MR. DEPUTY SPEAKER: The Honourable Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Speaker, I thank the Honourable Minister for that answer and I would ask him a supplementary question as to the number of employees involved and a further question, as a substantial shareholder, although it is a minority shareholding that Manitobans have, why that information was not offered to us in the Chamber at the same time that the announcements were being made in Toronto.

MR. PARASIUK: Mr. Speaker, I did inform the member in my answer that 100 employees are being affected and, secondly, there was no announcement in Toronto on May 5 when the member asked the question; that was a discussion at the Board level by the majority membership of the Board, we do have a 25 percentage

of that company. If it hadn't been for the previous government's inactivity and neglect in this respect we could have had over 50 percent interests in that company. Mr. Speaker, I do wish to inform the member that we are not the manager of that particular operation and, indeed, Mr. Speaker, the employees were informed on Friday. I waited until such time as the employees were informed to answer the member with information that I got on Friday afternoon, which I took the opportunity of bringing into the House and raising in Question Period the first opportunity I had.

MR. ENNS: Mr. Speaker, just one simple supplementary question. Would 25 percent fewer employees have been laid off if we had 25 percent additional equity in Tantalum?

MR. PARASIUK: Mr. Speaker, indeed, if we had 25 percent greater percentage of that company our dividends over the last few years would have been much higher than they have been to date, Mr. Speaker, and we've enjoyed a very great improvement to our deficit position that we inherited from the Conservative Government.

MR. DEPUTY SPEAKER: The Honourable Minister of Government Services.

MR. USKIW: The other day the Member for St. Norbert asked a question with respect to the timing of construction on the Perimeter Highway from Roblin Blvd. to Portage Avenue and my information is, Mr. Speaker, that the contracts were awarded last year by the previous administration, and that the project will be completed within three or four weeks. The subsequent construction program undertaken by the City of Winnipeg was awarded after the contracts for the Provincial Government were awarded. So, Mr. Speaker, we're so well down the road with construction on this site that it doesn't appear to be practical to try to alter the schedule of this project.

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

MR. SHERMAN: Mr. Speaker, I have a question for the Honourable Minister of Corrections. I would ask him whether he can confirm weekend media reports of laxity and inefficiency on the part of custodial staff at the Winnipeg Remand Centre?

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

MR. EVANS: Mr. Speaker, I can't confirm that report.

MR. SHERMAN: Mr. Speaker, can the Minister confirm the presence of a letter allegedly written to the Free Press from two persons facing murder charges in the Remand Centre referring to, and charging, laxity and inefficiency of the type mentioned, can he confirm the presence of that communication?

MR. EVANS: I am aware of it as the honourable member is aware of it and I would expect to be getting a report on this shortly.

MR. SHERMAN: Mr. Speaker, has the Minister taken any action as a result of that report? Is the Minister dismissing that as a fictitious newspaper story or is he looking into the possibility that there is some actual substance to it?

MR. EVANS: Mr. Speaker, what I was indicating to the member is that we expect a report on this and when we see what the facts are we'll make a decision but we want to get the facts first.

MR. SHERMAN: The Minister can't expect a report on it unless he's asked for a report on it. Has the Minister asked for a report on that situation reported in a newspaper on the weekend, now some 48 hours ago?

MR. EVANS: Mr. Speaker, I expect to have information either later today or early tomorrow.

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

MR. McKENZIE: Mr. Speaker, I have a question for the Honourable Minister for Health. I wonder if the Minister of Health is now prepared to meet with Grandview and Gilbert Plains Hospital Boards, their applications for a meeting with the Minister have been deferred since November or October, I'm told. Is he now prepared to sit down and meet with them?

MR. DEPUTY SPEAKER: The Honourable Minister of Health.

MR. DESJARDINS: Mr. Speaker, I gave the answer on that during my Estimates.

MR. McKENZIE: I wonder, Mr. Speaker, would the Honourable Minister advise the House and these Boards why he refused to meet them until his Estimates were on the table and, therefore, they didn't have a chance to debate their priorities.

MR. DESJARDINS: Mr. Speaker, the priorities and the decisions and the discussions are usually at the level of the Manitoba Health Services Commission and these people certainly had all the opportunity to discuss with the Commission and we went through all that with the member during my Estimates and the answer that I give would be the same today.

ORDERS OF THE DAY

MR. DEPUTY SPEAKER: The Honourable House Leader.

MR. PENNER: Mr. Speaker, would you please on Orders of the Day . . .

COMMITTEE CHANGE

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

MR. BANMAN: Mr. Speaker, before Orders of the Day, I wonder if I could make a change in Public

Utilities; the Member for Charleswood for the Member for Roblin-Russell.

MR. DEPUTY SPEAKER: The Honourable Government House Leader.

MR. PENNER: Yes, Mr. Speaker, on Orders of the Day, would you please call the Report Stage on Bill No. 9, An Act to amend the Insurance Act?

REPORT STAGE

BILL NO. 9 - THE INSURANCE ACT

MR. DEPUTY SPEAKER: Report Stage, shall the Report of the Law Amendments Committee with respect to Bill No. 9, An Act to amend the Insurance Act, be concurred in?

The Honourable Member for Tuxedo.

MR. GARY FILMON (Tuxedo): Mr. Speaker, firstly, I apologize for not having informed the Clerk on Friday of my intention to move the amendment. Is the procedure that I should move the amendment now and then address the amendment?

Mr. Speaker, I move, seconded by the Honourable Member for Virden

THAT the proposed subsection 371(2.1) of The Insurance Act as set out in section 10 of Bill 9, An Act to amend the Insurance Act, be struck out and the following subsection substituted therefor:

Restriction on issue of licences.

371(2.1) The superintendent shall not issue a licence to a corporation whose head office is outside Canada.

MOTION presented.

MR. DEPUTY SPEAKER: The Honourable Member for Tuxedo.

MR. FILMON: Mr. Speaker, on Friday I indicated the various reasons why I do not believe that the provision which exists in the current Bill, Bill 9, which would have the effect of preventing people from acting as agents or brokers on behalf of an individual, a group, a corporation or any entity if that is their sole purpose, rather than to act as agents or brokers to the public at large. I indicated, at that time, and I won't repeat the arguments, that I do not believe that this is a matter of principle on behalf of either the New Democratic Party or the government and that it will have, it could have in the future, the effect of reducing the competition in the marketplace. Should the numbers of alternative insurers shrink and should that lead to the possibility of collusive practice, this would eliminate the only alternative that an individual might have, and that is to set up an agency or a brokerage which could act on behalf of one's own holdings whether that be any entity, as I say, an individual, a group, an estate, a corporation, whatever.

I do not believe this is in the public interest, in fact, I believe that it has the potential to be detrimental to the public interest in reducing the competition. I believe that the only justification could be one of either administrative convenience or else to satisfy, perhaps, the

concerns of those who are already acting as agents or brokers because it would limit their competition in future in the insurance field as agents or brokers.

I do not believe there should be any concern whatsoever that it would lead to inexperienced or ill-qualified people being in the industry because we still have, through the Superintendent of Insurance office, the right to examine and to assure ourselves that people who are given licences to act as agents or brokers are indeed qualified to do so. As long as that power remains in the hands of the Superintendent of Insurance there ought not to be any concern that there might be ill-qualified people entering the field through this mechanism.

As I said before, there is the opportunity under the existing legislation for the Superintendent of Insurance not to grant a licence if she believes that one is not holding oneself out to deal with the public as an agent or a broker. I do not believe that needs to be changed into a negative statement that says that the Superintendent shall not issue a licence to somebody who is not going to be acting publicly as an agent or a broker. Since many existing, well qualified and recognized agencies that are now trading with the public began initially as agents or brokers acting on behalf of small groups or individuals, and that has not damaged the insurance industry in Manitoba, I believe that the existing provisions well protect and serve the public.

I mentioned as well that there are very few other provincial jurisdictions who have such a provision, and the one the Minister mentioned to me was Ontario, and I took the trouble of communicating with and discussing with senior officials from Ontario to try and determine why they have such a provision in their Act. Their response was that it has existed so long that none of them know the rationale that led to it having been put in their Act many years ago. So there does not appear to be any knowledge on their part of why this is a good or a bad provision and it seems to me that, unless we have strong reasons in the public interest to bring in provisions to an Act, I don't think we ought to further regulate any portion of this industry without very good and solid reasons.

So, Mr. Speaker, without further comment I recommend to members that the amendment be passed and the provisions that would restrict that ability of acting as agents or brokers on behalf of small groups or other entities be removed from the Bill.

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

HON. EUGENE KOSTYRA (Seven Oaks): Yes, thank you, Mr. Speaker, I rise to speak against the amendment that is before us and in favour of the original motion.

The amendment deletes a section from the Act that as was outlined in debate, would prohibit the establishment of agencies under The Insurance Act that would be working specifically for one client, that is one company. The reason for the amendment one, is to prohibit that practice because it is inconsistent with other sections of The Insurance Act. At the present time The Insurance Act outlines in Section 371(1), that an agent in order to be granted a licence must

hold himself out publicly for business. What would happen if the proposed amendment was passed is that agencies could be formed for the sole purpose of providing insurance for one specific company, which would mean that they would not be holding themselves out publicly to do business with any person or persons in the Province of Manitoba.

Secondly, it's inconsistent with a further section of the Act that deals with rebating under Subsection 378(4), which prohibits rebating and it could be interpreted that what is being suggested by allowing for the companies to form their own agencies, that it would be a form of rebating which is presently prohibited under the Act.

Also, it has been mentioned that in my opening statement that as far as possible and practical it is desirable to have insurance law consistent throughout the country. There has been discussions with the insurance industry with respect to these amendments and it's my information that they are in favour of them. There's also been discussions that are held nationally with the superintendents of insurance and they are all attempting to move at the same time with respect to the number of amendments and as was mentioned, this prohibition presently exists under The Insurance Act of Ontario.

The main argument of the Member for Tuxedo is that it's not in the public interests, this amendment that was being proposed in the original motion would not allow for corporations, companies or people to have the advantage of setting up agencies for the sole purpose of providing insurance to themselves. Well, Mr. Speaker, the facts of the matter are this would be only to the benefit of large corporations. It's only large corporations that would be able to be in a position to set up these agencies. Small business would not be able to set them up, they would not be able to do that. Individuals would not be able to set up these kind of agencies. So, what we would have is large corporations having an unfair advantage with respect to insurance in the Province of Manitoba; have a vehicle available to them that is not available to small business and is not available to individuals in the Province of Manitoba because only large corporations would be in the position to set up these agencies.

The other matter is that this would affect agents, small business people in the Province of Manitoba. We've heard lots from members opposite with respect to small business in the province and how they're concerned that small business is suffering. This amendment would put small business people who act as agents in an unfair position because they would not be able to bid on large accounts as they presently can because large corporations would be able to use the commission that they would derive as being an agent to fold back into their own companies and individual agents would not be able to compete for those policies so would affect the income of many small businesses in the Province of Manitoba that act as insurance agents. So it's my opinion that this is certainly in the public interest so that one group, large corporations are not put into a situation of being at an advantage that isn't available to other people in the province, be it small business people or individuals.

So with those few comments, Mr. Speaker, I urge members to defeat the proposed amendment and

vote in favour of the main motion.

QUESTION put on the Amendment, MOTION defeated.

THIRD READING

MR. PENNER presented Bill No. 9, An Act to amend The Insurance Act for third reading.

MOTION presented.

MR. DEPUTY SPEAKER: The Honourable Member for Tuxedo.

MR. FILMON: Mr. Speaker, without belabouring the point, I just make the case that what the Minister has just told us is that he prefers to limit the competition amongst agents and brokers in this province by eliminating an opportunity for others to set up their own private brokerage or agencies to perhaps avoid collusive practice, to perhaps avoid limited competition amongst the insurance market.

Moreso than that, he has stated that the only people who would be able to set up an agency or a brokerage to deal on behalf of their own insurance needs are large corporations when very very specifically his Bill says and refers to, "dealing chiefly in the insurance of property owned by the corporation or its shareholders, members or employees, or its subsidiaries, parent corporations or associated corporations or by any one or more of them or, by one corporation, or firm, or its shareholders, members, or employees, or subsidiaries by one person, estate or family," so he is eliminating the opportunity for any entity, not just large corporations. When all else fails it's a reflex action on behalf of members opposite to slam the big corporations having unfair advantage in a particular market.

I am just as concerned for the fact that people acting on behalf of a family, or an estate, or an individual, or a small group would be denied an opportunity to avoid what they might consider to be collusive practice in the market by setting up a small agency or brokerage and that's the reason I suggest the Minister is off-base and he has obviously given in to either a special-interest group in whose interest it is to limit competition, or for administrative convenience amongst his own department to eliminate this option for people.

I suggest that nobody's going to come out as they did into committee and be very upset about this but I see it in principle as being a lessening of competition and an increase in regulation in the marketplace which this government will leave as a legacy to the future.

QUESTION put, MOTION carried.

MR. DEPUTY SPEAKER: The Honourable Government House Leader.

MR. PENNER: I move, seconded by the Minister of Energy and Mines that this 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 to consider of the Supply to be granted to Her Majesty with the Honourable Member for River East in the Chair for the Department of Education and the Honourable Member for The Pas in the Chair for Urban Affairs.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY - URBAN AFFAIRS

MR. CHAIRMAN, Harry M. Harapiak (Flin Flon): I call the Committee to order. We are considering the Estimates of Urban Affairs, Item 1.(a) Minister's Salary. Mr. Minister.

MR. KOSTYRA: Yes, Mr. Chairman, I'd like to give a brief opening statement. Mr. Chairman, I'm pleased to introduce the 1982-83 Estimates of Expenditure for the Ministry of Urban Affairs. The Department of Urban Affairs is responsible for administering The City of Winnipeg Act and for co-ordinating development and implementation of Provincial Urban policies and programs in close co-operation with the Council of the City of Winnipeg and the Government of Canada.

The Estimates placed before you reflect this government's firm commitment to ensure that the major issues of economic, social and physical development and revitalization in our largest community are addressed as positively and creatively as possible. The Estimates provide for the re-establishment of the Department of Urban Affairs with the necessary minimum increase in staff to develop, co-ordinate and administer provincial-urban policies and programs. The department has primary responsibility within the Provincial Government for the determination of financial support for the City of Winnipeg and for the implementation of the Canada-Manitoba-Winnipeg Core Area Agreement and the Canada-Manitoba Agreement for Recreation and Conservation for the Red River Corridor.

