

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 7 July, 1986.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY — COMMUNITY SERVICES

MR. CHAIRMAN, M. Dolin: Committee will come to order.

We are on Resolution 33, Community Services, Corrections, Item 5. on Page 35 — the Member for Rhineland.

MR. A. BROWN: I wonder if the Minister could tell me where I could find some of these programs like the Temporary Absence Program, the Fine Options Program, the Remand Centre which are not listed under any of the four items under this particular item.

MR. CHAIRMAN: The Minister of Community Services.

HON. M. SMITH: The Remand Centre would show up under Adult Corrections; Fine Options would show up under Probation; and T.A.'s would also be under Adult Corrections.

MR. CHAIRMAN: Anything under 5.(a) Administration — the Member for Rhineland.

MR. A. BROWN: Did I understand the Minister correctly when she said there were 10 SY's in this particular item? — (Interjection) — Okay, what is the function of the 10 SY's? If they're not involved with the Remand Centre, the Temporary Absence Program, Fine Options, what type of programs are they involved with and what have they accomplished during the last year?

HON. M. SMITH: Four nurses and six people to provide us flexibility to accommodate vacation time. We're operating at fairly full capacity, so the extra staff on vacation time give us some opportunity to gain efficiencies.

Sorry, I had jumped ahead to the program end. In the Administration, there are 10 people, the same as last year. I think I outlined who they were: an ADM, a chief investigator, two policy analysts, two admin. and financial support, two clerical and two term.

MR. A. BROWN: Okay, I ask the Minister, what purpose do these people serve under the administrative direction for adult on juvenile community and institutional correctional programs? What programs have they been involved with during the last year?

HON. M. SMITH: Well, they provide the direction to juvenile corrections, probation services and adult correctional institutions. They're also responsible for the support services that include investigations, inspections and audits, general and specialized administrative functions.

MR. A. BROWN: In other words, Mr. Chairman, we can get back into this particular area at any time when

we're talking about the Remand Centre or when we're talking about the Correctional Youth Centres and Probation because, ultimately, this group that is responsible for the programming and the planning for all of these areas, so do I understand the Minister correctly, that we can go after this particular group under any one of those particular areas?

MR. CHAIRMAN: The Minister is nodding in affirmation; that won't be recorded in Hansard.

5.(a)—pass; 5.(a)(1)—pass; 5.(a)(2)—pass.

5.(b) Adult Corrections — the Member for Rhineland.

MR. A. BROWN: Thank you, Mr. Chairman.

First of all, I would like to get into the rehabilitation programs and ask what kind of rehabilitation programs for the inmates of the adult correctional institutions have been implemented and are being implemented.

HON. M. SMITH: Our general approach in this field is to protect society, to assure that the inmate is held accountable for the offence they committed, and that they are helped to develop some sense of responsibility to the community.

The work programs that we have them involved in are brush clearing, highway cleanup, Dutch Elm Disease programs, municipal projects, museum development, charitable organizations, things like fixing up camps, painting, brush cleaning and making of trails in the parks, house repairs for the elderly, river bank restoration and cleanup, playgrounds for day cares, some production of garden produce. There's a toy factory. We have education programs including some skill development, particularly learning the use of tools at out-camps like Egg Lake — at Egg Lake is where they're learning building skills — a tailor shop, small repairs. There are literacy programs available and life skills programs.

We also have the community service and Fine Option committees that help provide options for — well, I can't just say inmates — in some cases, instead of going to a correctional institution. We have community justice committees, who also help us to work on alternatives and to find the type of community service options that are available to people, instead of either paying a fine or going to a correctional institution.

In the temporary absence field, people are permitted to go away on certain work assignments, a special job search for medical reasons, or for very specific education programs.

MR. A. BROWN: If I thought I had a particular program or whatever, that I thought I would be able to make use of the people at Headingley — and I suppose most of the people that we are talking about in this particular program are in Headingley — how would I go about applying and would I qualify to get work done by the inmates at Headingley?

HON. M. SMITH: Arnold, I can't judge whether you would qualify or not, but these would be the factors

that would be looked at. You could either phone Headingley direct or phone Fred Saunders in the department. Any call to the department could be referred to the right place. The criteria they would look at would be whether your project was non-profit; whether it served to the general benefit of the community; and whether it was considered to be a good experience for the inmates.

The other factor we've looked at is that it does not substitute for paid labour. We have no desire to undercut paid employment.

MR. A. BROWN: In other words, if a municipality was in need of getting some repair work done to their machine shed or had a brushing program that they wanted to go into; or if any other organization needed to have some work done, a curling rink for instance, needed to have some repairs done to a roof or whatever; these would be people that would qualify and they could be asking for work to be done by this group?

HON. M. SMITH: Most of those would likely qualify. Again, because we're trying not to undercut regular work crews, we would pay particular attention to things like some riverbank clean-up or clean-up after a tornado; things that were occasional events.

MR. A. BROWN: These are all noble concerns, there's no doubt about that, but my question remains; how does this prepare these people to go back into the work force?

HON. M. SMITH: Well, it's better than idleness; it's some experience in work that builds self-concept. It certainly keeps healthier bodies and healthier minds to be engaged in constructive work. Some people get some sense of both satisfaction and probably psychological therapy out of doing something of benefit to the community. They often feel they've paid back, in a sense, to compensate for things that they have done that have landed them in the incarcerated situation.

For example, we have many day care playgrounds, play structures made by the inmates and toy repair and so on; and often a lot of them have never had a great deal of nurturing and for them to learn how to do something for the community and, particularly for children, is bound to be very therapeutic.

MR. A. BROWN: The Minister made reference to this, and I understand there is a large percentage of the inmates in the adult corrections who are illiterate and is the type of person who is there under a short-term stay.

Can the Minister tell me what we are doing for this type of person in order to get them a rehabilitation program going so that they can be acceptable and provide job opportunities for them upon their release?

HON. M. SMITH: There's been quite a development in the literacy programs, particularly some computers that give simple upgrading programs, and that can lead into programs after they're released at the community colleges.

MR. A. BROWN: Mr. Chairman, that is a very general statement. I would like to know some specific programs

that are geared toward this type of person. Are we continuing a program with them after they have been, on release, whether it's temporary absence, whether they're out on parole or whatever the case? Are we continuing with this type of person so that we can have a meaningful sort of rehabilitation program which is going to prepare them? Because if not, if we're just going to dabble at this, then of course we're just wasting our time.

HON. M. SMITH: Again, I remind the member of what he said earlier on, that a lot of them are in for short terms. What we have in the computer assisted training is a very flexible way, flexible in terms of time and rate of progress for the individual. We have 17 IBM computers so that they can get basic English, Mathematics for Grades 1-12, and about 10 percent of our inmate population are currently participating.

We then link them into the new types of programs available in the community colleges which are broken down into modules which are very adaptable to individual rates of progress; so we do our best to make the stay more than just punishment, and hopefully to get people on a more constructive path when they leave.

MR. A. BROWN: The Minister is talking about new types of programs. What new types of programs?

HON. M. SMITH: I think the computer assisted education programs are relatively new, but so is the way the colleges are packaging a lot of their programs now into small distinct modules that an individual can tackle at their own rate, and they can build up their missing skills. It's a much more flexible offering than used to be the case out of the community colleges.

MR. A. BROWN: I understand that somebody who is sentenced to jail for a period of two years, which is the maximum sentence that can be given under the Manitoba correctional institutions; if they receive a period longer than two years, then of course they're under federal care. But I understand that somebody who receives a sentence for two years is more than likely going to be out in the community somewhere along the line, whether it's under probation or whether it's under a temporary absence, or whatever it is, is going to be out of the institutional care, and therefore any rehabilitation program which we would want to carry on with this particular type of person is no longer there. Is that correct?

HON. M. SMITH: Well, it seemed to me I was following the member along quite happily, the division between two years less a day, and two years and on being on the federal side, and then also the fact that they, for good behaviour, do get out earlier than their total sentence. This is the practice throughout pretty well the entire correctional system. But then he jumped to the conclusion that because the time stays were relatively short that there were no programs. I don't know where he was leading. All the programs that I have listed to date are programs that are in operation. They're broken down into relatively small short units so that they are adaptable to the time stay. There are things like small appliance repair and electrician helper

experience, plumber's helper. There's the local education committee at each institution and community college. And since many of the programs at a community college now are made up of a lot of small modules, in fact, they can often get started on covering some of those upgrading modules and then the special training while they're in the institution. In such a case, often it's the first modules covered that are the most difficult but the most significant, because the person gets the feeling of confidence and some sense of constructive path to follow that offers some hope.

MR. A. BROWN: What I was getting at, Mr. Chairman, was that under the circumstances, even if they have been sentenced for a two-year period of time, they're out in a very short period of time, that it's almost impossible to create some kind of meaningful rehabilitation program. And what I would like to see is that the rehabilitation program continue no matter whether this person is out on probation, whether they're out on a temporary absence, or whatever the case may be, that the rehabilitation program continue so that we could go into a meaningful program and try to get these people into society where they can perform some kind of a function, where they are employable people. I would like to see that kind of program coming forward, and is the Minister doing anything about this?

HON. M. SMITH: I would remind the member that when one is sentenced to a period of time in an institution, it's because they have offended against the law and they're given a sentence which has some relationship to the offence. That sentence can be shortened by good behaviour in the institution.

Now, I think our responsibility is to give them as constructive an experience as we can within the period of incarceration and try to set them on a path which is rehabilitative and offers hope.

I think all the civil rights people in the country would be down upon us with a ton of bricks if we presumed to have any control or authority over people once they had served their term. I think what we do is try to provide the best possible liaison and access to programs in the community that offer hope, whether it's training or whether it's job experience. When people go out on T.A.'s and on probation, they go out on condition that they're usually involved in some work or job search, or training, or educational programs.

I think we do the best we can with the time frame that we have them.

MR. A. BROWN: This is just it, under the time frame that we have. The time frame that we have is three months or a relatively short period of time. Do we have any statistics at all as to how successful our rehabilitation program is? How many of the inmates are employable after they leave Headingley? How many of them are back in Headingley after a short period of time? Do we carry this type of statistic?

HON. M. SMITH: I think we shouldn't confuse our correctional institution with — I don't quite know what the member is getting at. We do have success. Sometimes we have people who've never been able to read actually master reading skills. People acquire

driving licences, which gives them more opportunity for employment. They get an initial experience in the trade that does influence many of them when they go back on the outside. But to suggest that when they're serving time for an offence against society, that suddenly the correctional institution should take over their entire lives and not release them until they're fully integrated, I think, is foolish.