Estimated expenditures for these three purposes are contained within the department's Estimates and reflect the desire of this government to pursue its urban objectives in a co-operative and flexible manner using whatever methods are most appropriate, including direct grants, joint programming as in the case of the core area, and complementary programming as in the case of ARC. In addition to these major programs that are shown in the departmental Estimate, the Department of Urban Affairs has overall responsibility for ensuring the maintenance of Legislative financial and planning framework within which the City of Winnipeg can work effectively to meet the needs of its citizens. This framework includes the City of Winnipeg Act and other pertinent provincial legislation; the whole range of policies and programs which affect the city's resources of Revenue and requirements for Expenditure and the Greater Winnipeg Development Plan which governs long-term urban land use, transportation and development servicing decisions.

In order to discharge this overall responsibility effectively the province must be well-informed and sensitive to the changing objectives and require-

ments of the City of Winnipeg and the Government of Canada as well as the needs and aspirations of the citizens themselves. I'm pleased to advise that the Urban Affairs Committee of Cabinet was reconstituted shortly after this government took office and that the Cabinet Committee has already met with the city's official delegation on four occasions to discuss urban issues and identify opportunities for co-operative action. I have been meeting very frequently with the Mayor of Winnipeg and the Federal Minister of Employment and Immigration as members of the Core Area Agreement Policy Committee.

My Cabinet colleagues have also been engaged in inter-governmental discussions of matters involving their particular departmental responsibilities. I've been most encouraged by the spirit of co-operation which all parties have demonstrated in our negotiations to date and I'm very optimistic about the prospects for inter-governmental co-operation on priority issues. At the same time I am concerned to ensure that special efforts are made to provide for more effective consultation and participation by individual citizens, organizations and the business sector on development and implementation of decisions which affect the well-being of our urban society.

We are already pursuing the objective of increased citizen consultation and participation to the Core Area Agreement and we also intend to ensure that greater efforts towards citizen participation are made in all matters within the jurisdiction of the department.

Mr. Chairman, having made these few brief introductory remarks on the general mandate of the re-established Department of Urban Affairs, I shall be pleased to provide more specific details with respect to individual programs as each of the four Resolutions are discussed.

MR. MERCIER: Mr. Chairman, I thank the Minister for his opening remarks. I think we can proceed line-by-line.

MR. CHAIRMAN: 1. (b) Salaries.

MR. MERCIER: Could the Minister indicate whether he is responsible for any other municipality other than the City of Winnipeg?

MR. KOSTYRA: No.

MR. MERCIER: Will the Minister be introducing any amendments to The City of Winnipeg Act this year?

MR. KOSTYRA: Yes, Mr. Chairman, there may be some minor amendments introduced but I don't anticipate any major amendments at this sitting of the Legislature.

MR. MERCIER: Could the Minister indicate the number of staff man years in his department?

MR. KOSTYRA: The total staff man years is 19.

MR. MERCIER: Does the Minister have an organizational chart?

MR. KOSTYRA: Yes, Mr. Chairman.

MR. MERCIER: Does the Minister have an extra copy?

MR. KOSTYRA: Mr. Chairman, we'll have one made shortly and distribute it to the Member for St. Norbert.

MR. MERCIER: Could the Minister, to go back to one other subject, could the Minister indicate the space that the department operates out of?

MR. KOSTYRA: Outside of the space for the Deputy Minister in this building, the Department of Urban Affairs has space in the ManuLife Building, approximately 3,000 square feet on the fifth floor and the ARC Authority has additional space in the ManuLife Building.

MR. MERCIER: How many employees will occupy the ManuLife Building?

MR. KOSTYRA: There'll be 16 in the department and there's 1 employee on the other floor for the ARC Authority and 2 employees in this building, in the Legislative Building.

MR. MERCIER: What is the annual rental of the ManuLife space?

MR. KOSTYRA: Mr. Chairman, the rental for the Director of Urban Affairs's portion of the ManuLife Building is approximately \$30,000 per year and I'm informed that the rental for the ARC Authority is approximately \$11,000 per year, additional.

MR. MERCIER: Not having an organizational chart, Mr. Chairman, could the Minister indicate how the staff are allocated, in what areas?

MR. KOSTYRA: I'll break down the 19 SMYs. They're not all filled at the present time. There are 2 in the Executive function, the Deputy Minister and the Secretary to the Deputy Minister. There are 9 positions in the Administration and Finance Branch and 7 positions in the Urban Policy Co-ordination Branch and 1 position in the ARC Secretariat.

MR. CHAIRMAN: The Member for St. Norbert.

MR. MERCIER: Mr. Chairman, it would probably be more appropriate then to discuss the functions of the Other Employees as we proceed through the other areas of the Estimates.

In this area, Mr. Chairman, I wonder if the Minister could indicate his position to the Association of Urban Municipalities with respect to their Resolution favouring an increase in the sales tax?

MR. KOSTYRA: Well, Mr. Chairman, the way the question was phrased is that the Association is in favour of raising the sales tax. I'm glad to see there's some people that are in favour of raising the sales tax, but I think what the member is referring to is the position with respect to raising the sales tax and having a portion of that sales tax made available to municipalities throughout the province. We have had discussions with the municipalities with respect to their

request and recently, within the last week, received a Resolution passed by the City of Winnipeg making the same request to us and the whole area of assistance to municipalities is under review and it's going to be under further review with respect to increased assistance to municipalities. There has been, from time to time, as the Member for St. Norbert is aware, numerous requests during his term in office for increased assistance to municipalities throughout the Province of Manitoba, especially in the area of the opportunity of having a greater portion of growth taxes.

All I could say at the present time, Mr. Chairman, is the whole area is under active consideration by the government.

MR. MERCIER: Mr. Chairman, has the Minister received a report from Mr. Justice Hall whom Cabinet authorized to enquire into the salaries of City Council?

MR. KOSTYRA: Mr. Chairman, no I have not received the report and I may have to look into it further, but it's my information that I would not be receiving the report directly. The authorization for the Justice to serve in that capacity was upon request of the City of Winnipeg who wanted the Justice to do a review of the City of Winnipeg salaries. However, there had to be, as I understand it, permission granted by the Provincial Government before a federal Judge can be used to do any inquiries within provincial jurisdiction. So I am of the opinion that the report that's referred to would be made directly to the City of Winnipeg for possible action by them directly.

MR. MERCIER: Does the Minister have any knowledge when that report will be completed?

MR. KOSTYRA: No, I do not, Mr. Chairman.

MR. MERCIER: Mr. Chairman, the city had requested the province to provide legislative changes to give the Ombudsman jurisdiction over the City of Winnipeg. Has the Minister developed a position with respect to that request?

MR. KOSTYRA: No, Mr. Chairman, we have not developed a position with respect to that request.

MR. MERCIER: Mr. Chairman, does the Minister intend to undertake any sort of a major review of The City of Winnipeg Act?

MR. KOSTYRA: Yes, Mr. Chairman, I noted when assuming office, and was reminded by the City of Winnipeg at one of the early meetings, that there was a very lengthy document of requested changes to The City of Winnipeg Act by the City of Winnipeg. It would be our intention to do a review over the next period of time; to look at possible changes to the City of Winnipeg Act; to look specifically at the request from the City of Winnipeg. There have been requests from time to time by individuals or groups within the city with respect to The City of Winnipeg Act and it is our intention to do a review over the next period time into The City of Winnipeg Act, for looking at possible changes in subsequent Sessions of the Legislature.

MR. MERCIER: I wonder if the Minister can indicate what sort of review he would be looking at; one within the department or one through appointees who would hold public hearings, etc.?

MR. KOSTYRA: Mr. Chairman, quite frankly, the government hasn't addressed itself to that particular issue. Unfortunately, we have not as yet, even determined what course we would take with respect to any review. It may be that it would be internally, within the department, within government or I wouldn't close the door to the possibility of having some outside person or persons look at The City of Winnipeg Act, but no decisions have been made with respect to that at the present time.

MR. MERCIER: Mr. Chairman, does the Minister intend to undertake a review of ward boundaries before the next civic election?

MR. KOSTYRA: Mr. Chairman, that is a possibility because of the change in the census since the boundaries were last established that there could possibly be a review prior to the next civic election due to the population changes or shifts in the City of Winnipeg.

MR. MERCIER: Mr. Chairman, there was a report by the Clean Environment Commission urging the City of Winnipeg to take steps to curb river pollution. Has the Minister's department been involved in any consideration of that report in any discussions with the city?

MR. KOSTYRA: Mr. Chairman, I am aware of the report the Member for St. Norbert has referred to. I have not had any discussions with the City of Winnipeg on the report from the Manitoba Clean Environment Commission. I did have discussions, however, with the Town of Selkirk at a time when there was a meeting between the Cabinet and officials from the Town of Selkirk where they raised concerns with respect to water quality in the Town of Selkirk, as the member is aware. The Town of Selkirk has to drink the water that comes down the Red River through Winnipeg and we had indicated to the Town of Selkirk that through both my department and the Department of Environment there would be discussions with the City of Winnipeg with respect to the water quality of the Red River. Those discussions have not taken place as of yet.

MR. MERCIER: Mr. Chairman, does the Minister support the motion that was made by NDP Members of City Council to buy Greater Winnipeg Gas Company?

MR. KOSTYRA: I'm not aware of the specific motion that the City of Winnipeg buy the Greater Winnipeg Gas Company - it sounds like a good idea - or was the suggestion that the province buy the Greater Winnipeg Gas Company?

MR. MERCIER: The motion was that the province should buy Greater Winnipeg Gas Company.

MR. KOSTYRA: Mr. Chairman, there has not been

any representation to me with respect to that resolution. I do not believe it had passed City Council and I would await any requests from the City of Winnipeg officially with respect to Greater Winnipeg Gas. As the member is aware, the renewal of the license to Greater Winnipeg Gas to the distribution rights of gas is up for renewal and within the couple of years and that matter is under discussion through the Department of Energy and Mines.

MR. MERCIER: Mr. Chairman, during the Estimates of the Municipal Affairs the Minister indicated that he intended to have a legislative committee hold hearings after the end of this Session of the legislature on the Weir Report on Assessment and I asked him if there had been any discussion with the Mayor and the Chairman of City Council of the official delegation or the Minister of Urban Affairs prior to deciding to embark upon that course of action. I raised the question inasmuch as the city had almost been a partner in the whole assessment review process and that their administration were very closely involved and consulted through that process. I asked the Minister if he has had any discussion with the Mayor and Committee Chairman on that course of action by the Minister of Municipal Affairs, whether the city concurs in that position or would they, in view of the long involvement of the Weir Study, rather have the city and the province jointly consider that report at least to determine whether or not there are any interim recommendations the city and the province might support.

MR. KOSTYRA: Yes, Mr. Chairman, as the Member for St. Norbert is aware the report has just recently been published and distributed to the interested municipalities and cities throughout the province and that was just a matter of a few weeks ago. I have not, as of yet, had the opportunity of discussing any matters with respect to the Weir Report with the Mayor or the official delegation of the City of Winnipeg. I would expect that probably at an early meeting of the official delegation and the Urban Affairs Committee of Cabinet that issue would be discussed with respect to the Weir Report, but there has not been any discussions with the city as of this date with respect to the Weir Report, nor has there been any requests from the Mayor to me, or the official delegation to the Urban Affairs Committee of Cabinet, with any specific recommendations on possible implementation of the recommendations of the Weir Report.

MR. MERCIER: Mr. Chairman, I wonder, did the Minister indicate he would be discussing this issue with the Mayor and Chairman of City Council prior to proceeding with Legislative Committee hearings?

MR. KOSTYRA: Insofar as there are, on a regular basis, meetings with the official delegation and the Urban Affairs Committee of Cabinet, I would expect that issue would be discussed prior to the formation of the Committee hearings that the Member for St. Norbert refers to.

MR. CHAIRMAN: 1.(b)—pass; 1.(c) Other Expenditures—pass; No. 2. Administration and Finance Branch 2.(a) Salaries.

The Member for St. Norbert.

MR. MERCIER: The Minister indicated there were 9 employees or staff man years in this particular area. Could he indicate in more detail what these people will be doing within this Branch?

MR. KOSTYRA: Yes, Mr. Chairman, the Administration and Finance Branch provides for - I might just give, if you will, some general remarks about the whole section and then I'll zero-in on the staff.

The Administration and Finance Branch provides for \$45,220,000 which is primarily for grants to the City of Winnipeg.

Appropriation 2.(a) provides for \$195,000 for salaries of the 9 staff members of the newly established Administration and Finance Branch which is responsible for providing administrative financial and clerical services for the department as a whole which has specific responsibility for co-ordinating the development and implementation of the whole range of provincial policies and intergovernmental arrangements as they affect urban finance.

Appropriation 2.(b) provides for start-up and ongoing expenses for office accommodation and equipment for the department plus Other Expenditures required by the Administration and Finance Branch.

Appropriation 2.(c) provides a total of \$44.8 million for the three separate grants to the City of Winnipeg to replace, on an interim basis, the former block grant.

The staffing is as follows: in the Administration and Finance Branch there's a Director of the Branch, 1 proposed Senior Urban Finance Co-ordinator, an Urban Finance Analyst, a Senior Urban Economic Analyst, one Administrative Officer, one Clerk, two Administrative Secretaries and one Administrative Secretary term position.

MR. MERCIER: Mr. Chairman, as the Minister indicated when he announced the Annual Provincial Grant to the City of Winnipeg, that \$13,666,000 was to cover half the cost of the Transit deficit; \$11 million as an unconditional programs grant and \$20,140,000 is an unconditional current programs grant, is it the intention of the Minister to, in the coming fiscal year, impose conditions on the capital programs grant?

MR. KOSTYRA: Mr. Chairman, we have not made any decisions with respect to the financial assistance, the grants to the City of Winnipeg for the next fiscal year. What we did indicate, that we made a change from the former block grant on an interim basis to the three separate grants as indicated and that over the next year we'd be doing a review of financial assistance of the Grant Program to the City of Winnipeg in co-operation and in consultation with the City of Winnipeg in anticipation of completing a review prior to making decisions with respect to the grants for next year. So, in direct answer to the question, no, we have not made that decision at this time.

MR. MERCIER: The Minister indicated he wanted to review the city's request for next year before making any decision with respect to conditional grants?