I think all the job creation and healthy economic things that we're doing for the population at large in trying to provide access for people who have particular disadvantages meshes with this type of program that we have for the inmates, where we try to get them as ready as possible. But I don't think we can, in a sense, run their entire lives because they've been sentenced to a short stay in a provincial institution.

MR. CHAIRMAN: The Member for Springfield.

Do you want to defer it to the Member for Brandon West?

MR. G. ROCH: I'm sorry, I just thought he had his hand up further. It doesn't matter to me.

MR. CHAIRMAN: No, you had your hand up earlier. Okay, the Member for Brandon West.

MR. J. McCRAE: Thank you, Mr. Chairman.

Can the Minister tell the committee what is the average length of stay in Manitoba?

HON. M. SMITH: Approximately three months.

MR. J. McCRAE: Can the Minister tell us, over the last couple of years, the numbers of prisoners coming into our institutions in Manitoba, for instance, in the fiscal year previous to the one we're dealing with now, and the one before that? Without demanding specifics here, I'm just asking the Minister, is the number rising or declining?

HON. M. SMITH: Our average daily population in the nine institutional settings in the province is 811. It's staying approximately the same. Last year it was 814; the year before, 802; the year before that, 774. The experience in other provinces is that they've been having increases of about 4 percent per year. There are some tougher laws that are being enforced. For example, Saskatchewan, which has roughly the same population as Manitoba, their institutional population is averaging 1,100. Now, we maintain that we've been able to level off by virtue of good management, fine options, and so on, in trying to provide as many alternatives to incarceration as we responsibly can.

MR. J. McCRAE: Included in those numbers would be inmates who would be there for a matter of just a handful of days, I take it, for non-payment of fines, or even highway traffic fines, I suppose?

HON. M. SMITH: Yes.

MR. J. McCRAE: Mr. Chairman, how many staff years are we talking about when we look at 5.(b)(1), Salaries? I see a considerable increase and I wonder how many

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people work in these institutions and how many are supposed to work under this budget. How many more will there be this year?

HON. M. SMITH: We had 480 last year; we have 490 this year. I referred to the 10 new people earlier; I was getting it a little bit confused with the administrative line. The 10 new people are in this area. Four of them are nurses and six are to provide flexibility in arranging vacation time.

MR. J. McCRAE: I'm sorry, I missed the last few words.

HON. M. SMITH: Six of the 10 are there to give us flexibility in assigning vacation time and so on. We do use some part time; we have some part time in addition. We try to get as good a mix as we can to provide for the normal fluctuations that occur during the year.

MR. J. McCRAE: It's fair to say, then, the remainder of the increase in salary costs would be the increase in wages under the collective agreement?

HON. M. SMITH: Yes.

MR. J. McCRAE: I see there's nothing recoverable from Canada under Adult Corrections. Prisoners in federal institutions, those institutions recover nothing from Manitoba either, I take it, so that it's strictly up to the judge where the prisoner goes.

HON. M. SMITH: Yes.

MR. J. McCRAE: I don't understand, Mr. Chairman, the reduced budget for External Agencies and Halfway Houses. Perhaps the Minister can explain that.

HON. M. SMITH: We weren't using the full amount of that budget. During the year Camp Renay (phonetic) was closed; again, there was federal money there but it was cut. And Grosvenor House closed; it was partially funded by the MCC, Mennonite Central Committee.

MR. J. McCRAE: Mr. Chairman, could the Minister, getting back to a question I asked earlier, break down a little bit for me the number of people working at the Brandon Correctional Institute and how many are proposed to be working this year?

HON. M. SMITH: Just for clarification, were you wanting the breakdown year over year or the sub-breakdown of each year? There's 490 in 1986-87 and there were 480 in 1985-86.

MR. J. McCRAE: But I'm speaking for Brandon Institution only.

HON. M. SMITH: Sorry, that's what I didn't hear. The number has not changed, 66.5: 3 management, 6 admin, 6 on programs, 1 nurse, 44 on security, 2 on services, 4.5 on term.

MR. J. McCRAE: Mr. Chairman, what has been the response of the Minister's department to the

unfortunate hostage taking incident that took place in Brandon?

HON. M. SMITH: On January 8, 1986, as you know, a correctional officer was wounded and another held hostage by two inmates. After several hours of negotiations, the officer taken hostage was released unharmed. The incident was contained to one part of the building and limited, for the most part, to the perpetrators. They were subsequently charged and received additional penitentiary time.

Measures for the identification and handling of high-risk inmates have been strengthened as well as searching and other methods for the control of contraband. As well, the organizational structure has been reviewed and it's being revised to bring it in line with changing priorities and expectations.

We did and do want to compliment very highly the skill and steadiness of the staff at the Brandon Correctional Institution for how they handled a sort of first-time incident.

MR. J. McCRAE: Mr. Chairman, I join with the Minister and compliment those people, too. But I guess the question is why were those prisoners there? As we now know, those prisoners were of the more dangerous, maximum-security type, and is there nowhere else in Manitoba where they could have been held?

HON. M. SMITH: There's always some risk involved in the correctional process. These prisoners were on remand, and in the remand group we tend to get a much wider range of prisoner than in the ordinary population. We do have some remand decentralized at the various institutions throughout the province but, of course, our main facility is in Winnipeg at the Public Safety Building.

MR. J. McCRAE: Will it be the policy in future then, when dangerous offenders and potentially dangerous offenders are identified, to keep them on remand at such places as Brandon Correctional Institution which I think it was agreed at the time was not set up to handle prisoners like that? Will those prisoners in future be kept in Winnipeg where the facilities are able to handle that type of prisoner?

HON. M. SMITH: The policy has been to keep the prisoners adjacent to the court where they're being tried so, in a sense, that isn't our determination, that's the justice system's. What we have done, though, is reviewed all the procedures in Brandon to ensure that to the extent these things are manageable that they are able to give full security.

MR. J. McCRAE: Mr. Chairman, it may be the policy and the practice of the justice system, but the Minister did talk about measures being strengthened to deal with these types of prisoners. I guess I should ask for the Minister to be more specific and tell us just what specific measures have been taken so that an incident like this, the risk of such an incident happening in the future, would be significantly reduced. We know there's a risk in walking across the street, but when you're dealing with people like the kind we now know those

people to have been, I think the risk is significantly greater and, therefore, the measures taken should therefore be significantly more stringent.

HON. M. SMITH: Where there is a record and an ability to predict, then extra measures will be taken but, by the nature of human behaviour, we can't always predict on the basis of past behaviour or the knowledge we have of it that someone is going to behave in this manner.

MR. J. McCRAE: Mr. Chairman, I hesitate to argue with the Minister, but these prisoners were very well-known to the system and the risk was very well-known, and that answer really does not address the question as it was put. The risk was very significant and, as I recall, there was some criticism since. Those correctional officers underwent far more than they ever should have been expected to undergo and they were faced with more severe risk than what the Minister is talking about.

HON. M. SMITH: It's our opinion that a classification error of judgment was made in this case. The officer in charge also didn't have full information about the prisoner, so these are the matters that we've looked into to ensure that there are procedures that are tightened up. I guess, again, that particular institution just hasn't had incidents of this sort before. We've done everything we can to ensure that such an incident wouldn't recur.

MR. J. McCRAE: Is the Minister satisfied that the staff-to-inmate ratio at the Brandon facility is sufficient for the coming year?

HON. M. SMITH: Yes.

MR. CHAIRMAN: The Member for Springfield.

MR. G. ROCH: Yes, Mr. Chairman.

I notice that the budget for adult correction has gone up about 900,000, the bulk of that for salaries. As an example, what is the cost of operating Headingley?

HON. M. SMITH: '86-87, 5,973,100; over '85-86, 5,587,800.00.

MR. G. ROCH: That would give us an average cost of what per prisoner?

MR. CHAIRMAN: Excuse me, could you repeat that? The average cost per prisoner?

MR. G. ROCH: Yes, at Headingley.

HON. M. SMITH: For '85-86, they averaged at \$64.25. The average overall in the whole system was 63.39, per day, per prisoner.

MR. G. ROCH: 63.39 was for Manitoba as a whole?

HON. M. SMITH: Yes, and 64.25 for Headingley. The smaller institutions run a little higher because there are some economies of scale.

MR. G. ROCH: Okay, to go into more specific areas, what does that 64.25 cover? Everything?

HON. M. SMITH: As is common with our institutional per diems, the Government Services Department looks after the rent and the maintenance, so this covers staff, food.

MR. G. ROCH: Staff included?

HON. M. SMITH: Food, staff and clothing. Yes, food and clothing and staffing, programming, transportation.

MR. G. ROCH: What department looks after rent and maintenance?

HON. M. SMITH: Government Services.

MR. G. ROCH: So, if we had that cost in there, it would probably bring up the average cost of prisoners somewhat?

MR. CHAIRMAN: The Minister is nodding yes.

MR. G. ROCH: By a fair amount?

HON. M. SMITH: We would guesstimate it at about \$6, but it would be more appropriate for you to ask Government Services.

MR. G. ROCH: Okay, as another specific. What would the kitchen cost be in Headingley? For example, the number of staff, total dollars allocated annually for meals?

HON. M. SMITH: We don't have it broken down quite that way. We have 18 service staff, but they would include more than cooking, and the inmates do some of the work in the kitchen. We do have the food costs for Headingley 656,000.00. Yes, that's for '86-87 budgeted 656,700; last year, it was 646,300.00.

MR. G. ROCH: Pardon me, what was it last year?

HON. M. SMITH: 646,300 for '85-86; and for '86-87, 656,700.00. That's the food bill.

MR. G. ROCH: Would you happen to have that broken down as to the average cost per meal as far as the average cost for breakfasts, lunches, suppers?

HON. M. SMITH: Well, because we don't have all the staffing and overhead, we don't have it broken down according to functional budgeting. We could get that, but it would not be speedy. Yes, we are aware of those overall costs.

MR. G. ROCH: I suppose if I want to compare those costs with the total dollars allocated to Victims' Compensation, for example, I would have to ask that under the Attorney-General's Department?

HON. M. SMITH: Yes, he would have to ask the Attorney-General.

MR. G. ROCH: Well, there are almost three different departments involved in here when it comes to Prisoner Services. That's all the questions I have at this time.

MR. A. BROWN: I wonder if the Minister could tell me what the capacity is of each institution and how many inmates we have at the present time. In other words, are we filled up to capacity at each one of our institutions, or what is the situation at the present time?

HON. M. SMITH: Our actuals, again they fluctuate during the year. We're running near capacity in the institutions: Brandon, 117; Dauphin, 41 — these are the actual averages for 1985-86 — Headingley, 372; Portage, 34; The Pas, 71; Provincial Remand Centre, 112; Bannock Point Camp, 33; Egg Lake Camp, 31.

MR. A. BROWN: What is the capacity of each of these? We're running close to capacity. What is the rate of capacity of each one of these, for instance let's say, Headingley, Brandon, The Pas, Portage, Dauphin, the Remand?

HON. M. SMITH: We're operating very close to our capacity. We have a goal for improvement. The plans for the new Remand Centre is the major first step we plan to take to relieve the current numbers.

MR. A. BROWN: My question then is: are we over capacity in some of these institutions, as has happened quite frequently in times past, where we have considerable overcrowding? Are we overcrowding at the present time?

HON. M. SMITH: We are beyond where we would like to be. We do have a building schedule or replacement schedule, and we've been working very hard on the alternatives — again to a certain extent — because the passing of laws that immediately produce increased population sometimes leaves the correctional institutions running to catch up. There's not, in a sense, a tight coordination between federal and provincial laws and the capacity of these institutions.

MR. A. BROWN: Have we a breakdown of Native and non-Native inmates in each one of these facilities?

HON. M. SMITH: The average throughout the entire system runs around 40 percent Native.

MR. A. BROWN: If I remember correctly, the Women's Jail in Portage used to run considerably higher than that. Can the Minister give me the figures for Portage?

HON. M. SMITH: It's run closer to 60 percent, but its total capacity is around — the numbers there are in the 30-35 range; so the impact of those numbers on the total system is small.

MR. A. BROWN: Mr. Chairman, that is considerable improvement. I visited Portage last year and, at that particular time, they were running 85 percent in there. If we're down to 60 percent, can the Minister give me any particular reason why we would be down that much?

HON. M. SMITH: There is considerable fluctuation. It could go above 85 percent and below 60 percent. We

believe the single most important factor in the past year though has been the work of the Native people, especially a very energetic group of women at the Ma Mawi Centre in the Child and Family Service area. They've been addressing these problems with particular imagination and commitment.

MR. A. BROWN: That was going to be my next question. What is the Minister doing? Is she encouraging the Native community to look after some of their own lawbreakers? She mentioned this particular program — and I forgot what the name was of the centre, Ma Mawi or whatever — that they were looking after some of their perpetrators over there. Can the Minister give me a little bit more information about some of these programs, where Native communities are so-called looking after some of their own lawbreakers?

HON. M. SMITH: The Ma Mawi group was one area where there is special support for Native women. All the alternative programs, the Community Justice Committees are being particularly well promoted among the Native people, and well received by them. In the DOTC area, we do have Native probation people as a bit of a pilot demonstration project. Native Plan are also very active at Headingley.

MR. A. BROWN: Is the Minister working with the Native groups and encouraging them to go into programs, where they would be looking after more of their lawbreakers?

HON. M. SMITH: Yes, our particular focus this year has been on the youth side, youth and probation.

MR. A. BROWN: The reason why we are releasing people so early out of jail — those who have a two-year term — to me it seems to be absolutely ridiculous that these people should be out on whatever program they are under in three months time. Is the main reason for this overcrowding? Do we have to release these persons in order for us to make room for new inmates?

HON. M. SMITH: People are released only if it is determined to be the wisest next step in their rehabilitation. One of the things you quickly learn about a prison population is that they often lack some of the skills of making it in the ordinary world. Therefore, if you can give them some positive experience under temporary absence programs or probation, when they still have some support and some supervision, it makes for better transition.

I did mention earlier various training education work programs that we try to link people into so that they at least have a somewhat better chance of integrating when they are out.

MR. A. BROWN: Mr. Chairman, to me, this is somewhat unacceptable. It seems to me that if we're going to carry forward any rehabilitation program with any teeth in it whatsoever that we will have to be able to work with these people for more than a period of three months; and this doesn't necessarily mean that they have to be within the confines of Headingley or whatever institution they are in. But certainly they have to be

under supervision at all times so that we can start meaningful programs with them.

If the reason is not overcrowding, then why are we not going forward with some more meaningful programs of rehabilitation than what we are? We are letting some of these people out all by themselves to do their own thing. They can go out and paint somebody's barn or whatever. Now this is fine; they're doing something which, at that particular time is needed, or they're mowing somebody's lawn or they're cutting somebody's hedge or they're picking up pieces of paper on the grounds of the Legislature or whatever, but surely this is not the way we want to rehabilitate these people which is going to bring them forward into some kind of form where they will be able to get meaningful employment within society.

HON. M. SMITH: The purpose of the correctional institution is not to remedy all the ills in society. There are training programs, job creation, housing programs and so on that we're working on for the ordinary population.

The purpose of having rehabilitative programs when people have broken the law and are, in a sense, putting in time, is to give them a leg up so that when they come out they're more likely to be able to tune into these other programs.

In some cases, people have not done things like mowing lawns or painting or just experience the satisfaction of doing very simple things that are of benefit to the community. Very often they have never been trusted to do anything and perform it well. They do work under supervision until they can demonstrate some progress before they're let out on their own. It's a graduated shift from living inside to living on the outside.

MR. A. BROWN: Mr. Chairman, it seems to me that there would be a very simple way we could determine whether the programs that we were running, whether they were successful or whether they were not successful, and that is mainly by how many repeaters we have. What is the percentage of people finding their way back into the institutions after they have been there the first time and supposedly have been rehabilitated?

HON. M. SMITH: The correctional system, perhaps in the great future will be perfectly rehabilitative, but I submit that as a society we're still partly in the world of being punitive to people who've broken the law. We take away their freedom and incarcerate them and we often incarcerate them in ways that perhaps you or I might have trouble retaining a positive outlook on the world if we spent time there.

Given that tradition in our society, we're doing our very best to treat the inmates as people who can learn, can become responsible and can spend their time constructively. Again, I think it's foolish to think that a correctional system is going to remedy all the ills of society that lead to people breaking the law. We can do a particular set of things for the particular group of people that are incarcerated, but there are many other programs needed in this society for people who lack job skills or work attitudes or even self-respect and self-confidence to go out and join the work world.

I think, again, to expect the correctional program to achieve all of those things is putting too great a load on it. However, I think there's room for improvement and over time I think what we've been accomplishing in the diversionary programs, in the educational programs and the community work programs has been very constructive.

MR. A. BROWN: It appears to me, Mr. Chairman, from the answer that the Minister is giving me, that she has absolutely no idea as to how successful the program is because she has no idea of how many repeaters we have, how many people find their way back into the system time and time again.

Are we not keeping any statistics whatsoever so that we can determine the value of the programs which we have within the system so we can make adjustments if they are not working, or if they are working, fine, that we don't have to make adjustments? Do we not carry this type of information that is so simple and it is not taxing the system at all? With the computers that we have nowadays, this would be a matter so simple that it certainly would not be any taxation whatsoever on the system.

HON. M. SMITH: Again, I think the type of information we want is whether a person who's incarcerated for a period of time without rehabilitation repeats more often than a person who's been incarcerated with rehabilitation.

Again, I think our focus has been on to expand the rehabilitative programming and, in a sense, evaluate each person's progress while we have them in those programs, and that is positive. I don't think the recidivism rates — again, we don't have them to hand here — but there are many factors that enter into whether or not a person becomes a recidivist, other than whether or not they had rehabilitative programs. We can really only judge by how responsibly they manage the tasks and the opportunities they're given while they're under the correctional system.

MR. A. BROWN: Mr. Chairman, it seems to me that in this particular area, if we're ever going to go for preventive medicine, a term which we like to use within the Department of Health, if we're ever going to go into prevention, if we're ever going to try to resolve some of these situations that these inmates find themselves in, and some of these are probably through faults of, not necessarily their own making. If you're illiterate and if you're hungry and you don't have the kind of capability to get a job, then naturally somewhere along the line you're going to be breaking the law.

I would like to get into sort of a different area at the present time because the main reason we have to release these people is, of course, because we have to make way for new inmates. There has been every indication that the Canadian Forces Base at Beausejour would be made available by the Federal Government in order for us to put up another correctional facility at that particular point. Certainly if we were to do this, this would alleviate a lot of the strain that we have in our existing facilities, and the Minister would be able to come forward with rehabilitative programs which would be more meaningful. Hopefully, we would be able

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to achieve the type of rehabilitation program which is absolutely required in today's society.

Can the Minister give me any idea as to what is happening with that particular project?

HON. M. SMITH: Well, having committed an offence, maybe it would be more wise if society looked at it as a sickness and people got sent away for a cure. Unfortunately, society hasn't either figured out what the complete cure is, nor have they chosen over the past years to look at breaking the law as a sickness. There's a punitive approach. There are some probably naive beliefs that if people lose their freedom for awhile they'll straighten up and go out and go forth and follow the straight and narrow.

There are often conditions that pre-exist that lead people to break the law, certainly poverty-related issues, increasing unemployment, demographic change, migration into the city, no suitable job skills, perhaps poor housing, disorganized family life, changing laws, changing attitudes to alcohol, a certain degree of racism and discrimination in this society. Some people have had a very difficult time learning self-respect and personal responsibility.

Now, the correctional institutions cannot, with any magic program, find the answer to all of society's ills. What they can do is put in place a selection of programs that seem to work best and be most relevant to the population they have.

The member talks a lot about meaningful programs. I would dearly like to know, if he has the magic prescription, what it is. But I submit that many people who have worked in this field with great commitment over the years are still searching for what the best mix is. I think the types of things we're doing have been the ones that experts in the field have said won't hurt and might help and, in fact, we do get some considerable success with some of our inmates.

MR. A. BROWN: Mr. Chairman, a lot of these terms are meaningless because we have no figures which tell us how successful our rehabilitation program is. I'm certain that in some instances we are successful; there is no doubt about that. I'm sure that we are.

Yet, Mr. Chairman, I am certain that much more can be done than what we are doing. There is no reason why somebody who is sentenced for two years should be let go of the system within a period of three months and no further contact being made with this person except that we keep an eye on them, and they have to report every once in a while and make sure that we know where they're at so that we can keep sort of an eye on them. Outside of that, we do very little about this situation.

In order for us to get that opportunity, to go into something more meaningful, we will be needing extra space. Again, I ask the Minister, what is she doing regarding the Canadian Forces Base at Beausejour?

HON. M. SMITH: Our top priority has been the new Remand Centre because that's where the most pressing problem is. We are in discussion on the potential use of that radar base but, again, the opportunity arose after all our priorities had been set.

It's much more expensive to operate that base. It would offer some real advantages to the correctional

system and we're prepared to absorb some of the cost, but we've been in negotiation with the Federal Government to see if they would pick up some of the additional cost because it's disrupting the priorities that we had set at a time when money is extremely difficult.