MR. KOSTYRA: Yes, Mr. Chairman, the original

question was whether or not the province would be putting restrictions on, with respect to the Capital grants. I indicated that we have not made any decisions in that regard at the present time. What we have said is that we are going to review the grants to the City of Winnipeg, discuss the method of giving grants to the City of Winnipeg, with the City of Winnipeg, and then be making decisions with respect to those grants prior to the next fiscal year.

MR. MERCIER: Does the Minister mean that he will have to satisfy himself that the programs that are submitted are programs that he would approve?

MR. KOSTYRA: No, Mr. Chairman, that's not what I said. What I said is that we have not made any decision as to how the grants will be made to the City of Winnipeg in the future; whether or not that means that we're going to look at specific Capital programs and make decisions with respect to the assistance on the approved Capital projects is a question that is still open. We have not made a decision either way in that specific regard; nor have we made any decisions generally with respect to the way and method that grants will be given to the City of Winnipeg in the future. We're very open on that and if he has specific suggestions as to how the grants could be made I would be interested in hearing them.

MR. CHAIRMAN: The Member for Assiniboia.

MR. RURIK (Ric) NORDMAN (Assiniboia): I think, basically, Mr. Chairman, my question has pretty well been answered because that was what I was going to ask, was what changes, if any, had the Minister in mind for the grants to the city, whether they were going to be anything other than the conditional grants or whether there was going to be block funding or what. He pretty well answered the question that I had in mind.

MR. CHAIRMAN: I.(a) Salaries.
The Member for St. Norbert.

MR. MERCIER: Mr. Chairman, I would like the Minister to explain in some more detail the reason why nine staff-man-years are required in this branch. Formerly this work, I believe, was carried out by one, and perhaps, two at the most, individuals. Can the Minister explain the need for a Director, a Senior Urban Finance Co-ordinator, a Senior Urban Economic Analyst, etc.?

MR. KOSTYRA: Yes, Mr. Chairman, there was, basically, contained in the Department of Municipal and Urban Affairs, two of the nine positions. Some of the new positions are needed, as the title of the section indicates, Administration and Finance, to administer the ongoing work of the department with respect to payroll and other such matters. There is, first of all, with the re-establishment of the Urban Affairs Department, was to meet a number of needs. One, as I indicated, we are looking forward to doing a review of urban assistance to the City of Winnipeg which will require some work within the department. Secondly, as the Member for St. Norbert is aware, the Winnipeg

Core Area Initiatives is just presently starting to move ahead and there is considerable responsibility by the Provincial Government with respect to the Core Area Initiatives. It is requiring additional work and additional staff to deal with it on an ongoing basis. Also, there are other activities with respect to the ARC Program that are also accelerating in the coming year and in subsequent years that require a greater ability of the department to respond. That is the reason for the increase in this particular section, from approximately two employees to nine.

MR. MERCIER: Mr. Chairman, I don't think that answer satisfies me. First of all, the Minister made a reference to Core Area Initiative staff; that is contained in the next branch where there is certain sharing with other levels of costs with other governments. The only thing the Minister has referred to is to do the payroll and to review financial assistance. I can tell the Minister that a former employee, and I don't want to go into names but he will know who I mean, was well qualified to review the financial arrangements with the City of Winnipeg. One is led to the conclusion that the Minister simply approved a very large increase in the bureaucratic structure for no worthwhile purpose. What he has indicated - to do the payroll and to review the figures - are not justification for this large an increase in the staff man years in this particular area when it was done quite well by one particular individual still employed with the department and I hope he's employed with the department for a long time.

There may be one reason which the Minister doesn't care to acknowledge at this particular point and that is that the Minister wishes to second-guess and duplicate and overlap the work done by the existing City of Winnipeg Administration who are extremely well-qualified in their own right and work on a day-by-day basis with City of Winnipeg matters. So, Mr. Chairman, I would ask the Minister, again, can he provide any more justification for an increase in 7 staff man years in this particular area or does he intend to use these people to second-guess the City of Winnipeg?

MR. KOSTYRA: Yes, Mr. Chairman, the very simple answer to the question is no. It's our intention not to second-guess the fine staff that the Member for St. Norbert referred to that work for the City of Winnipeg but to work co-operatively with them as we are with the elected officials of the City of Winnipeg, to look at the major problems that are facing the City of Winnipeg and thereby affecting the Provincial Government, the Province of Manitoba.

As the Member for St. Norbert is well aware the City of Winnipeg is facing a number of major problems, a number of major, issues over the next period of time, the next decade and beyond, and that those have a great impact on the Provincial Government and there is responsibility on the Provincial Government to respond in a co-operative fashion with the City of Winnipeg to deal with those problems, to deal with those issues, and that the Department of Urban Affairs of the Provincial Government need some minimal resources to adequately address those issues, those problems from a provincial perspective, to provide the kind of assistance that is going to be needed

to the City of Winnipeg to deal with those problems.

I indicated a number of areas that there was need for the province to have the necessary resources to deal with, including the implications of further assistance to the City of Winnipeg with respect to grants and financial assistance, which is not an easy issue to deal with, that one needs to look at very closely and very carefully. I also indicated that the activities under the Core Area Agreement are accelerating and the province has to watch very carefully that those programs are going to work; that there is a political commitment that was made by the previous government that we confirm, with respect to the Winnipeg Core Area Initiatives, that the three levels of government, the City, the Federal Government and the Province have made a commitment on a tri-level basis to deal with the problems in the Core area of Winnipeg and to respond to them adequately and that requires resources at all three levels of government and also, at the implementation stage, through the Core Area Initiatives to deal with them.

I also indicated that the branch will be providing administrative assistance to the department and some of the staff that have been mentioned with respect to an area of clerical assistance will be available to both branches, to all sections of the department, to give the necessary support services in order to carry out the work of the department. The answer is, Mr. Chairman, that we are not trying to second-guess the city; we have accelerated the meetings, both at a political level and at a staff level with the City of Winnipeg. We have, as an example, had four meetings to date with the Urban Affairs Committee of Cabinet and the official delegation of the City of Winnipeg which was, as I understand it, twice as many than were held in the entire last year between the City of Winnipeg and the Provincial Government. By becoming much more active in dealing with the requests that come from the City of Winnipeg it requires some resources, minimal resources, to adequately deal with those issues.

MR. MERCIER: Mr. Chairman, the member refers to some broader subjects which, I think, will come up in the next branch, but we're here discussing an increase to 9 staff man years in the Administration and Finance branch which provides for the payment of assistance to the City of Winnipeg, according to the description, that amounts to four cheques per year for block funding on a quarterly basis. What are these 9 staff man years going to - the Minister says he's not going to second-guess the City of Winnipeg - do for the residents of the City of Winnipeg? We're in this situation, economically in the province, where the government of which the Minister is a part, are no doubt tomorrow night going to increase taxes on every resident of the province and here we have a situation where there has been a substantial increase in administration for no demonstrable reason.

The Minister says he's not going to second-guess the decisions of the City of Winnipeg. In essence, the decision on the amount of a grant to the City of Winnipeg is a political question, keeping in consideration the amount that the government can afford to provide through its overall Estimates. This is an increase of 9 staff man years at a time when the government is going to increase taxes and, I think, the Minister has

to provide some better justification what service these people are going to provide to the City of Winnipeg taxpayers who are incurring a significant increase in their real property taxes this year through municipal and education increases. Perhaps the money could have been better spent by providing more assistance to the City of Winnipeg to reduce the mill rate increase or to the School Boards to reduce the education tax increase. What service are these people going to provide, what improvement are they going to make to the residents of the City of Winnipeg?

MR. KOSTYRA: Mr. Chairman, I indicated in my previous answer the reasons for the minimal increase in staffing and this Provincial Government's role and responsibility that it feels to the majority of the citizens of the province that reside in the City of Winnipeg. I take exception to the comment that it would be very simple and there would be no need of any staff resources to make a political decision with respect to providing financial assistance to the City of Winnipeg. I may be a bit naive, Mr. Chairman, but I would rather approach the question of assistance to the City of Winnipeg in not strictly political fashion as to what kind of increase would be politically acceptable, but rather what kind of assistance should the province and in what manner and what form should the Government of Manitoba, give to the City of Winnipeg to assist it in carrying out the needs and the wishes as the City Council sees it with respect to the citizens of the City of Winnipeg. In order to do that, Mr. Chairman, I believe that it needs some staff support, some assistance so that we're not in a position that we just make strictly political decisions with respect to financial support to the City of Winnipeg; that we'd look at it in a rational and reasoned fashion and look at the ways that the province can effectively assist the City of Winnipeg in carrying out the affairs and the kind of financial system would form.

It's not a simple matter just to take the requests from the City of Winnipeg and say well, all we can politically afford is X amount of dollars and sign a cheque. I believe that it takes some work, some research into what kind of a system in what form the province should give to the City of Winnipeg. As I indicated there are a number of pressing issues that are facing the City of Winnipeg, that are facing most major urban centres in the country that have to be addressed in the near future. It's my opinion that they're not simple problems; the solutions to those problems are not going to be simple solutions and it's going to take some research, some working with the City of Winnipeg in order to solve some of those problems, I believe, that we are going to have with the resources that are available and they are not significant increases. The member is attempting to portray the increases in a massive manner that they're large increase in the bureaucracy of the Provincial Government and they're rather minimal increases. If one looks at the increases at the staffing as compared to when the Department of Urban Affairs was last functioning as a separate department, that they're very close to that same staffing level without the other major components that the department is dealing with such as the Core Area Initiatives Agreement and the ARC Program.

I am of the opinion Mr. Chairman, that the increases are not substantial and are certainly going to be used in a way to assist the City of Winnipeg in dealing with the major problems that it's facing and thereby assisting the citizens of Winnipeg.

MR. MERCIER: Well, Mr. Chairman, the Minister of Municipal Affairs indicated there were four staff man years transferred from the Department of Municipal Affairs to the new Urban Affairs Department. Now we have a total of 19 staff man years. In this branch we have a Director, Administration and Finance Branch; then we have a Senior Urban Economic Analyst. Could the Minister describe that person's function?

MR. KOSTYRA: I'm sorry, I got distracted for a moment. What was the last question? Describe that . . .

MR. MERCIER: Describe the function of the Senior Urban Economic Analyst.

MR. KOSTYRA: The position of the Senior Urban Economic Analyst, he or she would serve as a consultant on fiscal impact and economic problems as well as a senior urban economic policy analyst and advisor within the department. He or she would be undertaking economic analysis and fiscal impact studies on major plans and redevelopment projects including urban growth management; urban energy utilization and conservation programs and policies; industrial, commercial and private sector housing proposals; the role and impact of tax incentives achieving urban policy objectives and dealing with specific projects under the Core Area Initiatives Agreement such as the CN East Yards Development Project and the ARC Program, and would be dealing with other major projects that impact on the department that may be proposed by the City of Winnipeg in the future — as the Member for St. Norbert is aware — some major Capital programs that the City of Winnipeg is contemplating with respect to the aqueduct and the heat recovery plant and would also represent the department on interdepartmental committees and intergovernmental committees and task forces.

MR. CHAIRMAN, Don Scott (Inkster): The Member for St. Norbert.

MR. MERCIER: Mr. Chairman, would the Minister acknowledge that those functions are all functions that are undertaken in other departments of government?

MR. KOSTYRA: No, Mr. Chairman, I don't think that any other department of government deals directly with those urban issues. There may be parts or components of those issues that may be dealt with by other sections or other departments of government, but not generally with respect to the City of Winnipeg in that manner.

MR. MERCIER: Mr. Chairman, the Minister, I believe, referred to consideration of the heat recovery plant. Has the Minister not acknowledged that is a matter that should be properly considered by the Depart-

ment of Energy and Mines?

MR. KOSTYRA: Yes, Mr. Chairman, as indicated with respect to the technical side of a project like that, there would be certainly assistance and technical advice available in the Department of Energy and Mines to deal with that side of that particular project.

MR. MERCIER: I didn't catch them all, Mr. Chairman, I believe the Minister referred to a housing area. Does the Minister not acknowledge that there is a great deal of expertise on housing within MHRC?

MR. KOSTYRA: Yes.

MR. MERCIER: Mr. Chairman, the Minister I believe referred to economic impact of projects. Does the Minister not acknowledge that there is a great deal of expertise on that subject within the Department of Economic Development?

MR. KOSTYRA: Yes, there is technical assistance available through the Department of Economic Development with respect to the economic development generally in the province.

MR. MERCIER: Mr. Chairman, the Minister has referred to, I believe, the study of tax incentives. Would the Minister not acknowledge that there is a great deal of expertise on that subject in the Department of Municipal Affairs and/or the Department of Finance?

MR. KOSTYRA: With respect to taxation certainly in the Department of Finance there is expertise available with respect to general taxation policies but I do not, or I'm of the opinion that there is not expertise for people available in the Finance Department to deal specifically with urban taxation issues.

MR. MERCIER: Mr. Chairman, the Minister's referred to the payroll function. Does the Minister not acknowledge that the payroll function could have been carried out through the Department of Municipal Affairs as it was before?

MR. KOSTYRA: Yes, Mr. Chairman, the payroll is a small function of the department. There are additional expenditures that go through the department including the core initiatives and the assistance to the City of Winnipeg. So in establishing the department if the function was solely for the purposes of providing payroll, there would not be need for a separate administration and finance section. That section does not only deal with payroll, it deals with the monies that are afforded to the City of Winnipeg, monies that are turned over to the Winnipeg core area initiatives on behalf of the province. So there are many functions of a financial nature that the section is dealing with, not just actual payroll of the employees of the department.

MR. MERCIER: Well, Mr. Chairman, the Minister had cited payroll as one of the two areas that this Branch was going to be involved in and now he says it's a very minor part. There is no great number of cheques to the City of Winnipeg. The block funding is paid on a

quarterly basis which is four cheques per year and the Minister has now cited this as a significant reason for this large increase in staff.

I have to again remind the Minister that tomorrow night this government is going to increase taxes, the sales tax may very well be one part of that. People nowadays are having a very difficult time meeting ends if they're lucky enough to be employed and the Minister has offered no significant reason why the taxpayer should be burdened with an increase in staff in this particular area and in this total department by over a quarter of a million dollars to provide a function that was formerly carried on by four people and now apparently requires 19 people under this government.

How is he going to explain that to the constituents in his constituency who are having a difficult time financially if they're lucky enough to have a job? What service are these additional people going to provide in this branch when he's now acknowledged that there is a great deal of expertise within the provincial government in these various areas?

If it's an Economic Development matter, there are people well-qualified in the Department of Economic Development to provide advice to the Minister of Urban Affairs on a specific issue. If it's a matter of taxes, we have well-qualified people in the Department of Finance or the Department of Municipal Affairs to provide advice.

The Minister is not only duplicating and questioning the information provided from the City of Winnipeg through their well-developed and well-qualified administration, he's duplicating the services that are already offered by various departments of the Provincial Government, whether it be Economic Development, Municipal Affairs, Finance, MHRC, Department of Energy and Mines, or any other department. What additional service can these additional staff provide that is not already available through the expertise in the City of Winnipeg or in Provincial Government departments?

MR. KOSTYRA: Thank you, Mr. Chairman. The Member for St. Norbert is somehow trying to lead into the debate that may start tomorrow evening with respect to the Budget and I think the general comments with respect to what may or may not be contained in the Budget should be best left to that time because I think there are a number of reasons that have gone into the decisions that will be made with respect to the Budget tomorrow night. To somehow suggest that the minimal increases in the staffing of this department have a great impact on what may or may not happen with respect to taxes contained in the Budget tomorrow night, I think are simply not correct.

There's certainly no intention and if one was to take the argument of the member to its extreme that we were setting up a department within government to do things that can be done and are being done in other sections of the department, would mean the staffing increase would not be the small number that it is, that we'd be setting up a department of two or three or four times the size of the one that is being put into place because the co-operation within other departments of government is continuing and the Department of Urban Affairs is on a regular basis, using the advice and expertise that's contained in other departments

of government, but it certainly has to be co-ordinated with respect to the assistance and the co-operation with the City of Winnipeg.

The member also fails to realize the comments, fails to understand the comments I made earlier with respect to the increase in activities of the department that he himself is aware of, as an example, with respect to the core area initiatives. He talks about the increased staffing, that it is going to result in greater costs to government and thereby, greater costs to the citizens of the province. But on the other hand, Mr. Chairman, we have a responsibility in government to ensure that the funds that are being expended on various programs are being done so in an efficient and co-ordinated fashion so that there isn't monies and funds spent needlessly with respect to the increased activity in the Urban Affairs area as exemplified by the core area initiatives, that there are large sums of money that are being used in the core area of Winnipeg, funds provided by the province and we have a responsibility to ensure that those funds are spent in the most efficient manner and are not spent needlessly. That does require some resources in order to do that.

There are large amounts of money spent on the core area initiatives. As an example, the province is involved with major pieces of property as a result of the province being the implementing jurisdiction with respect to the land acquisition under the various programs of the core area initiatives. We have a responsibility to ensure that those funds are spent in the public's interest and that does require some minimal staff resources, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Honourable Member for Elmwood.

MR. RUSSELL DOERN (Elmwood): Mr. Chairman, just briefly in response to the Member for St. Norbert. I think this money that would be required to establish a department, not a couple of people, floating about or walking about Municipal Affairs, I think the money would be well spent. There are 600,000 people in the City of Winnipeg; they have concerns and needs; they have requirements; they have aspirations. The Member for St. Norbert, if we push his argument, I suppose could logically argue that you only need two or three departments in government. The Department of Agriculture, maybe Public Works, Finance and that's about it and they could all be run out of a few departments. I'd remind him that his own government started out with one of the smallest Cabinets in Manitoba history and bragged about it and then had one of the largest Cabinets in Manitoba history and didn't say anything about that. I don't believe that when the member was the Minister that he really had the in-House expertise; I don't believe his government had the policies or the thrusts that the people of this city wanted. Winnipeg, in my judgment, didn't go forward in the late 70s but lost in both relative and absolute terms, lost ground to Regina, Edmonton and Calgary and Winnipeg needs some special attention, needs some focus and some thrust, needs money, in particular, needs dollars. In fact, not too long from now, I'm going to be standing up and arguing that they should get more money out of the CPR. To put programs in

place and to give Winnipeg the attention it deserves it's going to require money and it's going to require staff.

The previous administration didn't believe in that. They believed in every man for himself - which is what Tommy Douglas used to say - when the elephant danced among the chickens. He certainly did, and he was right. I don't know - it would be interesting to hear what ex-councillor Nordman would have to say about whether he felt the city, when he was a member, received sufficient funding from the province and whether he liked the block-funding proposal —(Interjection)— he didn't like either.

I simply say that if you are going to give the city its proper due and I'm an urban member and I want strong provincial support and if that necessitates a staff of 19 rather than a staff of 4 then that's the way it is. You're certainly not going to have a whole series of complicated urban programs and, of course, work with the city when you only have a couple of people floating about the department of Municipal Affairs. I think the Minister is right in establishing a department and the government is right in establishing a department and 15 civil servants to look after the needs of 600,000 people, as far as I'm concerned, is a good investment —(Interjection)— that's right, and my colleague is absolutely correct that I tend to think in terms of Winnipeg but that it is in regard to the whole urban scene in the Province of Manitoba.

MR. KOSTYRA: Mr. Chairman, with respect to the comments of the Member for Elmwood. The actual increase in staffing was not as indicated, I should just clarify the existing position that we utilized from Municipal Affairs were nine positions so the net increase in complement was ten positions. There were nine positions rather than the four the Member for Elmwood referred to.

MR. DOERN: Mr. Chairman, I was taking the word of the Member for St. Norbert but I stand corrected by the Minister.

MR. CHAIRMAN: The Member for St. Norbert.

MR. MERCIER: Mr. Chairman, firstly, to the Member for Elmwood, the Minister of Urban Affairs has already indicated that he's not responsible for any other municipal jurisdiction than the City of Winnipeg. Secondly, the Minister of Municipal Affairs indicated in his Estimates that four staff man years were transferred from the Department of Municipal Affairs to this department so we're talking about an increase of 15 staff man years. Thirdly, Mr. Chairman, I want to make it clear, and the members can go back to Hansard, when I had the privilege of doing these Estimates I was asked for my view on whether there should be a separate department for Urban Affairs and my answer was then - and my position still is - it really was of no great concern to me whether the Urban Affairs responsibility was within the Department of Municipal and Urban Affairs, or whether there were separate Ministers but there certainly has to be a designated Minister responsible for liaison and working with the City of Winnipeg because of its significant population in Manitoba and its importance to the total economy

of the Province of Manitoba, and because of its large relative population to the province. I've no great quarrel with the establishment of a department; I was Minister of Urban Affairs and called upon specific staff within the Department of Municipal and Urban Affairs for assistance in dealing with the City of Winnipeg and there were certain staffpersons who are here now who had specific areas of responsibility and did a very good job.

My question here is, we now have an increase of some 15 staff man years. I'm not suggesting - no one should take this suggestion - that only four people worked on City of Winnipeg matters. We were able to use the expertise of whatever department or agency was involved with some specific responsibility, whether it be MHRC or Economic Development or Municipal Affairs or Finance or whatever, and the Minister has indicated that he's still calling upon these departments for assistance on specific matters.

Now, he says I'm getting into the debate that will start tomorrow night. Well, I remind him that the Premier has indicated to a number of groups throughout the province that taxes are increasing. If he doesn't believe the Premier then, I suppose, there's some hope for all of the taxpayers in Manitoba that taxes won't be increased tomorrow night and I would welcome that. What I'm trying to ascertain from the Minister is, considering the expertise that is available in the province in the various departments and at the City of Winnipeg within their administration, what are these additional staff persons - and we're talking this time about the Administration and Finance Branch - what additional service or benefit are they going to provide to the City of Winnipeg residents and taxpayers that is not presently available in one form or the other? We have apparently, a Senior Urban Finance Co-ordinator, a Senior Urban Economic Analyst, an Urban Finance Analyst. The Minister keeps referring to the Core area. There is a line in the following branch covering the Estimates of the Core Area Agreement but here we're talking about Administration and Finance and I'm concerned about what these additional people are going to accomplish for the residents and taxpayers of the City of Winnipeg and the province.

MR. CHAIRMAN: Mr. Minister.

MR. KOSTYRA: Thank you, Mr. Chairman. First of all, the Member for St. Norbert keeps referring to 4 positions that existed in the Department of Municipal Affairs. I believe that the answer to the question that he raised in Estimates of Municipal Affairs was with respect to the individuals that were transferred to the new department and there are 4 incumbent individuals that moved from the Department of Municipal Affairs to the new Department of Urban Affairs. There are a total of 9 positions that existed in Municipal Affairs that were transferred to the new Department of Urban Affairs so that the net increase in actual positions is, not the 15 that is being referred to continuously by the Member for St. Norbert, but 10 positions, that there are 4 individuals that worked previously in Municipal Affairs that are not working in the Department of Urban Affairs but there are 9 positions that were transferred from Municipal Affairs to Urban Affairs.

With respect to the general comments, I suppose we are close to rising, going into Private Members' Hour, but I think I adequately addressed them in respect to what benefit they'll have to the taxpayers of the City of Winnipeg. I think that question will be answered as the province is better and more affectively able to deal with the issues that are affecting the City of Winnipeg and will stand the test of time, I suppose.

MR. CHAIRMAN: The hour is 4:30. We'll interrupt proceedings for Private Members' Hour. Committee will resume sitting again at 8 o'clock

SUPPLY — EDUCATION

MR. CHAIRMAN, Phil Eyder (River East): We are considering the Estimates of the Department of Education Item 3.(a), Financial Support — Public Schools, School Grants and Other Assistance.

The Member for Tuxedo.

MR. FILMON: Mr. Chairman, I wonder if the Minister could indicate to us just what plans her government has for the continuation and/or adjustment or change to the current arrangements with respect to public funding for private schools.

HON. MAUREEN HEMPHILL (Logan): Mr. Chairman, I think I indicated in a previous question during question period that the whole question of education funding was up for review; that review is under way and that it will include all components of funding including aid to private schools. I would like to indicate that there has been — and I am quite happy to support all moves in this direction — an increase in the shared-service agreements between private schools and school divisions. In times of tight resources and declining numbers of children I think we all agree that anytime better utilization of materials or resources or facilities or personnel can be maintained by cooperative efforts between any groups and including private and public schools that I am quite happy to support that.

The private schools did receive the additional funding that was given this year for print and nonprint. The same increase that went to the public schools for printed material was increased for the private schools and I'm also, I think, pleased to report that I think a significant move was made in an area that we knew was of importance to all the private schools and particularly the Hebrew Schools. When I came into office I inherited a major concern by those schools teaching the Hebrew language, because they were not being funded for the total \$435 that was available for students because of an interpretation, Mr. Chairman, that suggested that some of the teaching that was taking place in the schools in Hebrew did not conform to the criterion requirements of the Department of Education. Therefore, they were funded on a partial basis. This information was brought to me not just by those teaching or responsible for the Hebrew Schools but by the Independent Schools Association who took up the cause and suggested that this was unfair. My department looked into it at considerable length and after a fairly major review we agreed with the

position taken by the Association for Independent Schools. We have agreed that the flexibility that is allowed in the public school system for teaching programs should be allowed in the private schools where we are funding them. We are now funding them to the full potential that they are able for all of their students that of \$435 per student.

This decision meant that we were making available approximately an additional \$130,000 in the year 1982 that would not have been coming to those schools to provide their programs had I not made that decision. I think I'm suggesting in answer to the question, Mr. Chairman, and I realize it's a fairly long one, is that I have made some moves since we took office to improve some of the support and some recognition in terms of sharing of resources, and treating and dealing with the private schools in a fair and reasonable manner. We will continue to do that and we will review the whole process, the whole question of funding within our total education finance review.

MR. FILMON: Well, I'm firstly pleased that the Minister has indicated that the matter has not been decided upon in a negative fashion, that is, that her government has not decided out-of-hand despite its previous opposition to support for private schools that it will immediately set forth to eliminate that support. I'm also pleased to hear of the decision that has been arrived at with respect to the interpretation of the regulations for funding for the Hebrew Schools and a few others, as I recall, that were involved in teaching some areas of the culture and the history of their language and race as part of the private school education curriculum and were because of a rather narrow — in my view — interpretation of the regulations not able to be given the full amount of the \$435.00.

That was a matter that had come to our attention in the latter stages of our administration and I for one was a part of a group on the political side that was reviewing the matter and certainly we arrived at the same conclusion that the Minister had, that there was an inequity and an unfairness to the Hebrew Schools there and that in the assessment of the effective private schools what we have to keep paramount is that at the end of whatever given period of time, whether that's on a year-to-year basis or a sequential basis, that the students arrive at the same, at least an equivalent point in terms of their knowledge and understanding of the basic requirements of the curricula rather than whether or not they spend X number of hours or X number of days or X number of classes on this, that or the other things; that the yardstick has to be whether or not they are at least as well educated in terms of the requirements of the Department of Education at any level, as are their brothers and sisters who are attending public schools. How they accomplish it in the private schools or how they accomplish it, in particular in parochial schools, ought not to be the question, but rather or not, if they accomplish it and if they are able to at least match the standards that they would have had they been required to attend public schools. That, in my view, is the basic bottom line for assessment of that kind of comparison and I am sure that the private schools' organization and those schools in particular who benefit from that decision of this administration will, indeed, be pleased with it as I

am sure we are, on this side, to hear that has been resolved.

The Minister, in discussing the question of public aid to private schools, alluded to the fact that she has responded in the House to questions and stated where the current position is at with respect to her government. She didn't go on to say what she did say in response to that question earlier. She added at that time the fact that the Estimates she inherited did not provide for increased funding to private schools. As I understand the process, the Estimates didn't provide for increased funding to public schools either, but that certain political decisions have to be made after one arrives at the judgments that would carry forth the area of need as established by the budgetary process of all the school divisions.

I might indicate to her as well that Estimates that are provided by the staff of the Department of Education are being assembled by people who, in large measure if not totally, are not products of or having been involved with private school education in their own particular history. The initiative itself to provide public funding for private schools was not one that was recommended or in any way pushed by the Department of Education staff. Rather, it was a political initiative and therefore the decision as to how it's going to be furthered and whether or not increased funding will be made available will undoubtedly be a political decision and not one that is likely to come as a result of initiative by people within her department because, the department, throughout its history and of a natural course is made up of people from the public school education system. Therefore, they're not likely to bring forth a recommendation to the Minister with respect to increased funding or increased initiatives in private school education.