Back to the earlier point, I take it from the member that he doesn't feel we've reached the point where we can no longer improve in the correctional system and I would agree with him. But when he talks about there not being meaningful work opportunities, I say unequivocally that we have now more meaningful work opportunities available for inmates and less idleness than there has ever been before. I have listed those programs for him, the brush clearing, reforestation, park maintenance, etc., building, small carpentry, day care playgrounds, and so on. There's a great deal of work that has been done and the expansion of the basic literacy, 17 computers for the basic literacy program, and linking into the programs that are available at the colleges, these are meaningful programs and these are innovations and expansions that have shown great growth in the last year or two.

Again, I think the question of the base is still alive and if we see some federal dollars on the table, there's still some opportunity that that will proceed.

MR. A. BROWN: Mr. Chairman, my information tells me that this in the Minister's court, that the Federal Government communicated with the Minister and told them that they were open to any sort of suggestion which she was willing to make, and that to date there has not been a response and that the Minister has not been negotiating with the Federal Government.

It seems to me that the Federal Government would prefer to have a correctional institution there than having the Canadian Forces Base being put in as another Indian reservation, for the simple fact that some of the employment that the Town of Beausejour will be losing as a result of losing the Canadian Forces Base, that job opportunities would be created and we could provide job opportunities for many of those people who are going to be without jobs.

The information that I have is that the Federal Government is very anxious to proceed with this, but they're waiting for the Minister to come up with some meaningful discussion and some meaningful suggestions.

My understanding is that the Federal Government is willing to listen to all proposals that the Minister has to make.

HON. M. SMITH: With respect, I made a visit to Mr. Epp in Ottawa, and I laid on the table for him the additional cost for us to run that base as a correctional institution, \$6.2 million of extra money; over \$3 million to convert it, in capital expenditure, coming at a time when our Estimates were complete and when we have a great many competing priorities here. There is an extra \$1.6 million per year required to operate that base.

Now, we told Mr. Epp precisely at that visit that if there was around \$2 million on the table from the Federal Government, we were able to negotiate. If there was no additional monies, regrettably, we would not be able to move.

Now, we have had no indication from him of any offer, other than saying that some of the Canadian Job Strategy training money could be diverted to retraining some of the Headingley guards. No money and no answering of the basic questions we put.

We spelled out as clearly as we could what our bottom line was. We tabled with him a specific listing of the extra cost and our negotiating position has not changed since that point. I think it's quite inaccurate of the member to suggest that we haven't been above-board or specific in our negotiating stance.

MR. A. BROWN: Can the Minister give me the date of the time she was talking with the Honourable Mr. Epp?

HON. M. SMITH: We tabled our list of the extra expenditures late April on a day trip that we made to Ottawa. We had a response that said the base could be turned over and there'd be the diversion of — well they'd say training money, a best effort to use some of the Canadian job strategy training money.

We telexed back on June 13 and again on the 26; one asking whether that training money was additional money coming to Manitoba because it's our total budgetary situation that is in question; or whether it was just a diversion of money that would come to Manitoba, anyway. We have not had an answer on that.

We said that we had heard about the negotiations for the base to be used possibly as an Indian reserve and we have never had any specific discussion or information on that proposal from his office other than what we have read in the newspaper. We asked him if he would reconsider extra monies for the capital adjustment again stating that the \$2 million was our threshold for talking. We have not to date had answers to those telexes.

MR. A. BROWN: Mr. Chairman, I will be pursuing this matter further. My understanding was from talking with the Feds that the ball was in the court of the Provincial Government at the present time and that some initiative would have to be taken by the Provincial Government in order to further talks regarding the Canadian Forces Base at Beausejour.

The Minister has mentioned the new Remand Centre a number of times. Is the new Remand Centre, the building of which was announced last year, is that in this year's budget?

HON. M. SMITH: Your understanding on the first issue is wrong because we had tabled our specific information and terms under which we could continue negotiation with Mr. Epp.

On the second issue, we were completing the planning process in last year's and this year's budget and we will be fully ready to go next year.

MR. A. BROWN: So we can expect construction of the new Remand Centre in 1987?

HON. M. SMITH: Decisions on capital expenses are made year-by-year. We can complete the planning phase and it will go through the budgetary process. There is a location; there is an intention to have that

building; the specific starting date will depend on this year's Estimates review.

MR. A. BROWN: I understand that there are some considerable renovations going on at Headingley at the present time; is that correct? If that is so, can the Minister tell me how much money they're intending on spending on renovations at Headingley?

HON. M. SMITH: There is ongoing repair and maintenance; and about \$250,000 for fire and safety in the stairwell area. There's been quite a program of painting and moving inmates around to secure a better classification.

MR. CHAIRMAN: The Premier.

HON. H. PAWLEY: Probably I could just assist for a moment insofar as the Honourable Member for Rhineland.

This morning I had occasion to meet with Mr. Epp on this and a number of other matters. The end result of that was an agreement on the part of both Mr. Epp and myself to charge officials with the responsibility of trying to see if we could arrive at an agreement; an indication by the Federal Government they would explore some transitional assistance in relationship to what the Minister of Community Services had indicated to be her desire.

MR. A. BROWN: Mr. Chairman, I'm very pleased to hear this because it seems to me that we do have need for added space if we're going to go into meaningful, preventive services that I was talking about before. I certainly wish the Minister all the best of negotiations with the Federal Government so that we can proceed with that program because I believe this is something which is sorely needed in Manitoba.

I'm sorry, Mr. Chairman, I didn't catch the figure the Minister was talking about as far as renovations are concerned at Headingley. Would she mind repeating the figure?

HON. M. SMITH: Again, this is a figure that shows up in the Government Services budget. We can get the exact one but it's either 250,000 or 350,000.00. It's in that neighbourhood.

MR. A. BROWN: Well it seems to me that facility is in dire need of considerable overhaul and whatever monies are being spent in updating that particular facility I wholeheartedly concur with.

I would like to go to another area, Mr. Chairman, that some while back we received a report of racial tensions resulting from the hiring of a coloured guard and that life had been extremely difficult for this particular person; that some of the other senior guards had been putting forward mock or fake situations where prisoners would be escaping and so on, and also dressing up as members of the Ku Klux Klan in order to make this person feel as uncomfortable as possible. The Minister indicated that an internal study was being done and this was being handled internally.

I wonder if the Minister could tell me just exactly what happened as a result of this internal study; was anybody reprimanded?

HON. M. SMITH: I do wish that the member would not try to get sensitive personnel issues discussed in detail in public; however, he has raised the issue. There was an allegation in the media.

Now, we have many coloured guards at Headingley. We had a thorough investigation of the alleged incident. There was found to be no racial basis for the allegation and in fact we did arrive at a solution.

I have already said publicly that there was disciplinary action taken. I would prefer not to get into greater detail on personnel issues, other than general policy approaches.

MR. A. BROWN: I realize, Mr. Chairman, that this is a sensitive topic and it is a sensitive topic for this particular reason; that there is a lot of nepotism going on at Headingley that almost everybody certainly who is in a senior position at Headingley is related to somebody else. This, as far as I have been able to determine, certainly was in this particular case and it is highly unlikely that any reprimand is going to be made in this particular case. That is the reason, Mr. Chairman, why I'm concerned; outside of that I would not be concerned.

But because we do have this particular situation — I brought that particular situation to the attention of the Minister a year ago — of who was related to who and it is absolutely shocking, the nepotism that is going on in Headingley. For that simple reason, it is very difficult for the Superintendent to enforce any reprimands upon any of the guards at Headingley.

HON. M. SMITH: That is the most astonishing set of allegations that I have heard around this table. I challenge the member to substantiate those allegations.

There is an established procedure for hiring and for personnel practice at Headingley. This particular case was investigated, the MGEA was satisfied, the member had other channels to follow if he was not satisfied, but I find that kind of allegation without substantiation intolerable and I challenge the member to substantiate that type of allegation.

MR. A. BROWN: Mr. Chairman, I gave the Minister that list a year ago, of the people that I had suspect. I wonder if the Minister has done anything whatsoever about that particular situation.

HON. M. SMITH: It is our contention that the procedures for hiring and the personnel procedures at Headingley are following the guidelines we have set. Now if there happen to be people who have qualified through the normal procedures for the employment, the fact they are related is not a key factor. We will double check and double check but again, I think the member is jumping to conclusions because there are allegations. I think that he owes it to come up with something more substantial than that in these types of personnel matters.

MR. A. BROWN: Mr. Chairman, I believe that the Minister owes it to those guards who are not involved with this type of situation, who are out there doing a responsible job and whose images have been tarnished as a result of some of these episodes which have been

happening over at Headingley. So the Minister owes it to her employees to resolve that situation and to make certain that this type of thing does not happen.

HON. M. SMITH: The member is assuming that an allegation made in the media has more accuracy than our investigation and our denial of that again. I think that the member is showing a very peculiar attitude to the justice system in this country, assuming that where there's an allegation there is guilt. Now, if the member has specific allegations he would like to make that we can look into we will, but I think for him to allege that because there are some people who may be related to others or that because there was an allegation of a racial incident that that means that there's nepotism and racial discrimination going on, I think is a great leap. I have told the member that we did have a thorough investigation. The staff person if not satisfied did have other avenues that he could pursue through the Human Rights Commission, through the Ombudsman. He claimed to be satisfied with the investigation and the discussion and I think it's irresponsible of the member to assume that because there's a report of an allegation that it has more substance or validity than a properly conducted investigation.

MR. A. BROWN: I believe that this is exactly the essence of it, was there a properly conducted investigation. From what I understand there has just been an in-house investigation and this is my concern. If the Ombudsman has been involved or if there has been any external investigation into the situation then I hope the Minister is going to tell me so, because from what I understand it has only been an internal investigation with — we don't know whether there has been any . . .

MR. CHAIRMAN: If I could just interrupt at this point. I think the Minister has responded to that on at least two occasions saying there was an internal investigation, that the person affected did have the opportunity to go to other places and did not take that opportunity. I really don't know if we want to get into a debate here about whether an internal investigation is adequate or whether it's not adequate. If the member wants to pursue that I think maybe one more time and let's move onto a more significant line of questioning.

The Member for Rhineland.

MR. A. BROWN: With all due respect, Mr. Chairman, the Minister just happened to mention that the Ombudsman had been involved with this, and I wonder, has he been involved. If he has, then I would like to know.

HON. M. SMITH: I did in fact say that the staff person had that option of going to the Ombudsman or the Human Rights Commission. In fact my staff have just informed me that the Ombudsman was called in and had all the information, and after looking at it chose not to pursue it because there was not enough substance.