So, lay on the table to the Minister, that the decision ultimately, on what she and her government do to and with private school funding in this province is going to be a political one and I suggest that she ought not to deflect it into a position where her department and the Estimates that they are putting together are what leads to the decision; rather it will be a political decision and I hope that her government will consider the fact that the needs of those in private school education in terms of finance, are mounting just as rapidly as those in the public sector are and she will have to take account of that when arriving at her decision.

MRS. HEMPHILL: While there wasn't a question, I will respond to some of the points made by the Honourable Member for Tuxedo. I quite both agree and recognize the points he made that this decision, as many others and, perhaps, particularly a decision like this, will be largely a political decision and not an administrative decision and that it would be for any government that was in office. However, I also believe that the Estimates and the budget process that is normally in place takes about a year to go through and that I expect that I will, and that other Ministers would, give a reasonable degree of direction and specific direction to administration and staff in any area where they wish to see a major change or they wish to see programs, because they will not bring in the ones that are on your agenda that are political if you do not communicate to them. I just make the point that I

believe there was ample time during the preparation of this set of Estimates to have brought into play and consideration and direction, the views and attitudes of the government and have them reflected in that budget.

The private school grants are outside of the Education Support Program and therefore did not receive the automatic 12.5-percent increase that was built into the program, but I suppose that both sides could have made a political decision to do so.

MR. FILMON: Yes, I'm sure that the Minister can and does take responsibility for that decision and I suggest to her that it was not the right decision, so we'll leave it at that.

I wonder, in discussion of the overall financial support to public schools in the province, if the Minister can confirm the figures that I have at my disposal from her initial presentation and my calculations made from a myriad of tables and fact sheets that she has provided me with and that I have gained from various different announcements, and that is that the overall increase in funding required by public schools in the province this year in these Estimates, is a total of \$70.4 million and that the total amount that this government has decided to put into public school education funding in this province this year is \$42.5 million, the difference of which is about \$28 million — \$27.9 million, I suppose — which translates into an average increase throughout the province in mill rates on property taxes for school purposes, of 6 mills. Is that the figure that I should have?

MRS. HEMPHILL: I just heard part of the question. I heard a fair amount of the lead-up, Mr. Chairman. Was the question a direct question? Did the amount of support that went in from the Provincial Government turn into an average mill rate increase - could the member rephrase it then or give it to me again? I'm sorry.

MR. FILMON: Mr. Chairman, my question was if my figures are correct the total amount of increased spending required by public schools throughout the province this year will be \$70.4 million. The total amount of direct funding from the provincial coffers this year will be \$42.5 million according to the Minister's opening statement. Therefore, the difference, the shortfall that will have to be recouped through additions to the real property taxes of the province will be \$28 million which I believe — this is the area that I stand to be corrected on because I'm not sure of the total assessment base — but I believe that \$28 million added on to the real property tax base will translate into an average of 6 mills.

MRS. HEMPHILL: Mr. Chairman, the Member for Tuxedo was being cautious in putting out his figures because he wanted to make sure that they were correct and on this side, we wanted to make sure that we were confirming correct figures. I can say that the figures that the Member for Tuxedo gave are correct except that he did not include the \$2-million grant to Winnipeg School Division.

MR. FILMON: That would then mean that it's a \$26-

million shortfall and I'm now correcting my own figures in that I see that the total balanced assessment, education balanced assessment is \$3.1 billion and if you divide \$26 million by \$3.1 billion, I think you get closer to 8 or 9 mills than you do to 6 mills then if that's correct, and I'm doing it right off the top, so again I stand to be corrected.

MRS. HEMPHILL: Mr. Chairman, I'm going to have to stop speaking when I should be listening.

MR. FILMON: We all have that problem and I realize that having been through the process from the other side, the Minister is trying to be briefed on the answers by her staff and at the same time I'm asking you questions. So, I believe that if we take the shortfall of \$26 million, divide it by the education-balanced assessment of \$3.1 billion that we would then arrive at an average mill rate increase that would be closer to something like 9 mills than the 6 mills I said initially. Is that correct?

MRS. HEMPHILL: It's 8.9 mills on farm and residential.

MR. FILMON: So, the average increase across the board on farm and residential throughout the Province of Manitoba for the increased school costs this year is going to be 8.9 mills for school purposes, of which 4.2 mills is the amount that the Minister has added to the education support levy in order to fulfill the requirements mandated by the Education Support Program in the province. So, the other average increase of about 4.7 mills will be on special levy and that will make up the amount. Is that correct?

MRS. HEMPHILL: 3.7 mills for the supplements.

MR. FILMON: The Minister shook her finger at me and I assume that meant that she was going to be coming forth with more information. I don't believe that the figure of 3.7 is correct.

The Member for St. Johns is giving me a hard time —(Interjection)— they can't take that away from you, eh?

MRS. HEMPHILL: Mr. Chairman, the average mill rate reduction, because of the supplemental program was 3.7 mills and I think it's important here to communicate once again what the mill rate increase would have been had we not brought in the supplemental program; that would have been a 12.6 mill rate increase. As a result of the supplemental program, 30 school divisions and 4 school districts out of the 54 received enough supplemental money, enough money through the two supplemental programs to totally wipe out the effect of the 4.2 mill rate increase, that is, 34 out of the 54 all received some funding; 34 out of the 54 received enough to reduce the impact of the mill rate increase coming out of the Educational Support Program completely. I must add, Mr. Chairman, that those increases and the money went to the school divisions who were in the most disadvantaged position because of low assessment basis and low per pupil expenditures. If I could just take one minute, Mr. Chairman, to point out the disparities and the inequity between those two basis I think it will show the

members of this House why that program was brought in. The difference, the range, in the balanced assessment between the lowest balanced assessment and the highest ranges from \$7,800 to a high of \$25,846 and that is a tremendous . . .

A MEMBER: Per pupil?

MRS. HEMPHILL: Per pupil, that is per pupil, yes. That is a tremendous difference in range of ability to raise money on a mill, Mr. Chairman, and we can see the tremendous disadvantage that school divisions are in when they are having to raise their money on that basis.

The range in Operating Expenditures per pupil range from a high of 3,057 in Winnipeg School Division to a low of 1,919 and since we all know that the basis for receiving money in the subsequent years of the program were based on the per pupil expenditures of 1980, then that is a clear indication that those who were either getting or spending little for one reason or another were caught and frozen in the inequities and the disparity that existed that year.

I have one other point I would like to bring out related to declining enrolment, Mr. Chairman, and the point I had tried to make earlier to the Member for Tuxedo, that one of the four factors causing the high mill rate increases was the impact of the declining enrolment or the lack of support for the declining enrolment factor in this Budget. I have four school divisions with an increase and four with a decrease that I think will help demonstrate what I was trying to say the other night, and that is, that in school divisions were the decline is serious the effect on the percentage that they get, even though the program has a built-in 12.5 percent increase, even though we increased print and nonprint per pupil operating expenditures and transportation, and even though we brought in an additional supplemental program of approximately \$12 million, many of these divisions are ending up with very low overall percentage Budget increases. The reason there is not the amount of provincial support going in but it is declining enrolment impact and the vagaries in the assessment base and I'd just like to give an example of each one of those to demonstrate.

With four divisions with an enrolment increase, we'll call them No. 6, No. 10, No. 14 and No. 15. No. 6 has an enrollment increase of .5, its total dollar operating, extra operating so it's total dollars for both operating and extra operating, the increase is 13.6 percent and the supplement gives them 16.5. If you go to school division No. 10 with a .9 percent enrolment increase the extra operating and operating gives them a 12.7 and the supplemental program gives them a 15.5. No. 14 is 1.6 enrolment increase, total dollars operating an extra operating is 12.4, total with a supplement 16. And the last one, where enrolment is increasing, is No. 15 with a .1 percent increase, total dollars operating and extra operating is 13.2 percent increase and with the supplemental program it's an 18.3.

If I can give you four examples that are in a decline No. 27, No. 4, No. 19 and No. 44. No. 27 had a declining enrolment decrease of 7.4 percent, their total percentage operating and extra operating — and

remember that the 12.5 percent is built into the program, that is an automatic increase that is built into the program — they end up with operating and extra operating percentage increase of 5.9 and the supplement gives them 6.3. No. 4 school division with a declining enrolment increase of 5.4 gives total operating and extra operating a 7.6 percent increase, the supplement there brings them up to 12.4. No. 19 with a 5.1 percent enrolment decrease gives total operating and extra operating 7.9, the supplement takes them up 8.7; and No. 44 with an enrolment decrease of 5.3, total operating and extra operating is 7.7 and the supplement takes them to 9.7.

I think the things we have to look at there is the impact of the support they get through the program where the school divisions that are getting an increase have total operating and extra operating increases of 12 to 13 percent and those that are in a decline, because of the impact of the decline related to the change in the eligible enrolment, which is the critical factor, are ending up with total operating and extra operating increases of from about 6 percent to 7 percent.

Now, that is school divisions who are receiving money based on the same criteria and category, with the same automatic percentage increases that are built in, but they don't all end up with the same result and one of the large reasons that they don't is the impact of the declining enrolment and the changes in the eligible expenditure base which is the major basis upon which they get their funding.

I want to give one example of one of the other major factors to the mill rate impact, other than provincial dollars in. I think I suggested previously that there were four factors that were affecting the mill rate and you are honing in quite understandably on the impact of the amount of money that the Provincial Government is putting in. That is legitimate and that is one of the factors but it is only one of them. It's important that I try and fairly quickly summarize and communicate a point of the other three factors that are also affecting the mill rate.

The Town of Steinbach is a very good example that demonstrates the impact of the vagaries and disparities in the assessment base. If I can just read this one paragraph to you, that "The balanced assessment of other property in the town of Steinbach increased by 1.1 million while the actual assessment increased by slightly over 400,000.00." So there's a 600,000 difference between the balanced assessment base and the actual assessment. The determination of the amount of money to be raised for the other education support levy is calculated on the balanced assessment. The resultant amount is provided through a mill rate based on actual assessments. The difference between the two may cause a substantial variation in mill rate. I'm not sure if I said that as clearly as I could have.

So that in the town of Steinbach, one of the factors they have a declining — I don't have their declining enrolment. Their operating expenditures increased by 16.4 percent in the Town of Steinbach. The budget that the school division brought in, I believe - and I'm going on memory for this - I think was 23 percent. We'll check that out.

The eligible expenditure supplement and equalization supplement that they got from us gave them an

18.3-percent increase and it reduced the mill rate impact to that division, the supplement, by 10.8 mills. In other words, if we had not brought in the Supplemental Program, the town of Steinbach would have had the additional 10.8 mill increase and in there, in the town of Steinbach, one of the factors that would have added several mills onto their mill rate, the mill rate they applied, would have been the disparity between the actual assessment and the balanced assessment.

I think all the members of this House know that the question of assessment and that we have a major document on all of our desks looking at the assessment base that there are problems there. The problems that are there have been increasing over the years so that the vagaries and the disparities are getting wider and larger and that in a number of schools divisions, is one of the major factors affecting the total amount of the mill rate.

The one other thing I have to point out is that school divisions bring in their own budgets; that expenditures are not controlled by the Department of Education or the province. Presently, school divisions, the average percentage increase — we went from a low of 11.9 to a high of 24.9 percent increases that boards brought in — with an average of 17.9 across the province. Many school divisions bringing in budgets, Garden Valley, 23.7; Steinbach, 23 percent — I thought I had remembered a 23 percent — Beautiful Plains, 22.4; Assiniboine South, 22.5; Antler River, 21.3. The average of the provincial support that school divisions got was 16.5 percent, not a bad increase in a tight year, not a bad amount of money in light of the resources that were available to distribute.

However, a decision to continue with existing programs in spite of heavy declining enrolments and a heavy impact on the resources they had to do the job, they still had the right and many of them did, bring in budgets in what you might consider to be a reasonably high percentage increase, up around 20, 21, 22, 23, 24 percent. So that is a factor outside of the money that the province is able to give, that affects the implications, affects the impact on mill rate. It's been a long way around in trying to say something very simple, I think, Mr. Chairman. I'll just summarize it.

That is, that only one of the things that affects this is the amount of provincial money and I really believe that with the money available to the province this year that our putting in \$44 million in this first year and increasing the direct provincial support to 54.4 percent, up from 53.3 percent and comparing not relatively well, but I think very well to the \$10 million given in 1978 to Education, and the \$8 million increase given in '79, and the \$15 million increase given in '80, that it was a reasonable amount of money for the province to give to the education system and that we recognize that this is a difficult year for school divisions, but we also recognize that some of the things that are hitting them and affecting them are outside of our ability to control or support at this time and that is the assessment base, declining enrolment, and school board expenditures. So to the degree that we were able to control or influence, which was through the amount of provincial support we put in, I think we did a reasonable job this year, Mr. Chairman.

MR. FILMON: Thank you, Mr. Chairman. Well, the Minister hasn't, I suppose, carried her comparison on to the increased support last year which was over \$70 million in additional funding out of general revenues and hasn't compared it to what was projected when that Education Support Program was announced that indicated that, based on something in the range of a 10 percent assumed increase, it would have required between \$40 million and \$45 million. So, given the fact that the Minister has settled on a figure that's between 12 and 13 percent, it would have mandated that our government would have put into it probably closer to \$50 million, given the kinds of intentions that were laid out for the Education Support Program when it was announced.

The Minister has danced all over the waterfront, so I think that I'll try and get in step with her and dance along with her remarks on the matter, but she started out by indicating that had her government not put in the increased funding on a special basis for a variety of different purposes, that the increase in mill rate instead of being 8.9 mills on average across the board, would have been 12-point-something mills. Well, I'll take her a step further and say if she had not put in one nickel of provincial funding, and taken it all on the ESL and the special levies throughout the province, it would have been 22.7 mill increase. So you can throw out figures that are meaningless to me and I'll throw you out some more that are even less meaningful.

So we're getting down to the point of what you did put in, what's left and what the provincial taxpayer through his or her property taxes is going to have to absorb, and it amounts to an average of 8.9 mills across the board on farm and residential throughout this province. That's one thing, despite all of the lengthy explanations the Minister has given, we cannot ignore that fact that as a result of her government giving less of a priority to education than they have to many other areas in their budget in their first year, education taxes will increase; property taxes for education purposes will increase throughout this province.

She has indicated that there's a great disparity between the operating expenditures per pupil throughout the province ranging from \$1,119 to \$3,057. I hope that the Minister isn't telling me that those should be equal throughout the province, that in some way school divisions have exactly the same needs and therefore, there isn't some good and valid reason why the difference exists and will continue to exist, because, indeed, some divisions have tremendously greater needs in terms of specialized programming; in terms of programming for technologies in schools that have a wide range of programming that doesn't exist throughout; special-needs students - I'm talking about the core area - people for whom in their family circumstances English is not their first language and all sorts of social programs; children's learning disabilities and all those things that go into many of our urban area school divisions that may not exist. They serve people from outside of their divisions and all sorts of things. If we want to evaluate what the costs are that go into each division, then certainly we're going to find all sorts of reasons. Or if the Minister doesn't believe that should exist then perhaps she could equalize everybody and give them

all the same amount per pupil and see whether that solves the problem. It doesn't and it won't and I'm sure that's not what the Minister is going to do - although, if she is, I'd certainly like to know about it so we can discuss it.

Whether or not her program adequately expresses support for declining enrolment is a question that we're all going to debate for some time in the future. Whether or not our program adequately expressed support for declining enrolment is again a matter for debate and discussion. The fact of the matter is it doesn't surprise me, I hope it didn't surprise the Minister to note that there would be less funding available to divisions whose enrolment did decline. Now, that was couched somewhat and that was cushioned somewhat by the fact that - I'm forgetting the terminology of the operating units did not decrease - so that therefore there was some cushion to that decrease in revenues but, after all if a division does experience an enrolment decline of 7.4 percent in one year, one has to assume that there is going to be somewhat of a decline or that there will be an opportunity for somewhat of a decline in their costs.

Now, even if we're only talking about textbooks and supplies or transportation costs or in some cases by virtue of rationalization, teachers, and those are a very major component to the costs. If every division is going to be given a guarantee by this Minister that they can keep at least as many teachers in perpetuity as they have today, we're going to have more problems than we have today in terms of education finance in this province. I'm not surprised by the fact that they would be getting some decrease in their income. I'm saying that the decrease is less than it would have been if there had not been a cushion put in place by the old program. We'll talk more about the effect and the rational logical base for the manner in which her program supplements that, in just a few minutes or whenever we get around to it today because I have some questions about that.

Mr. Chairman, the Minister has referred to the fact that some divisions have increased their spending one year to the next by 24.9 percent, whereas the program gave them a guideline that said we will keep your property taxes within control if you keep to the CPI as the indicator. We gave them that kind of opportunity so they knew where we were coming from for a period of three years in order to assess how they would face their own increased needs in a division and how far they would push the budget in their area. If some divisions have gone as high as 24.9 percent increase this year over last year, they certainly couldn't convince their property taxpayers that they were expecting to get that kind of increase out of this government or any other government. So, they're going to have to face their property taxpayers when they come up for re-election to find out whether or not there is support for the increased spending that they have undertaken in their divisions.

Nevertheless, in every one of the examples that you've given me that says that her program's additional supplemental funding has given a little bit more money to both those who are experiencing declining enrolments and those who are experiencing increased enrolments because of the various factors that go into it, I say to her, would the people in that division have

been better off if she chose not to add 4.2 mills across the board throughout all divisions in this province, than they would have through this plan. I suggest to her that in most cases they would have been better off if she had just forgotten about that extra 4.2 mills and added that in terms of provincial support and perhaps not dealt with the so-called equalization aspects as thoroughly as she did. But in any case, we'll talk more about the effects of those special two areas to deal with those who were low spenders and those who had low assessment bases in just a few minutes. I think there are other members on our side who want to add some comments to this overall topic and so I'll leave the floor for the moment.

MRS. HEMPHILL: Mr. Chairman, I'll try to respond to a number of points that the Member for Tuxedo made. First of all, I'm sorry I stopped at the \$15 million. I have been, in previous statements both inside and outside of the House, giving credit to the significant shot in the arm by the former government with the infusion of \$70 million and with some of the benefits of the program that I outlined in my opening remarks to this debate and that is that you allowed increased planning. However, when the 12.5 percent increase plus the additional money that goes into them, translates into a reduction overall of 5, 6, 7, 8, 9 percent, I think that we have a significant problem in that perhaps the intentions and the hopes of the former government when they developed that, were not carried through because I think they had hoped that there would be an automatic 12.5 percent increase; that everybody would get it and it would give them a reasonable amount of additional money to do the job. However, that was not the case. His government did put in some protection in the existing program and it was through the freezing of the basic operating units. However, the tremendous changes made in the eligible expenditure base which was not frozen or maintained at the same level and which is the major basis upon which boards get their funding countered that tremendously. In other words the bit that was in there to help offset it was not enough and the effect of the eligible expenditure base hit them very very hard.

I want to comment on the Member for Tuxedo's point about equalizing school divisions and wondering if I was suggesting that everybody should get the same amount of money to teach children and wondering if I recognized that there were major differences in program needs for children in different areas and he identified some of them as being Special Needs and Core Area. I want to make sure that I clearly indicate that I was not referring to a feeling that the dollars should be equalized throughout the province, I quite recognize the different needs in different school divisions.

I was saying that when there is such a range in the base — and that is the base upon which all school divisions receive funding for the subsequent years of the program — that you have put those that were getting a low amount of money because they had a low assessment base and low per-pupil expenditure, into a position for the two subsequent years of the program of getting the 12.5 increase on a small amount of dollars, that they simply do not have the basis to get increased money that other divisions

have. So my comment was totally related to the wide range in terms of using that range as the basis for increasing funding for subsequent years.

I also quite agree that one would expect where there are significant declining enrolments of children that there would be perhaps at least a reasonable corresponding decline in resources that were required. I guess we all wish that were so but it is becoming clearer that the costs do not go down in relationship to the numbers or the loss of students. There may be some decrease in requirement but they still have to maintain physical plans and the costs do not go down there; and they still have to maintain often the same number of teachers or almost the same number of teachers because children don't come to us in neat and tidy ways and they don't leave in neat and tidy ways. So when they are declining there is often not enough of a loss within a class or within a school to reduce the numbers of teachers required to teach the reduced student population because they are not spread out on a rational basis.

I think I just want to say once again, just to sum up or just to end the points that I'm making is that the supplemental program which the Member for Tuxedo wants to spend more time discussing the values of it, is that there were 30 divisions and 4 school districts out of the 54 who received additional support money — often in the hundreds of thousands of dollars — to the degree that it wiped out entirely the impact of the 4.2 mill increase and in many cases like Steinbach, gave them an additional mill rate increase of 10 which in a hard hit area was a badly needed support.

I think, Mr. Chairman, that had the money not been applied in that way and had it been applied overall, that we would have had 25 or 30 school divisions not in a difficult position but in dire straits, Mr. Chairman, because of the position they would have been in had they not received the additional help through the supplemental program.

MR. CHAIRMAN: The Member for Morris.

MR. CLAYTON MANNES (Morris): Thank you, Mr. Chairman, I'm wondering if the Minister would be so kind to lead me through some more detail using as an example the Morris-MacDonald School Division. I've found this whole financing story a little bit difficult to follow, it's almost for the benefit of the Minister of Agriculture, it's almost like attempting to follow through the pricing of milk, I don't know which is worse. But anyway, I'm wondering if we could use as an example the Morris-MacDonald School Division and I have no preambles to my questions but I just would like to follow through this whole process attempting to see how that one school division fits into the whole overall education financing.

I'm wondering firstly if I could ask what their increase in the school budget was.

MRS. HEMPHILL: Mr. Chairman, I do have some information on the Morris-MacDonald budget, not all of the specific information that the member asked for. I wonder if he might - there are 57 school divisions and specific information about numbers of budgets of a specific division will take a little bit of time - I can give you some of the overview now in terms of declining

enrolment and operating expenditures or you could give us the additional questions that you would like answered and we could use this Morris-MacDonald as an example of the impact of declining enrolment and the impact of the provincial support.

I think that's a good way to go about it, is perhaps give two or three specific examples of school divisions and what has happened to them. Could we do that with Morris?

MR. MANNES: Mr. Chairman, that's exactly what I would propose. I would like to see how we fit in under the old education support, so-called former administration program and what announcements of changes in policies that you have made and how they've impacted upon that school division.

MRS. HEMPHILL: Mr. Chairman, I would like to advise the member that we will get this as quickly as possible. I think we can have the information on the Educational Support Program probably for this evening's Session. The question of the relationship to the foundation program and getting that information may take a little bit longer, maybe tomorrow. —(Interjection)— I thought you wanted the old program and the new program, but the impact of the new program we can manage I think, by tonight.

MR. MANNES: When I say that, I just mean last year to this year, I'm not asking you to go back any further in history than that.

MRS. HEMPHILL: Yes, that will be easier.

MR. CHAIRMAN: 3.(a) — the Member for Pembina.

MR. DONALD ORCHARD (Pembina): Thank you, Mr. Chairman. The Minister has been addressing some of the issues of small school closings or, not necessarily small school closings, but school closings in general. I had the opportunity to peruse some of the debate that has taken place on some of the funding but basically, I'll lay out my understanding and then the Minister can correct me where I err.

I suppose the issue of school closures, would be safe to say, has probably been brought to this Minister's attention most forcefully in the St. Boniface School Division and as a result of certain actions contemplated by the St. Boniface School Board the Minister requested a moratorium, a freeze — I don't know what word you would use to describe it but basically a holdback of decisions made for the next school year on school closures — a letter to St. Boniface and indicated that certain initiatives by her department would be forthcoming and I believe, basically, she asked for their patience whilst she were to make further announcements and announce further initiatives that may assist St. Boniface and other school divisions.

Furthermore, it's my understanding that further initiative by this Minister and her government would be made known to the school divisions approximately the end of April. Am I basically on track, Mr. Chairman?

MR. CHAIRMAN: Madam Minister.

MRS. HEMPHILL: Mr. Chairman, I want to refer to the points that the Member for Pembina made. Basically, he's not off-track but there are a few points that I would like to make. One, is that the program was not designed or brought in because of the decision that was facing St. Boniface School Board, that the declining enrolment issue, small schools and school closure, were issues that I began to address as soon as I took office and the programs were designed to give what support and help could be given in this budget year.

There was never the suggestion made to school boards that they delay or avoid closing schools for this year and that they delay them to next year, nor was there ever any intention to interfere or affect the decisions that school boards were making and were going to have to make.

The information that went to them was based on a belief that school divisions were faced with very difficult decisions and that this year, in the Province of Manitoba, was a crunch and a critical year for school boards because the peak of the declining enrolment had hit us the two years previously. It was because I believed that there should be some recognition, some support, some leadership and some responsibility taken by the Provincial Government to give whatever aid and support and help could be given to school divisions to help them with the difficult decisions that they were making, that the letter went out.

The purpose was to recognize that there are several factors affecting school boards in making their decisions for school closure and they are expansion of bilingual programs, reduction of resources and declining enrolment and some of those factors are things that we could not influence or that we could not change, or that we could not affect to a significant degree within this budget year because there was a limit to how much change could be made within a legislated program, an existing legislated program. But it was to say that, because we know this is a difficult year for school divisions, and because we know that when the educational finance review is undertaken, we have made a commitment in this House through the debate on declining enrolment, to build to the degree that we can, the impact of declining enrolment into the support program — whatever it will be called — that some attempt should be made to give help this year and that the help that could be offered was, in a limited way, to the degree that we could help those divisions and there are not many of them, Mr. Chairman. There are only presently three divisions facing the question of school closure and there are about six or seven schools, I think. So what we said is that you make the decisions, but we will give some support to the degree that we can and the support offered was financial, to give some financial help to offset and help offset, the additional plant costs of maintaining schools.

There was never any suggestion that they should not close schools. There was never any suggestion that the decision to close schools was not a local decision. What there was, was an indication that should one of their major difficulties be financial and should they be in a tight financial position where the economics were forcing them into school closure, into closing schools that actually they did not want to

close for other reasons, that during this year as an interim support, we would give what aid and financial support we could to those divisions faced with school closures under those circumstances.

It is limited; it is late and I wish it were more and I wish it had come earlier, but it did not. I think we all on both sides of this House, recognize that the closing of schools is a matter of serious and deep concern to the community for more reasons than just the education of their children; that schools have more meaning. They affect the stability of the neighbourhood and they are important to communities for other than educating children and because they are this is going to always be a very important and a very emotional and a very difficult issue and one that is going to be tough for everybody who shares the responsibility at all levels of government, particularly, I suppose, at the school division level and at the provincial level where we both share the responsibility for the education and the quality of education of the children of Manitoba, although we each have our own jurisdiction and authority.

The decisions being made by May 30th - I was not as aware as I could have been at the time I put the date in, which is not April 30th, it was May 30th — school divisions had, under contract, to notify teachers if there were going to be changes made in staffing by May 30th. So, there was no question that date caused problems for school divisions. As soon as I found out that it did I communicated to them that we would move as quickly as possible so that nobody was being held up in making the decision that they had to make and that they had a right to make. What we did was communicate directly to those school divisions that were facing the question, communicated to them directly the fact that there was available some financial support to help offset additional planned costs should they wish to apply for it and should it make a difference to their decision.

I think I just have one other thing I'd like to say right now on this point, that is, that while there has been perhaps questions or criticism related to the timing of the information that went out to school divisions to let them know that there was going to be some support and they might want to wait and see what it was, to see if it affected their decision. I would like to suggest to members opposite, members of this House, that I had not said anything; and had I known that school divisions were faced with decisions within the next month or two, final decisions on whether or not to close schools; and I had not made an attempt to get the information out to them and they had made their decisions not knowing that there might be some support available, as limited as it is, that there would be some support available, and the information had come out later during the Budget Debate or the Estimates Debate or an announcement a month down the line that there was some money available and some help, then, I think we could have been seriously criticized for not getting information to them that might give them some help and support that they needed and wanted.

MR. CHAIRMAN: The Member for Pembina.

MR. ORCHARD: Thank you, Mr. Chairman, the Min-

ister indicates that the support that she's able to offer is basically too little and too late but, I guess the question I have, and it stems from her explanation that where the decisions for school closure are primarily economic, that it was her position — and I assume her government's position — that assistance would be made available to those divisions in a limited way in the hopes that it might help alleviate some of the economic realities of school closure. Could the Minister indicate that since that recognition of the economic reality of school closures was something that she perceived, and that her government perceived, I guess my question is simply why wasn't the amount that I am assumed is budgeted in this \$351 million resolution, why wasn't there more attention made to the presence of that amount of money when the Minister made her announcement indicating the, I believe, increased amount of spending and support for schools when she made that announcement, why didn't she specifically say that there was a certain amount of funds available in this year's budget to alleviate some of the economic considerations in school closures?