MR. J. McCRAE: Mr. Chairman, I'd like to take the Minister back to another matter discussed a little while

ago. I don't think I heard an answer when the question was put about a recidivism rate here in Manitoba. I believe that kind of information should be very important when we're trying to judge whether a Minister's Department of Community Services, which spends \$182 million of taxpayers' money and on Adult Correction spends \$19 million, a million more than last year. Surely it is a reasonable question to ask, with all these expenditures going on, are we getting value for our money? Is our recidivism rate improving or is it not? If it's not then perhaps something else should be done. The Minister told us at another point in the discussion this evening about how many programs are available for people who are released from our system, our correctional system, and we want to know whether they're working.

HON. M. SMITH: I can see how one might think that having that kind of data would give quick answers. The fact is that we're dealing often with transient people. It would have to be a national initiative that would follow people up for some extended period of time. I think it would be helpful to have some information of that sort so that we could test a lot of our procedures in the correctional field. We don't keep that type of statistics for the reasons that I gave. Many of the people are transient and not readily traceable. It might be that in the fullness of time the justice statistics group in Ottawa, who've been doing quite a lot on relevant statistic gathering in the correctional field would undertake such a study, but it has not been a practice at the provincial level.

MR. J. McCRAE: Well, Mr. Chairman, it's all very well to expect the Federal Ministry to gather and compile and keep statistics about federal institutions but really I don't think it's reasonable to ask a Provincial Ministry of Community Services to — or for this Ministry to ask the Federal Government to keep statistics on provincial institutions. I agree, maybe the Minister is correct that a recidivism rate might be seen by some as a quick answer or very quick assessment of the success of what we're doing in this province, but on the other hand, that information should be readily compleable and I think the taxpayers of this province are entitled to know just how we're performing in this field.

We have people in our prisons for an average, I believe, the Minister said earlier of three months in our provincial correctional institutions. I guess I should ask the Minister before I go on — the provincial system operates under the Parole Act and the federal mandatory supervision provisions. Am I correct in that?

HON. M. SMITH: Again, the parole system works under the federal system. The Federal Justice Department does keep comparative statistics on the different provincial systems as well as the federal, but they have not chosen to date to include recidivist stats. The only interpretation we have is that they haven't found it one of the more useful stats to compile. I can also see how it would certainly be an interesting extra statistic to have, and it would give one type of measure. It would not be the only measure though, because there are so many other factors.

MR. J. McCRAE: Well, Mr. Chairman, we keep statistics on an awful lot of things in this province. The Minister

of Employment Services and Economic Security spews statistics almost daily, and one has to wonder what the value of them is, especially when they're prepared at public expense and they go to the trouble of telling us, as legislators, the difference in the record under a PC. Government and under an NDP Government. I think if the government deems it worthy to spend money to compile figures like that, then when an Opposition asks very reasonably for figures on recidivism in our province, so that we can properly judge the Estimates of the Minister of Community Services and her department, I don't think it's asking for too much.

A little while ago, the Minister indulged in a little bit of philosophical discussion with the Member for Rhineland about how we shouldn't just look at Corrections as a punitive matter — that's true, you don't look at these things in isolation. But the Minister forgot to mention — or neglected to mention — that there is also the protection of the public to be considered in these matters and also deterrents for that person involved or for others who would get involved in criminal activities. I have to go on record as saying that our mandatory release provisions in this country do not meet the expectations of the people of this country, in regard to their protection and deterrence of crime.

When I talk to the Minister about recidivism, I'm not talking necessarily about cold, hard statistics. Surely, the man at the gate at our institutions in this province has to be concerned when he sees the same old faces several times in as many years returning to our prisons. Now, we all know that those situations exist, and all I'm asking the Minister is: to what extent in this province? Is the Minister's program of \$19 million for Adult Corrections — which is \$1 million more than last year — working? Is this program working? This is one way; is there some other way the Minister can tell us that her programs are working?

HON. M. SMITH: We do know that we have a fairly high rate of recidivism. We know that it tells us something about the propensity of people to commit crime in Manitoba; for what mixture of reasons we can all speculate. Again, in order to have a fully developed recidivism set of statistics, one would have to keep federal and provincial stats, because some people move back and forth between the two systems.

The philosophy of our system is basically to protect society, to hold the individual who's committed the offence accountable, and to try to develop in that individual a sense of responsibility to society. But by the same token, an anti-social or anti-whatever property, anti-self attitude, has taken awhile to build up in an individual, a short stay in a provincial correctional institution, in and of itself, cannot provide all the answers. There are many other factors.

What we do is what we consider the best we can in the time available. We can only observe the short-term impact on the inmates' behaviour, and their ability to work and to show responsibility. I think we do take public safety very much to heart. Again, it's a principle in our society that one doesn't keep an offender longer than the term or the time off for good behaviour that is determined by the justice system. There's a need in this society for many other supportive programs and

preventive programs to reduce the correctional population.

Again, I did cite — as one factor that we're showing some improvement — the ability to maintain a relatively low institutional population, but we would all be much happier if we could bring it much lower. Again, I think a lot of things that we're doing in community development: day care, schooling, job training and so on; trying to get the economic resource for people on reserves and people who haven't perhaps had equal opportunity is part of the answer.

MR. J. McCRAE: Mr. Chairman, it would be very hard for anyone to disagree with what the Minister has been saying, that prevention is the key here. We're spending millions of dollars, and have been for years in this province on programs, and we're spending more now than ever before on programs. For example, we spend \$1.6 million on Family Dispute Services. That, no doubt, would reduce the amount of family violence which often — especially under the new rules — would land an offender in jail. We're spending more money for our correctional services. We're spending more money all the way through. Yet, the Minister tells us we have a fairly high rate of recidivism. For the Minister to be able to say that, she must have some figures and some facts on which she bases such a statement. I'm asking her point-blank: do those figures exist?

HON. M. SMITH: We know we have about two-thirds the per capita population in the correctional system compared to Saskatchewan. Again, there are no magic answers in the correctional field to show value for dollars spent. I guess one again falls back on what we have tried to learn and practice about human nature; ideas and beliefs have changed over time. We used to believe that, if you incarcerated a person in a so-called penitentiary, they would become penitent and I suppose for the fear of God would go out and no more commit crime.

But I think every society has had a different approach to the correctional process. Again, I would welcome constructive ideas and approaches from the Opposition. I think precise measurement, if we could get closer to measuring the right things and having more evaluative statistics, we would all welcome it. But in the current state of the art, I think the types of programs that we're doing and the types of practices still offer us the best probability of reform and trying to give people some skills and some self-respect, so they have a better chance of making it on the outside. To a certain extent, a life of crime is an indication of failure in a lot of our other systems.

MR. J. McCRAE: Mr. Chairman, any society's finances can support the rehabilitation of offenders only so far. I believe, with the present budgetary situation in Manitoba, we'd be asking Manitobans for a lot — to spend more than they are now on programs to help keep people out of jail. But Mr. Chairman, if those programs seem not to be working, and indeed are not working and producing the results that we are looking for, then something more fundamental is going to have to be examined.

I wonder if the Minister has not, over the past two or three years, come to the realization that perhaps

something in this system is not working. The Minister mentioned a few minutes ago about in former days that people were felt to be more penitent after they came out of their time in prison. Well I think in those days, maybe we didn't have mandatory supervision. I think conditions in our prisons and jails were very much different a decade or a generation or two generations ago. Perhaps the Minister's right. Maybe people didn't really want to go back to those terrible places.

But as I understand it now, our prisons are better places in terms of the care that the inmates get, and they're not treated in such a brutal fashion as they were in years gone by.

What we are engaged in here is definitely a discussion about maybe criminology and maybe about crime and punishment, Mr. Chairman, but really, I'm just signalling this and saying that we're spending our way into what? We're spending our way into a higher recidivism rate. I can only assume it is because the Minister seems to be saying that without giving us anything specific.

But I would like her to repeat what she said about the two-thirds per capita rate of Saskatchewan. Just what does that mean?

HON. M. SMITH: Again, on the numbers, we, with a similar population to Saskatchewan, have about 800 population in correctional institutions whereas Saskatchewan is running at 1,100.

Again, I am hearing contradictory messages from the two members. One is saying we're spending too much and the other is saying we're not spending enough. It is true that the money alone won't solve the problems. Particular types of programs can help, but there are many different reasons why people land up in the correctional institutions and the types of programs that are helpful probably have to be as varied too.

MR. J. McCRAE: Well, I'm not sure that the Minister should interpret that I'm saying we're spending too much. I think we should be spending a little smarter in these areas, and if we find that our spending is not bringing about the desired results then we are going to have to find out what's wrong. Maybe I should ask the Minister.

Has any study been undertaken in her department in the last two or three years to tell us how much bang we're getting for the buck in terms of corrections?

HON. M. SMITH: Again, I guess the question is how do you measure success? We think that by levelling off the institutional population by trying to have as many diversions from incarceration as are workable, consistent with protecting society, and having as good re-entry programs as possible, that that's the way to build the odds in favour of more success.

Again, every society — and we do get some breakdown on who the age of people — if we could remove young males from the population or put them in cold storage from 15-25, our correctional facilities would virtually close down. What is it in the way we're dealing with our young men in these schools and in the workplace and the training opportunities? I think that we do quite a lot of that type of analysis.

The plight of our Native Manitobans, many of whom have been brought up on impoverished reserves, that

don't have access to adequate resources or economic base and who migrate back and forth into the city and often find themselves in a different culture, often find their own traditional roots are cut away, these factors do influence the sort of core area — poor housing, unemployment — concentration of troubles in the city — alcoholism. There are many, many factors that go into an individual breaking the law and I think we do that type of analysis on those types of factors.

The fact that the recidivism rate per se has not been given the attention that the member suggests, I would like to certainly have those numbers, but I don't know that they, in and of themselves, would be the crucial evaluative factor on the system.

MR. J. McCRAE: Well, just one more comment, Mr. Chairman.

The Minister reminds us that none of us have all the answers, and I'm the first to agree because I certainly don't have all the answers, but I'm not in the position the Minister is either to seek out and find those answers.

I wonder, in view of a situation that does not appear to be getting better in this respect, if the Minister has any intentions in the future to seek the advice of those who are better equipped to look into these matters.

I guess what I'm saying is has the Minister been doing these analyses in-house or has there been anyone brought in from, say, the Attorney-General's Department, for example, who could advise a criminologist who could give the government advice? We all want very much to keep people from committing crimes and to keep them in jail for the shortest time possible, the shortest time that meets the ends of justice and so on.