I think a position, such as she has identified that her government has and she has as Minister of Education, would have been as important a component of that education support announcement that she made in the House and would have quite possibly alleviated the necessity to intervene with a letter to school boards, after the fact, of some concern on the community level of school closure announcements being made by the school division?

MR. CHAIRMAN: The hour is 4:30, time for Private Members' Hour. I'm interrupting the proceedings of the Committee and will return to the Chair at 8 o'clock tonight.

PRIVATE MEMBERS' HOUR

MR. DEPUTY SPEAKER, Jerry T. Storie (Flin Flon): Private Members' Hour on the proposed motion of the Honourable Member for Elmwood.

The Honourable Member for Elmwood.

RES. NO. 6 — CPR LAND TAX ASSESSMENT

MR. DOERN: Mr. Speaker, I move, seconded by the Honourable Member for Concordia,

WHEREAS the CPR occupies large tracts of land within Winnipeg; and

WHEREAS this land is only assessed at 70 percent of its real value; and

WHEREAS the people of Winnipeg have provided a subsidy to the CPR for over 100 years; and

WHEREAS the arrangement has been a burden on the taxpayers of Winnipeg;

THEREFORE BE IT RESOLVED that the agreement between the CPR, the City of Winnipeg and the Province of Manitoba be reopened so that the railway will commence paying 100 percent of its assessed value by the end of 1982.

Mr. Speaker, I think the relationship between the CPR, the people of Winnipeg and the people of Western Canada is a long one and has often been subject to disagreements. I want to put this resolution forward

as I did last year and to appeal to members on both sides of the House to support this resolution as, I think, it is well within the realm of possibility, because the original agreement that the railway made with the people of Winnipeg was to the disadvantage of the people of our city and the people of our province. What happened, of course, was that there was a rivalry between the Town of Selkirk and the Town of Winnipeg — we're now looking back 100 years — and in order to attract the railway, the citizens of Winnipeg led by the Mayor and the Council made concessions which perhaps at that time seemed to be good — maybe they, did maybe they didn't — made concessions which in the opinion of some people bound the citizens forever to grant no taxes or tax concessions to the people of Winnipeg.

Mr. Speaker, I tell you right now that I do not feel bound by that original agreement. I also tell you that that original agreement was changed and revised by the Roblin administration in 1965 and I also tell you, Mr. Speaker, that historically there was some hanky panky at the time of the original agreement, because certain people who were shareholders in the Hudson's Bay Company and shareholders in the CPR stood to make tremendous profits and a killing in real estate by the location of the railway when lands were sold, owned by the Hudson's Bay Company, to the CPR. There was a real estate boom and certain people profited very well indeed; again, not the citizens of Winnipeg, not perhaps the Council and Mayor of Winnipeg, not the Province of Manitoba, but certain individuals who benefited from that agreement.

Mr. Speaker, that is all on the record, it is all in the history books; I refer the honourable members to the history books. It's difficult to calculate just how much money has, in fact, been lost to the taxpayers of Winnipeg because of the original agreement and I find it hard to estimate because of the fact that there were no taxes paid from 1881 to 1954, some 70 odd years. Also, Mr. Speaker, because of the fact that if one were to calculate the interest on these taxes over that period of time, one would arrive at a staggering amount of dollars. We're talking tens of millions of dollars and I think that one could argue that the amount of money that was lost to the city in that period of time up to the present would run as high as \$100 million. As to the remaining portion, it is also very difficult to make an estimate and I have done various calculations. I spoke this morning with people from the City of Winnipeg and they provide figures which run from a minimum and bear in mind that the original agreement was in perpetuity, Mr. Speaker, and it wasn't until the 50s that the CPR out of the goodness of its heart paid to the people of Winnipeg 25 percent of the taxes that they should have paid. The taxes were \$1 million a year at that time and they were paying a quarter of those taxes in 1954. They then went along with an agreement renegotiated by the Roblin Government in 1965. I think that was a step forward and I would give the Roblin Government credit. I think it is now up to the Pawley Government to improve upon that agreement.

Mr. Speaker, they came to the following agreement between the people of Manitoba, the people of Winnipeg and the CPR in 1965 and this is why it came about. The original agreement in 1881 was with the

city and the railway. There were by-laws passed and it was because of the fact that the Provincial Legislature had to ratify those by-laws that the legislation came here. So it's actually an act of the Manitoba Legislature whereby this agreement in the first place was confirmed. It was then changed in 1965, a new act, which knocked out all previous legislation and commitments and it is within our power in this Assembly to amend or revoke that legislation passed by the previous government and to introduce new legislation if necessary, so we have it within our power.

The agreements that were signed by the Roblin Government recognized that the previous agreement was not in the best interests of the citizens of Winnipeg or Manitoba. They negotiated an agreement whereby from 1965 to 1972, 50 percent of taxes would be paid; from 1973 to 1980, 60 percent would be paid; from 1981 to 1988, 70 percent; that's where we are now, 70 percent; 1989 to 1996, 80 percent; 1997 to 2004, 90 percent; and in 2005, 124 years after the original agreement, the CPR will pay 100 percent of its taxes. Well, it's about time, Mr. Speaker, and I simply say that it is difficult to calculate the balance. We are talking about millions of dollars, but we are also talking about a principle and I say that the principle is foremost, namely that the railway should be paying its full share of taxes now.

Mr. Speaker, I want to address what some of the members are indicating. There are different conditions between the time the original agreement was written and now. And different again, I suppose, from 1965; times have changed. In the original agreement, there were going to be concessions to the railway and the CPR was going to build a hotel, shops and a marshalling yard in the city. Now, what is different between the original agreement and now? Well, Winnipeg, of course, was a town of 8,000 at that time; now it is a city of 600,000. The CPR is no longer just a railway — even Ian Sinclair, who just retired the other day, made tremendous improvements in terms of their power and their economics in the Canadian economy while he was President and Chairman — the CPR is no longer just a railway. It's now a conglomerate; it has a steamship company; an airline; oil and gas; investments; real estate; and many other investments and corporations.

Mr. Speaker, another point is the CPR does not have a hotel in the City of Winnipeg; that was one of the original agreements. — (Interjection) — Remember, they had the Royal Alex and then they had the Northstar, that was one of the original terms. That, of course, is changed.

Stockyards were supposed to be located in the City of Winnipeg. In 1912, they located the stockyards in St. Boniface which, at that time, was a separate city. Mr. Speaker, in 1954, as I said they agreed to pay 25 percent on their own and then in 1965 they agreed to the sliding scale.

Mr. Speaker, when I mention the CPR, one could look at their Annual Reports and there's some very interesting statistics in terms of the amount of money that is made by the railway. For example, if I look here at their current statement in their 1980 Annual Report, their net income of C. P. Limited was a net income of \$583 million profit, \$583 million. I read from MacLean's Magazine just May 10th, MacLean's Magazine, an

article on Ian Sinclair, a Winnipegger originally who has retired that they are now a multinational operation, all things considered, 81 assets of \$13 billion.

I read in a recent edition of the Downtowner, which is a little so-called newspaper that they give away free in downtown Winnipeg, a couple of things. New CP Rail expansion brings more jobs for Manitobans. They're building a new repair and maintenance site in the Weston area for \$16.5 million. They broke the ground on that on April 30th. So I think they're going to stay, I think their roots are down. I don't know about rail relocation; I don't know if it's a reality, a pipe dream; I don't know what's going to happen. All I know, Mr. Speaker, is that the CPR has had a good deal, good to their advantage, from the taxpayers of Winnipeg for 100 years and I think it's about time we put a stop to that. They say in this article that C. P. plans to spend \$7.6 billion during the 1980s, \$7.6 billion, according to this article, to increase their hauling capacity in an effort to meet the expected surge in demand.

Mr. Speaker, I also draw to your attention the Manitoba Assessment Review Committee which just came out recently headed by former Premier Walter Weir, and on page 243 the City of Winnipeg, itself, asks, in line with my resolution, for an end to this agreement. For example, they said to the Committee, they recommended, "that the legislation which prescribes tax exemptions for the Canadian Pacific Railway until the year 2,004 be re-examined with a view towards making all of the Company's holdings subject to full taxes on a 100 percent of assessment as soon as possible." And, Mr. Speaker, if you read my resolution, the wording is very similar; namely, that the negotiations should be reopened immediately and that the railway should commence paying 100 percent of its assessed value by the end of 1982.

So, Mr. Speaker, that is basically the case that I make to members of the Chamber. I say, in passing, that only a couple of us in this Chamber, the Leader of the Official Opposition, the Member for St. Boniface, they were the only two who were here in '65. The other 55 have all been elected since. I stand in that distinguished group of five, the Member for Lakeside, the Member for Roblin, the Member for Concordia and the Minister of Transportation; five out of five, I say to the Attorney-General. That's quite a few distinguished members in our year. We'll have to see how other years fare. Of course, I'm appealing to those members, those learned and distinguished members in particular for their support. I think I just got Harry right where it's at.

Mr. Speaker, at the time when the Roblin Government brought in the legislation, all previous legislation was repealed, all repealed. So we are really going back to 1965 and saying, look this is the agreement that was struck at that time. They said that the agreement struck in 1883 was a rotten agreement and I'm saying, Mr. Speaker, that maybe the Legislature of '65 made a big improvement, but I think it's time for us to make an improvement. I'm not saying, they made a rotten agreement. I think they made a good agreement, given that they were dealing between a situation of taxes in perpetuity and full taxes. We're now looking at an escalating scale of 70 percent now to 100 percent in the year 2005. I submit, Mr. Speaker,

that is too long a period of time. It isn't necessary for us to sit around and wait another 23 years before Winnipeg gets what is due. I say that this Legislature has the authority and has the right to say to the CPR, it's about time that you paid 100 percent of your taxes to the people of Winnipeg and, therefore, to the people of Manitoba.

MR. DEPUTY SPEAKER: The Honourable Member for Morris.

MR. CLAYTON MANNES (Morris): Thank you, Mr. Speaker, I wonder if the member would submit to a question?

Obviously the member is well researched in this particular case. I'm wondering if he could tell us what CPR paid in 1981 in taxes to the City of Winnipeg?

MR. DOERN: My figures are, let's see —(Interjection)— Where's my staff, now that I need them? Mr. Speaker, I believe that the figure is as follows, that they paid \$915,000.00. Are we talking about '82? —(Interjection)— '81. I have the '81 figure exactly, that in '81 they paid \$915,000 and should have paid or could have paid an additional 610.

MR. DEPUTY SPEAKER: The Honourable Member for Virden.

MR. GRAHAM: Thank you, Mr. Speaker. It's indeed a pleasure to enter this debate on an issue that has certainly caught the attention of every city councillor and every Member of the Legislature. I am sure that we have all received the petitions from the various councillors asking that this be done immediately; unfortunately, I think they all went into the postal box of the Member for Elmwood because I don't recall hearing the City Council up in arms about the 1965 agreement where the CPR would progressively pay more taxes to the city. I don't recall any of the debates in the City Council in the last year, since the member brought this issue up in the House, where his leadership prompted all the members of City Council to jump on the bandwagon and agree with him. I don't recall that but, Mr. Deputy Speaker, I'm a rural member and I may have missed some of the newspaper reports although I do subscribe to the Winnipeg Free Press. I used to subscribe to the Winnipeg Tribune; I do get the Brandon Sun and the Manitoba Co-Operator and some of the other papers such as the Toronto Globe and Mail. —(Interjection)— No, I don't get that, unfortunately. I must not be on their preferred list.

I think it is rather interesting, Mr. Deputy Speaker, to have this question raised at the same time as the Minister of Transportation is raising another matter concerning the CPR, that is, to try and maintain a freeze on the rates that are paid for the transportation of grain for Western Canada. Now, that's not just the Province of Manitoba, it includes Saskatchewan, Alberta and some parts of British Columbia. So, we have one Minister of this government asking that CPR continue to subsidize the movement of grain and we find another member on the same side of the House, although he's not a Cabinet Minister — there's a possibility he may be a Cabinet Minister. I notice the

Premier has announced that after this Session is over that he is going to enlarge his Cabinet, so the member does have a chance there if he doesn't blow it, but this may just be the straw that tips that a bit. Mr. Deputy Speaker, he is reopening some old wounds between Selkirk and the Town of Winnipeg.

We do know that the Mayor of Selkirk and the Mayor of Winnipeg went through a competition recently to see who could make the best cup of tea depending on the type of water they used. The Town of Selkirk has been somewhat concerned about the quality of the water that the City of Winnipeg has been dumping on them for quite some time. We know who the MLA for Selkirk is, so I don't know whether the Member for Elmwood is enhancing his chances for a Cabinet post by trying to reopen some of these old wounds at this time or not.

We do find though, Mr. Deputy Speaker, that the member in his quotations, and he referred to the City of Winnipeg presentation to the Weir Commission in which he quoted that the legislation which prescribes tax exemptions for the CPR until 2004 be re-examined with the view towards making all of the company's holdings subject to full taxes on a 100 percent of assessment as soon as possible. That was a proposal from the City of Winnipeg that we use a 100 percent of value for assessment, but the member failed to go on and read the next two or three lines where it says: "The committee is aware that the arrangements, as contained in the legislation enacted in 1965, were achieved after considerable negotiation by the City of Winnipeg, the Province of Manitoba and CPR. While the committee brings to the attention of the Government of Manitoba the above recommendation of the City of Winnipeg, it does not feel it is in a position to make a recommendation in respect to this matter." It does not feel that it's in a position to make a recommendation.

But I give credit to the Honourable Member for Elmwood, undaunted he flies into the teeth of the gale and says: "I don't worry what the City of Winnipeg says, I am going to make that recommendation and without their support, I am asking every Member of this Assembly to support me." Well, that may be, but I suggest to the honourable member that his case is weakened considerably by the failure of the city to make any recommendation. I think it's somewhat difficult for me, as a rural member, who is trying his best to get the Canadian Pacific Railway to maintain a good transportation system for western farm grain without undue costs to the farmer to find my way clear to support the member at this particular time and I would suggest to the honourable member that probably the Minister of Transportation would find it rather difficult. —(Interjection)— Well, he may not find it too difficult because he is the person who has said that he doesn't want to negotiate he doesn't want to talk to anybody about it, he just wants the question to go away and leave him alone. He tried his road show with the rural people of Manitoba and didn't get too much success there and he's quietly letting the matter die.