But, really, is the Minister intending to do anything about this particular situation in the future or do we carry on the way we have been?

HON. M. SMITH: Well, the department accesses expertise from people who study criminology. We have an ongoing interdepartmental committee with the Attorney-General's Department. Our people are in contact with other provinces and with the federal people in the justice world. They go off to various seminars and study sessions to try to share the best knowledge and programming available.

Quite frankly, I don't know any groups in North America who claim that they have the answer. I think most of us intuitively know that the more we can do on the employment side and the integration, or at least the acceptance of groups who may be different or who have had some disadvantage, the more we can deal with drug and alcohol, the more we can see that there is not undue poverty or deprivation, that these things all help, the more appropriate education we can offer the groups that find themselves offending.

We often end up in a correctional system with the so-called losers. Now, what is it in our society that leads to some people seeing themselves as losers or, in fact, being losers? How do we define community?

I think a lot of the approaches we're taking in the day cares-community services portfolio in other areas or to try to find the ways to provide community supports and healthy community networking so that fewer people either become offenders or isolates by their own or by being pushed out.

I would be very interested to hear if the member has particular interests or proposals to make. I'd be more than happy to have him come along and visit some of the institutions and talk with people. Constructive input I would welcome; certainly, I seek it out myself.

MR. J. McCRAE: One very quick comment and then I'll stop, Mr. Chairman. I appreciate what the Minister just said.

I do have to take serious issue with one statement that I heard some time back and that was that some question that there might be a propensity among Manitobans moreso than in other places to commit crime.

I remind the Minister this is "Friendly Manitoba" and I think only a criminologist would be in a position to make that observation, and I hope the Minister is putting that as a possibility and not a probability.

MR. CHAIRMAN: 4.(b)(1) — the Member for Rhineland.

MR. A. BROWN: I would like to ask the Minister if we can't do something about the situation that we have at the present time where the mentally-ill, or mentally-retarded persons, are placed within the mainstream of all the other inmates?

I have heard a lot of horror stories come out of Headingley, how other inmates are taking advantage of either the mentally-ill or the mentally-retarded, and I'm certain that the Minister has also heard these stories. It seems to me that this is most unfair, that these people should be placed in that particular situation where they are placed within the mainstream of all the other criminals when they, themselves, are there because of either mental illness or mental retardation.

MR. CHAIRMAN: I'm wondering if this might not be more appropriate for the member to consider under the Attorney-General, since it seems what the member is dealing with is more a problem of sentencing than a problem of incarceration.

What we're dealing with, as 5.(b) states, is care and rehabilitation programs for inmates of adult correctional centres. I think what the member is very correctly pointing out is a problem of who gets put in there.

MR. A. BROWN: They're in Headingley.

MR. CHAIRMAN: Yes, they're in Headingley, not by the Department of Corrections, they're sentenced there. I'm wondering if it would not be more appropriate to consider that under the Criminal Justice Division of the Attorney-General's Estimates.

MR. A. BROWN: Mr. Chairman, since these people are in Headingley, and since the Minister is in charge of the mentally-retarded program, and since we have the Attorney-General here — we have both Ministers here — maybe we can have a bit of a discussion on this particular item. We may not have the Minister of Corrections present when we are discussing the Attorney-General's area.

With the permission of both Ministers, I would just like to briefly express what my concern is.

MR. CHAIRMAN: The Attorney-General.

HON. R. PENNER: Yes, if the distinguished Member for Rhineland would repeat the concern because I didn't hear it. Would you repeat the question and I'll try to deal with it if I can?

MR. CHAIRMAN: If I can speedily sum up what the Member for Rhineland is requesting, his concern was regarding mentally-ill and mentally-retarded prisoners being put in with the general population in prisons. My suggestion was that it is less a problem for Corrections than with the Honourable Attorney-General's Department.

The Attorney-General.

HON. R. PENNER: The Federal Minister of Justice, just before the House rose in Ottawa, tabled a brand new bill which is going to completely revise the approach to the mentally-ill in the criminal justice system. That, I think, was going to deal with the kind of problems that you have identified. I've had a quick look at it, it looks like a very good piece of legislation and it's going to deal with many of the problems that have plagued all of us concerned with the administration of criminal justice, of how do you deal with those who have clearly a diagnosable mental problem, or mental retardation.

I think this, in a sense, corroborates what the distinguished chairperson of this committee suggested, that it may be more a front-end question than an incarceration question at the moment. You see, you have no great options. If a judge, under the system, sentences a person who might quite apparently have a problem but has not been adjudged not guilty by reason of insanity, then there is no other choice but to put that person where the judge said that person is to go to be incarcerated, if that's the sentence. That's the problem.

HON. M. SMITH: If a person is clearly mentally retarded, they're often not judged guilty and we, in fact, do operate a group home near Steinbach called El'Dad, where adult mentally-retarded people who have committed offences are dealt with.

The more borderline mentally-retarded population, some of them do find their way into the institutions. What we have worked on is a better classification system so that they can be, if not completely segregated, given sufficient segregation to ensure their safety.

I think, in the past, that classification was not being carried through as well as it might and there were some difficulties, but we've been quite pleased with the improved classification of inmates, particularly at Headingley, the largest institution.

MR. A. BROWN: I came across an interesting case about a month ago and I did write some enquiries to the Minister of Corrections on this particular case, and I have many more questions regarding this case.

Yet, however, something was brought to my attention which I was not aware of, and this person, who has been deemed to be mentally-ill, the courts decided that this person was unfit to stand trial. He was placed in Headingley by Lieutenant-Governor-in-Council, and I didn't know that the Lieutenant-Governor-in-Council could do that kind of thing. He has never stood trial.

There is no length of sentence for this particular person. As far as anybody knows, he could be in there for the rest of his life.

This seems to be a very unfair way of treating a person who is mentally ill and who, allegedly, has committed a crime, because we don't really know whether he committed one because he never did stand trial, so he was never proven to be guilty. His lawyer could not defend him in court because he was deemed to be unfit to even stand trial.

So this is the type of case that really bothers me. I will be asking for a further enquiry into this situation so that whichever Minister is responsible can find out the details of this particular case — I can probably rest a little easier once I know why things have happened in this particular way.

HON. R. PENNER: Just for a moment. The member raises a very good question. Indeed, one of the great weaknesses of the criminal justice system, as it deals with people with mental problems, is in the area of those found not fit to stand trial because there's been no determination, in fact, that they have committed the crime with which they were originally charged and they may stay for a lengthy period of time.

It's not, incidentally, by order of the Lieutenant-Governor-in-Council, although there's a role for the Lieutenant-Governor-in-Council there. It's under a Lieutenant-Governor's Warrant. One of the changes now that is being proposed is to remove that method of committal, that is, by Lieutenant-Governor's Warrant, and to strengthen the role of Boards of Review, which are provincially-appointed and include psychiatrists, and I think there is a much better method of dealing with these situation.

I can't give you more details but the points raised are good ones and, I'm happy to say, are being dealt with at last by federal legislation. We'll have a close look at it.

MR. CHAIRMAN: 4.(b)(1)—pass; 4.(b)(2)—pass; 4.(b)(3)—pass.

4.(c) Correctional Youth Centres: (1) — the Member for Rhineland.

MR. A. BROWN: We have an item here of \$6 million. Can the Minister tell me whether there have been any significant changes in the Correctional Youth Centres? In other words, we have The Young Offenders Act, which created considerable havoc with the Correctional Youth Centres. We had a revised act coming out, as far as The Young Offenders Act is concerned.

Are things improving or do we still have the same kind of difficulties which we experienced last year?

HON. M. SMITH: We did pass out the little brochure on the Corrections Community that describes some of the things that we're doing with the youth programs. We did experience a very rapid increase in numbers under the YOA, but we now find it is starting to taper off.

Again, The Young Offenders Act is a federal law and its interpretation is subject to the judges' interpretations so there's been a fair bit of work being done throughout the system to try to improve the way that act is being applied.

For example, we're working in the Thompson area to develop more accommodation for open custody use in Thompson and in small communities outside of Thompson. This would relieve the pressure on southern homes, and institution.

Open custody support staff are currently training probation officers to utilize community resources sooner and to initiate reviews sooner so that the youth can be returned to the community under probation supervision as soon as possible. This can reduce custody time and particular time spent in institutions.

Open custody support staff are focusing increasingly on Directive No. 9, encouraging staff to make appropriate referrals and cooperative plans with child welfare agency. This focus is being brought to bear at the initial planning meeting on each open custody case. So the trends, the first year the YOA, in 1984, the average daily number of youth in open custody was 15.4 at the youth centre and 21.4 in the community. A significant increase was experienced in 1985. The average daily counts rose to 74.2 at the youth centre and 32.2 in the community.

We've experienced a stabilization in the rate of committals with regard to both the distribution of committals geographically and the actual monthly intake rate. The mean number of committals per month is 15.4 youths. We've also seen an increased tendency toward shorter sentences. The mean length of committal is currently 6.8 months, as opposed to approximately 10 months one year ago.

They can partially be explained — these trends — by the adjustment of the judicial system to the Manitoba model of open custody. The judges now know what the youths will face when sentenced to open custody.

MR. A. BROWN: How many of these children who are living at the youth centre would have received open custody since?

HON. M. SMITH: The big shift has been that the average open custody for boys, 1985 over '84, was 56 compared to 9; and girls, 5 compared to 2, but we are seeing some levelling off that this year.

MR. A. BROWN: So we have less in there this year than we did have last year; that we have less open custody cases, or what is the Minister saying?

HON. M. SMITH: The level is still high in 1986, but it is levelling off. In other words, we're not continuing to experience that rapid increase.

MR. A. BROWN: Maybe I misunderstand the term "open custody" but why would we have a juvenile who has been sentenced, who has an open custody sentence, why would we place him in there in the first place?

HON. M. SMITH: The choice is available to the judge of secure or open. Secure would be for more severe offences or the judge thought the young person was a danger to himself or others.

Open custody would be where there was an offence and therefore some time has to be put in, but it is felt that the best rehabilitation, I guess you could say, the

best chance for it would be where the young persons were supervised in their daily life but not fully forbidden involvement in the community. Since when they leave custody you want them to be able to manage themselves in the community at large.

MR. CHAIRMAN: The time is now 10 o'clock. What is your wish? Do you wish to continue? Is that agreed? (Agreed)

The Member for Rhineland.

MR. A. BROWN: Thank you, Mr. Chairman.

We did a pretty thorough revision of the Correctional Youth Centres last year and I still remember a lot of the discussions that we had at that time, and unless anything different or outstanding has happened over there which the Minister would like to make me aware of, then I'd be prepared to pass this item, unless someone else has some questions on it.

MR. CHAIRMAN: 5.(c)(1)—pass; 5.(c)(2)—pass.

5.(d)(1) Probation: Salaries—the Member for Rhineland.

MR. A. BROWN: Probation is always an area I've always wondered why Probation was in this particular department. Why is that not under the Attorney-General's Department, because it seems to me that these people ought to be working much closer to the judiciary than to the people that we have available in this particular department. Can the Minister give me an answer for that?

HON. M. SMITH: I could call on the Minister of Urban Affairs to give you an explanation. However, since I'm sitting in this chair . . . Basically, they are the link between the Corrections system, the judicial system and the community and they are very deeply involved prior to a young person going to court and afterwards for their reintegration. I think just which branch they are under is probably immaterial because their jobs are partly the judicial and partly the community support role.

MR. A. BROWN: The Minister said that this was the proper place in which to ask questions, under the Fine Option Program. We have heard many reports. There have been reports in the paper about the Fine Option Program where the police are very upset with the way that the Fine Option Program is being handled; that people who opt for the Fine Option Program pay a fine rather than sit in jail. They are not honouring the commitment that they had made. They have to be rearrested repeatedly and come before a judge and so on, and explain why they didn't honour the Fine Option Program. Then they're let go again with the promise that they're going to honour the Fine Option Program, and yet they don't because they have to be arrested again in a little while. There is no penalty for their not honouring the Fine Option Program.

I wonder if the Minister can explain why. Why is there no penalty if somebody does not honour the Fine Option Program? Why don't we put a stop to that right after the first time that the person has chosen to disregard the Fine Option Program?

HON. M. SMITH: I think the principle of the Fine Option has to be explained. It's there as an option to incarceration, and the inmate must make good on their Fine Option; otherwise, they revert to the court, and are punished in the other way.

In fact, most of the Fine Option cases are very successful. There were 838,297 separate fines that were worked off — sorry, the equivalent of \$838,297 fines that were worked off. Of that, the default days were 77,307. So that's for the year 1985, much less than 10 percent. So an over 90 percent success rate, I think, does indicate that the program is successful. Almost 200,000 hours of work completed, and over 5,000 people taking part.

MR. A. BROWN: Of the 77,307 worth of default days, what happens to them? From what I understand, they're just let go. There's no punishment for them defaulting.

HON. M. SMITH: No, they go to jail. They're arrested and confined.

MR. A. BROWN: Then where does this complaint come from from the Police Department where they are saying that they repeatedly have to bring these people into the courts?

HON. M. SMITH: Well, again, I think the member is picking up something he's read, and assuming that it's accurate or that it's complete information. We're in constant touch with the courts. It's the same with the community service orders. They're not given as a soft touch. If people don't follow through, then they must take the stiffer punishment. It was never meant to be a way of people escaping some accountability. To our knowledge, it's not being used that way.

Again, if the member felt any concern during the year on an issue like that, if he'd write us, we would undertake to check up the particular issue and see if there's any substance to it.

MR. A. BROWN: By far the largest item under Probation is Salaries. Can the Minister tell me how many SY's do we have under this \$5 million appropriation?

HON. M. SMITH: 164.5, one more than last year.

MR. A. BROWN: Are all these persons actively involved with the Probation Services, other than possibly some secretaries?

HON. M. SMITH: Yes. There are 14 in the central directorate; there are seven in the Fine Option-Community Service Order Program; 83 in the Winnipeg district offices; and another 60.5 in the rural regional offices.

MR. A. BROWN: Under Item (d)(3), Program Development, I see that we have a fair increase in the expenditure over there this year. Can the Minister explain the expenditure under No. (d)(3), Program Development?

HON. M. SMITH: The programs all stayed the same with the exception of the Open Custody Program. Just

to list the programs, Volunteer Support stayed at 50,000; that's working with Youth Justice Committees as honorary probation officers. Purchase of service agreements with individuals and organizations for special need or high-risk offenders stayed at 72,900.00. The Open Custody account purchase of service for residential and non-residential custody programs rose from 355,000 to 668,100.00. The Adult Community Residential Program for placement of adult offenders in lieu of incarceration went from 55,000 to 56,100.00. The Fine Option-Community Service Order Programs, reimbursement to community groups for expenses related to placement and supervision of offenders stayed at 245,000, and the DOTC, the agreement to deliver services on member reserves, stayed at 70,000.00.

MR. CHAIRMAN: 5.(d)(1)—pass; 5.(d)(2)—pass; 5.(d)(3)—pass.

Resolution 33: Resolved that there be granted to Her Majesty a sum not exceeding \$33,473,700 for Community Services, Corrections, for the fiscal year ending the 31st day of March, 1987—pass.

I would kindly request the staff and thank them, that they absent themselves. We now return to Item 1.(a), Resolution 29, Minister's Salary.

The Member for Kirkfield Park.

MRS. G. HAMMOND: Mr. Chairman, I had asked the Minister earlier, and she said she would be looking into it about the SCAN in the Ste. Rose area. There was something further in the Free Press about that issue. I'm wondering if the Minister and possibly the Minister of Education might be getting together on some type of policy on how teachers are to deal with students in a way of touching them. It's come out in the paper that the principal in Ste. Rose has indicated they're not to touch any students. The phys ed teacher is coming to ask how they can do certain instructions, and to touch children.

I can see where, after this incident, this is going to be perceived as a very serious problem to teachers. I wonder if the Minister would be considering any type of policy with regard to this issue.

HON. M. SMITH: It's an issue that's bound to come up in this area. The teachers, I know, have been concerned about it, and are trying to differentiate between touching that is suggestive or punitive over against touching that is encouraging or friendly. Again, I think it's one of the interdisciplinary issues that we will be looking at further, because I think it would be very sad if we eliminated normal touching behaviour in the school setting.

MRS. G. HAMMOND: Yes, I think that this is in the area I hope the Minister will take a serious look at, because you can see that this may be an area that is going to have some serious repercussions in the school system, especially at the younger ages where young children are being taught to watch for abuse and may not readily understand the difference.

HON. M. SMITH: I think the little play that goes around to the youngsters, "Feeling Yes, Feeling No," tries to

help the youngsters differentiate between hugging, or a pat, or a friendly embrace, or touching and touching which makes them feel uncomfortable.

I don't think it's beyond the adult community to come up with some differentiation. It may take a little while and some public education but I think we'll all be the wiser after going through, trying to differentiate — it's the same issue that comes up in the pornography debates and so on; do you want to eliminate all reference to sexuality or do you want to eliminate exploitive, destructive, improper references?

MRS. G. HAMMOND: Yes, the question I should have asked before and didn't is: when the groups like SCAN or the police are questioning children at school, who do they have with them?

HON. M. SMITH: I don't know the detailed procedure. I know it's an issue that has been getting attention from the multi-disciplinary committees; for example, the concern over frequency of questioning children has led to this current — I think it's either federal-provincial or a federally-funded program with the Attorney General's Department, where a video is taken of the first questioning of the youngster.

I don't think it's precisely the same in all instances, but it's probably one of those interdisciplinary relationships that requires further refinement, so that teachers, social workers, medical people, police, each know what is expected of them and also so that the rights of all can be safeguarded.

MRS. G. HAMMOND: Yes, when they're dealing with an issue in the schools, are the child's parents called in to sit in on the interviews?

HON. M. SMITH: I don't know all the details of procedure, but my understanding of what would happen would be that in the initial instance, a disclosure probably would take place between a child and an adult. Now, that could be a teacher, guidance counsellor or school nurse. Certainly at that stage, a parent would not likely be there.

There are procedures for who must be contacted and the correct procedures but it would vary somewhat. I know parents must be notified. There are procedures in place there, but that's the type of refinement that we will look for help from the Review Committee.

MRS. G. HAMMOND: Yes, I wonder if the Minister would possibly take as notice and let the committee know what procedure is in place now for questioning children and who exactly must be there when they're questioned? I'll just go a little bit further, in the case of Ste. Rose, there were a number of children — in the twenties I understand — who were interviewed. I would just like to know what type of procedure is used and just who was involved in the questioning of these children, and if the parents were notified.

HON. M. SMITH: I've asked for a report because I have read the newspaper report, too. I do know that these committees are made up of professionals; whether they're medical, social work, police or educational; and each of them has a type of ethic in terms of how they

relate to youngsters and what is acceptable. Again, the fine tuning of these procedures is part of what we're about. The original guidelines for reporting certainly covered the initial relationship and type of questioning.

There are protocols that have been developed for different professionals, but the actual complexities of management of the case, and just at what point parents are notified and by whom; we can only gain from further refinement. At some point, though, we are going to have to trust the professional judgment of the people in the field and that's why the training of all these different groups of professionals, who are likely to run into these situations, is so crucial to the development of a province-wide system.

MRS. G. HAMMOND: Yes, I'm not intending to be at all critical of the system that's in place. I just would like to know the procedures that are in place right now and what they're considering for the future, because I think it's important. When something like this happens, where you get headlines that a teacher has been cleared, then it brings a lot of questions into the community: is there going to be a backlash? We certainly don't want to run into that sort of thing, so I think it's good that the Minister make it clear to people what is happening so they don't start getting nervous over procedures that we know have to be in place.

MR. CHAIRMAN: The Member for Morris.

MR. C. MANNES: Thank you, Mr. Chairman.

I apologize to the Minister for coming this late in her Estimates to lay before her a couple of situations that distress me greatly. I must say, one of them I wasn't going to bring up but once the second one did come to me — as a matter of fact just yesterday — I thought that I would use maybe the last opportunity I had, in a sense.

It's in the area again, Mr. Chairman, of child abuse. I'd like to relate two events; of course I won't use any names, but I think they are important to share with the Minister. One of them took place in a small community where an individual who was a custodian of a school, who used to come early in the day to do his duties there, and doing that on a daily basis, one day had the misfortune that particular day of having a single mother drop her young daughter off at school — by the way, a young girl who just craved male attention as it was totally absent from her home — and this elderly gentleman who at the time was and still is, of course, a person very much highly respected within this particular community, who was friendly to all children, was seen by somebody bending down, and just with an arm on her shoulder, bending down and talking to the girl who he knew and, of course, she knew him.

He was subsequently reported by the person, and I'll say the teacher, who then reported that information to the superintendent of the division who had to make a decision then whether or not to push it along to authorities or to let it drop. He chose to move it along to authorities and then this individual, this custodian, was visited within two days by an RCMP officer and asked some questions.