I find a little bit of difficulty with the proposal of the honourable member and I turn to the Honourable Minister of Labour and I look at the Honourable Minister of Labour, who is also the Minister of Finance, and I know that his mind is on very serious matters which he intends to propose here tomorrow night but if he

looks at the Manitoba economy, we see bankruptcies and closings and jobs lost here and jobs lost there, but there is only one firm that I know of in the Winnipeg area that has proposed expansion, \$16.5 million for some new shops in Weston which will employ an additional 275 people.

What is the Minister of Labour going to say about that? He's facing a very large increase in unemployment which seems to be increasing every month rather than decreasing as it should be at this time of the year. Is he going to turn around and kick that organization in the teeth and say no, you'd better pay more taxes and forget about your expansion? What's the Minister of Labour going to say when it comes to voting on the proposed resolution of the Honourable Member for Elmwood? I think that he'll find that he has probably the concerns of the working poor in Manitoba more at heart than the Honourable Member for Elmwood has. It's a problem for the honourable member and I know that he introduced it last year and maybe ideas come slowly to him. He had the opportunity of introducing it again this year, maybe next year he'll get a new idea.

MR. DOERN: Harry, if you had one, it would die of solitary confinement.

MR. GRAHAM: At least, it wouldn't suffer the infections that the Honourable Member for Elmwood seems to find falling on his shoulders.

The honourable member knows full well that he has one chance and one chance only and that chance comes at the end of this Session to see whether or not he gets a Cabinet post and I suggest to him that maybe this is not the way to enhance his possibilities for the Cabinet.

Now, Mr. Speaker, at the present time Canadian Pacific is paying 70 percent in taxes and the honourable member agreed that it was the activities of the former Roblin Government that made that possible. At that time the government in its collective wisdom phased the program in over a fairly lengthy period but it was one that allowed the company the opportunity to meet their obligations, and when you have a large company you have numerous obligations, to meet the requirements for the transportation industry and also their corporate commitments to the city. That was an agreement that was mutually agreed on by the city, the province and the company. It maybe, if we want to expedite things, but at this particular time when the Crow debate is so prevalent in the minds of the people of Manitoba, and we have to recognize that agriculture is still the number one industry in the province and the people of Winnipeg benefit as much from that as the people in rural Manitoba do, because the farmer is probably the greatest spender that this country has ever known. If he has a \$50,000 crop he'll go out and spend \$75,000 and the people of Winnipeg benefit to some extent from that as well.

So, the benefits to the City of Winnipeg from agriculture are probably greater than the benefits the city would achieve through a 100 percent taxation of CP. I never thought that I would ever see the day, Mr. Speaker, when I would be defending CPR. In essence I'm not defending CPR, CPR is big enough to defend itself. What I am trying to do is to defend the position

of the farmers of Manitoba who want the benefits of the Crowrate to be maintained for the farmers and if it costs the railway money so be it. I put a greater priority on agriculture than I do on the payment of taxes in the City of Winnipeg, and I could be accused of having a very selfish motive but agriculture is our biggest industry and I think that we have to do everything we can to do as much as possible to maintain it in a healthy and viable position.

While the member was speaking I heard a comment from across the floor, I believe it was attributed to the Honourable Member for The Pas, who mentioned the cooking of books. I don't think the honourable member really meant it, I think it was probably said somewhat in jest, but it did cause me a little concern and I'm sure the member will take whatever opportunity is available to him to correct that statement that was made. Mr. Deputy Speaker, that's about all I wanted to say on this particular subject, but I'm sure when the Honourable Member for Elmwood writes a sequel to his book that "Wednesdays are Cabinet Days" and we see the new one, "Thursdays are Caucus Days," he will no doubt explain to us in there his stand on the taxation of the CPR and why he wants it 100 percent immediately. Thank you, Mr. Speaker.

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

MR. DONALD M. MALINOWSKI (St. Johns): Thank you, Mr. Speaker, I would like to assure you it will be not a debate, rather a sermon, so listen carefully.

Mr. Speaker, I wish to rise and address the House on this resolution raised by my colleague, the Honourable Minister and now Member for Elmwood — the issue being the CPR. I particularly want to discuss what can only be its Tory attitude, its attitude that it will do what it pleases; that no one can stop it; that is God's gift to the people of Canada and Manitoba; that it has the unquestioned right to be treated like a sovereign country.

Let me briefly retrace the history of the CPR. The CPR was proposed and financed a century ago by a Tory Government as part of its nation-building exercise. The intention was to bind the disparate colonies from the Atlantic to Pacific together with twin bands of steel, and then use this form of transportation to bring immigrants who would settle the west and keep it from falling into the hands of the Americans. It was a commendable program, Mr. Speaker. What followed was a 19th Century version of CFI. As soon as the Government of Canada announced its intention to have a transcontinental railway built, it found people ready to build it. There was, of course, the usual problem, the hairy-chested, big shouldered, risk-taking people; they would love to build the railway provided the government put up the money plus, of course, a few other concessions. It is surprising how little has changed in the demand of big business that its private ventures be publicly financed. It is equally surprising how little the situations of the Tory Governments have changed.

The Tory Government of Canada had the railway built by giving its promoters 25 million acres of land, \$25 million in cash and over 100 miles of railroad that had already been built at public expense. It guaran-

teed hundreds of millions of dollars in CPR bond issues; it remitted the taxes on materials imported by the CPR. Oh yes, and we must not forget, it also gave those free enterprisers who would like us to believe they thrive on competition of a 20-year monopoly.

A statutory guarantee that no competitor would be allowed to interfere with what the CPR wanted to do, with how it wanted to do it, and what it wanted to charge for its monopoly services. Mr. Speaker, I repeat how little the attitude of the Tories has changed in a century.

Like CFI launched as an election gimmick in 1966 by the Tory government in which our present Leader of the Official Opposition was a Cabinet Minister, it was another of those enterprises in which, if it succeeded, the private enterpriser got the money; if it failed, the taxpayers got the bills. The same philosophy right now is repeating. Unlike the CFI which was hatched by a Cabinet Committee consisting of Roblin, Gurney Evans, the late Mr. Steinkopf and the present Leader of the Official Opposition, the CPR was wildly successful. Today, with assets valued at approximately over \$81 billion, it is Canada's largest privately-owned conglomerate. As a conglomerate, aside from its original venture in rail transportation, it is heavily involved in trucking, airlines, shipping, insurance, telecommunications, real estate, iron and steel, oil and gas, mining and smelting, hotels and food services, and investments. How did the CPR become so wealthy?

First, because of the money, goods and public credit provided by the taxpayers of Canada, without which the CPR would not have been built; second, by the continued extraction of subsidies from the taxpayers of Canada. In fact, it appears that the CPR has made the enormously significant and lucrative discovery that the taxpayer can be skinned repeatedly. As a result, taxpayers' subsidies have become a major source of CPR revenue. These subsidies totalled over \$100 million in 1978 alone. Admittedly, that was down a bit from over \$102 million in 1977. Mr. Speaker, in 1979, the subsidies were \$93.691 million; in 1980, \$96.887 million; in '81, \$134.955 million. Imagine, the third reason for the current wealth of the CPR was its admirable ability to extract monetary concessions from another group of innocents; for example, the taxpayers of the City of Winnipeg.

Tories appear to have a mania for mega projects, no matter what area, nor at what level and no matter what the cost to the public. For example, before the establishment of Unicity, the various municipalities within Greater Winnipeg were bankrupting themselves to attract industry away from each other.

During the 1960's, the Town of The Pas bankrupt itself to attract CFI and it, as well as CFI, had to be bailed out by the Government of Manitoba. Similarly, the whiskey plant at Minnedosa was built with the money from the Government of Manitoba; more money from the Government of Canada. The Town of Minnedosa was required to build a water treatment plant to supply the distiller, a plant which cost more to build and finance than it got back in taxes. The promoters took the taxpayers' money, built the whiskey plant, sold it, walked away with a bundle and the new owners closed it down. Now it is being reopened to produce gasohol instead of alcohol. The new venture

is being financed, of course, with a substantial grant from the taxpayers of Manitoba.

Such also was the situation a century ago. The CPR was originally intended to go through Selkirk. However, the scouts for the railway discovered the Town Council of Winnipeg was ready to give away its daughters to attract the railway here so they extracted a concession from the taxpayers of Winnipeg. They would build their railroad through Winnipeg if all their property was given freedom from taxation in perpetuity, and they got it.

It appears there are agreements in perpetuity and then there are other agreements in perpetuity. In 1897, the CPR wanted to build a railway line into the coal-rich area of southern Alberta and British Columbia. They would build it, that is, if the Government of Canada gave them the money. The government did. In return, it extracted an agreement from the CPR that it would haul grain out of the Prairies at a fixed rate in perpetuity. Consequently, we got the Crowsnest Pass Rates Agreement, but apparently the word "perpetuity" does not always mean the same thing today.

The ink was barely dry on the Crowsnest Pass Rates Agreement when the CPR began agitating for their removal. For a while during the 1920s, they succeeded but then it was reestablished. But the CPR never stopped trying to convince first, the people of western Canada and second, the Parliament of Canada, that this agreement must be abolished. While it has not quite succeeded in their main objective, they may have been surprisingly successful in persuading an innocent public and a series of governments that it was being hard done by. As a result, the subsidy money is flowing into the CPR bank accounts in huge amounts, Mr. Speaker, \$528 million for the last five years; that's the subsidy. The mentors of the CPR and their political henchmen have apparently persuaded virtually a whole generation of people that perpetual agreements are an abomination, but of course, only when they are costing the CPR.

Mr. Speaker, the Honourable Jean Marchand, at time the Minister of Transportation, agreed to look into the books of the CPR; that was in August. In December of the same year, he issued a public statement that the rail transportation system in Canada was "a hell of a mess." Excuse me, but I am just quoting the Minister and that he wanted the CPR to open its books, or else. Mr. Speaker, the CPR did not open its books. Instead, Jean Marchand was pulled out of the Transportation portfolio. Otto Lang became Minister of Transportation and Otto Lang appointed his travelling circus to prove that white was black and black was white, that right was wrong and wrong was right. He was changing the situation. The travelling circus found an easy mark, particularly among the Chambers of Commerce in Western Canada. Chambers of Commerce always seem to be easy marks for everyone who has a sad story about how the government is intervening in the right to make an exorbitant profit.

I really do not understand why it is so difficult for some people to understand the consequences of the abolition of the Crowsnest Rate. It will mean essentially about 300 percent increase in freight rates paid by western grain farmers. If they pay that in freight, obviously they will not be able to spend that money in

the local stores. However, the CPR does not like being tied under an agreement in perpetuity. They agree that they should not be held to their agreement just because they signed it to get several millions of dollars in taxpayers' subsidies. Of course, they want to keep all the properties, the airlines, the steamship lines, the rail lines, the mines, the fertilizer plants, the oil wells, the truck lines, the real estate, the exotic, foreign resort hotels like the 300-room hotel they bought recently in Acapulco. They want to keep all that they bought with the money received from the taxpayers. What a shame!

They argue they should not be held to the terms of their agreement. They claim there should be no such a thing as a perpetual agreement; that is, with the exception of their perpetual agreement with the City of Winnipeg. It appears that perpetual means whatever the CPR defines it to mean or whatever meaning they can attribute to it, and will fatten their bank accounts.

But, what about the taxpayer? Tories tend to forget that a society needs money to operate, to provide services. I repeat, the Tories ought to know it costs money to operate the services of the province. If the CPR does not pay its share of taxes, of the cost of our services, who must make up the difference? Well, who else? The taxpayers of course — the people who are ripped off, because the CPR refuses to pay its share.

For almost 75 years, from 1881 to 1954, the CPR paid no taxes in Winnipeg. Therefore, the taxpayers of Winnipeg were forced to pay their own plus the 30 percent the CPR is not paying. And all this, of course, apparently makes sense in the eyes of the Tories.

Mr. Speaker, the time has come to end the 100 year old fiction that the CPR would not have come through Winnipeg had it not been offered tax-free property in perpetuity and that a deal is a deal. It is also time that the people of Winnipeg today stop paying for the sins of their forefathers or, more likely for the way their . . .

MR. DEPUTY SPEAKER: Order please. The member's time has expired.

MR. MALINOWSKI: May I finish a few sentences?

MR. DEPUTY SPEAKER: Does the member have leave? (Agreed)

MR. MALINOWSKI: Thank you very much. . . . or more likely for the way their fathers were manipulated a century ago. It is time to tell, not ask, Mr. Speaker, but tell the CPR that the people of Winnipeg are no longer going to pay their own tax plus those taxes that should be paid by CPR. It is time to tell not ask, but tell the CPR that from this moment on, if it wishes to continue to exist in this society and if it wishes to benefit from the services this society provides, it must pay its share of the cost of those services.

Recently, Mr. Speaker, a Provincial Judge, John Enns, ruling on an income tax evasion case, commented as follows: "That money that is not paid to the government is money that the government must otherwise borrow. The whole system of government is weakened by every taxpayer who does not conscientiously pay his taxes."

Mr. Speaker, at this time, at City Hall, tax notices are

being prepared for every property owner in Winnipeg. Each property owner will, in the next few weeks . . .

MR. DEPUTY SPEAKER: Order please. The time for Private Members' Hour has expired.

MR. MALINOWSKI: Just a few sentences left.

MR. DEPUTY SPEAKER: Is it the will of the House to grant the Honourable Member leave? (Agreed)

MR. MALINOWSKI: Each property owner will, in the next few weeks, receive a statement from City Hall saying, "This is your share of the total tax load. Pay it." Our system of services will be weakened to the extent that some like the CPR do not pay their share of taxes.

Therefore, Mr. Speaker, I demand on behalf of the people of my constituency for St. Johns, who have subsidized the CPR enough during the past 100 years, on their behalf I demand that an identical statement be sent to CPR stating very clearly: "This is your share of the total tax load. Pay it."

Thank you, gentlemen.

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

HON. AL MACKLING (St. James): Mr. Speaker, on the understanding that Committees will sit tonight on Estimates, I move, seconded by the Honourable Minister of Municipal Affairs, that the House do now stand adjourned.

MOTION presented and carried and the House adjourned and stands adjourned until 2 o'clock tomorrow afternoon (Tuesday)