Naturally, he was thunderstruck. The information moved out into a small community pretty quickly. Of

course, once the story was put together in greater detail from a number of sources, the person in question was completely exonerated, but to this day says he'll never really be able to be close to a young person again, and he has his own grandchildren.

That was one disturbing case, but the one I heard about this weekend was even more disturbing where parents who have their daughter at a day care centre were told that there might be child abuse within their own home from a sibling, an older sibling. When they, in the minds of some people at the day care centre, did not bring it up with the older sibling, they were in due course visited also by an RCMP officer without any understanding what may have occurred at the day care centre. They, in fact, in going to see a lawyer to see what their rights were, were shortly after that visited by the Children's Aid Society who were wanting to remove these children from their home even though the parents had done no wrong and were under no charge or under no suspicion. The parents were, of course, terribly distraught.

And to the Minister, I can't provide a whole host of detail; I mean I could, but I refuse to. The daughter was examined exhaustively by a professional psychiatrist and by a medical doctor. As a young girl, I know she went through great emotional stress. She lost virtually all of her hair. The professional psychiatrist claims the alleged event never did occur.

Now my questions to the Minister: What authority does the Minister have with respect to requesting a written apology where it can be shown that no abuse took place? In this particular case, it's more than the parents that are looking for an apology; it's indeed the older sibling who, again, probably will have his or her name on the record. So I ask that question.

Secondly, what actions can be taken by the aggrieved party? Can there be suits filed? Do all licensed day care operations have liability insurance to protect against a claim for defamation where, in fact, it can be proven that innocent people have been taken through a living hell of sorts?

Thirdly, what happens if regulations are not followed within the day care setting? And I'm thinking specifically about reporting a misbehaviour to parents, the fact that a daily log might not be kept of activities, or sickness or unusual events surrounding the student, the withholding of a child's file from parents who are not being charged with any, or not being suspected, I should say, of any wrongdoing and, furthermore, not keeping information confidential.

I understand that there is a proper procedure to follow, that one has to, if they find this occurring within a day care setting, have to follow proper procedures. In other words, I believe they are to go to the director of child welfare, first, for the next course of action.

I ask the Minister, on behalf of my constituents, all these questions, and I suppose the main question I ask is: how does one have their children's name removed from the child abuse register?

Mr. Chairman, I apologize for bringing this information forward at this time. I know it's probably been discussed in some detail previously but I just felt that it was incumbent that I do so.

HON. M. SMITH: I appreciate that the member wasn't able to come before and that he has a very genuine

concern. The two cases he has outlined dramatize the really complex problem we're about here. As a society, we all were either ignorant about child abuse in the past or conspired to conceal it. The family was considered to, in a sense, own the children and have complete authority over them.

Now, as the evidence of child abuse and the expertise around identifying it has developed, we are all faced in each of our communities, whether it's Ste. Rose or whether it's your community or whether it's my community or a northern community, with these very problems.

A community that has been unaware in the past often and had no procedures, no well-understood procedures for reporting and dealing with child abuse, coupled with professionals who are now bound by our guidelines to report if they think there is any suspicion of abuse, until we put in the guidelines, which are now regulations, people who worked with children often didn't detect or didn't report suspected abuse because the onus was on them in the court to prove the case or, in a sense, be liable.

What we did with the guidelines was, in a sense, introduce protection for those people because without the ability to report suspected cases, our ability to protect the children was not there.

Now, the next step, once the suspicion is reported, each professional has a responsibility. The skill with which each group is dealing with a youngster, I'm sure, varies widely. There are training programs all over, but each community is going, in a sense, to have to share this problem and help to develop the community awareness, that without some procedure of checking into alleged cases we have no ability to protect the children. But also that all allegations are not proven and that there is a fair process whereby false allegations or, in some cases, allegations that can't be proven, still are dealt with in an orderly and respectful way.

In the first case, I think the fact that there was no — well I'm not sure whether I got the result of it — there was questioning but I don't know that I heard. Many of the cases are.

There's another group of cases where there is not enough evidence to stand up in a court setting, but where there's still significant suspicion or fear. Some of those find their way onto the Registry, but the ones where there's just no substantiation are not on any registry. They may remain in the file of the Child and Family Services Agency for a period of time as a record of something that took place, but there's very limited access to that and it doesn't carry with it any implication of guilt. It's just a record that's there and if there's never any recurrence, or the same allegations don't recur with substantiation — they are protection files and they're there — they can't really have any negative effect on anyone.

With regard to the youngster in the day care, again, the day-care workers are required to report any suspected abuse. In this case, the RCMP officers, the police are involved because, if there is child abuse, it is a criminal offence. I can only guess at what the Child and Family Service Agency was thinking. Their obligation is to protect the child and they may have felt that — I don't know — that the parents weren't cooperative, that a sibling was involved.

The day care people do have liability insurance. The professionals who report allegations are protected and,

again, if there is any lack of ethical behaviour at the day care centre, if it were reported to us, we would look into it through the day care office.

Again, we're building a system that is as finely tuned as we can humanly make it, but in these early stages of alerting communities to the reality of abuse and how best to deal with it, we're building a system that's as fair to all concerned and sensitive as we can.

MR. CHAIRMAN: 1.(a) — the Member for Morris.

MR. C. MANNES: Well, Mr. Chairman, I'm not going to belabour this and prevent us all from going home. I just want to know, though, whether people that suspect and then report, and then have it shown to them that their suspicions were completely wrong, do they ever do the moral thing? Are they ever required to do the moral thing, and that is, to issue an apology to either the parents or to older people who understand the value of an apology, such that they can, again, hold their head up high in the community; in a sense, be pardoned.

HON. M. SMITH: I think it's a courtesy that could be considered. Again, I don't buy the argument that a person is guilty until proven innocent, but it may be that some form of clearing the air is something we can look at as one of the reconciling aspects of a child-abuse case. It is an interesting proposal which I will consider.

MR. CHAIRMAN: The Member for Portage.

MR. E. CONNERY: Yes, I've got about three areas I'd like to question the Minister on. We've talked about it some time in the past, already.

First of all, in the area of overcrowding. The Minister says there is no overcrowding at the MDC. The one memo that I have here shows in Southgrove, in a male and female ward with a rated bed capacity of 117 people, the beds are set up for 160 and there's actually 134 in the residence which is 17 over the rated bed capacity. In Westgrove, another male and female rated bed capacity of 168, beds set up 188, number in residents, 185. Again, 17 over the rated capacity.

There's been quite a bit of concern. The management official at the MDC, who spoke on the condition his name wouldn't be used, said overcrowding is harmful to patients and creating a morale problem amongst the staff. I think it's very, very common that this . . . Neil Upham, the Administrator, admitted there was overcrowding, but it was temporary, noting Community Services plan to reduce the number by 200, and then by the fall of '87, some stabilization would take place.

Mr. Chairman, that's over a year from now. These are facts that there is overcrowding beyond the capacity and the standards set. How can the Minister tell us there is no overcrowding when the facts say there is?

HON. M. SMITH: There are just slightly over 700 people at MDC in the space that was formerly occupied by 1,100. What we have in place are minimum standards and I've been assured that at no time have we gone below the minimum standard of square footage.

We also have an optimum standard that we are aiming at and should have fully in place by next year. So all

I can say to the member is that what's he's calling the rated capacity must be the goal, rather than the minimum standard. We did check into those figures and I am assured that they have not gone below the minimum square footage standard.

MR. E. CONNERY: Would the Minister be prepared to have an independent body check the facilities out to assure people that there is, in fact, not overcrowding at the centre?

HON. M. SMITH: I will have another review of that situation, but I've had no reason to doubt the accuracy of the information given me by my staff.

MR. E. CONNERY: Mr. Chairman, when we talked about the equipment on hand, when there was, for Northgrove, of fire safety equipment, the Minister said in the House there was some plastic pipe where in effect there was a full system of fire protection, fire smoke detectors and everything else.

So all this internal stuff doesn't satisfy me when memos keep on coming out, going to the Administrator, that there are problems. What I'm saying is why is she reluctant to let an independent body go in there and survey it, and if she is right, then we'll acknowledge it is right. But when you go this route, you give us the feeling that there's a cover-up going on. If there's no cover-up, throw it open and then we'll all be much happier.

HON. M. SMITH: I think the member takes his memos out of context. I've checked into each one that has surfaced and have got the explanation. I've given the explanation on the fire safety, where bulk materials were purchased several years ago, when they expected to change the whole institution. The decision has since been made to demolish one of the large buildings and, in fact, the materials that were in stock were only a very small portion of the costs. The major cost was the replacement of the door frames in the buildings, so I think that is off to one side.

Again, I don't know quite what the member is wanting. I have asked for a thorough analysis of the figures he's given me, and I've given the explanation of the square footage.

MR. E. CONNERY: Well, I guess I have to say, Mr. Chairman, I'm not confident in the information that I'm getting. The Minister has been prepared for the last five years to leave the residents of Northgrove in jeopardy because there was no work done. This is an awful long time to have people at jeopardy. It's been since 1979 that the equipment has been there, acknowledging that our party was in for two years. But we've had those patients in jeopardy for a very long period of time.

So what the Minister is really saying to me is that she is not prepared to let an independent group go, which can be the local fire chief and someone else, two or three people, to go in there and measure. She obviously is reluctant to have outside people go in and verify that there isn't overcrowding.

HON. M. SMITH: We have the Fire Commissioner as an outside person. He works with Community Services

and with us to set the standards and review. I've followed up each of the requests that the member has set. Again, I am not adverse to a visit and a double-check on all the figures that I've quoted during these Estimates. I intend to go out and make that type of review and double-check myself. Again, if the member would like to accompany me, he's welcome.

MR. E. CONNERY: Now, in one of the articles, Mr. Thorimbert said his decision to allow the centre to shirk the work — which is the fire safety order — and save about 2 million, might have been altered if he had known about the memo. Has the fire chief been kept in the dark on the memos that have been passing back and forth? I'm assuming that the reporter who talked to Mr. Thorimbert is accurate in the reporting. Has he had a copy of every memo that's taken place on the fire safety?

HON. M. SMITH: Our information is that he has. Again if the member is working from phone calls and questioning, I have asked that this situation be reviewed by my department and the Fire Commissioner to ensure that the interpretation I have is correct. Again, the Government Services people work with the Fire Commissioner, and set a schedule for fire and safety upgrade. We've certainly been engaged in a steady process of fire and safety upgrade. The whole decision to vacate Northgrove within a period of time, accompanied by short-term fire and safety provisions, was approved by the Fire Commissioner.

MR. E. CONNERY: I know in my conversations with Mr. Thorimbert, I had the feeling that he was not aware of all the memos that had been passed back and forth. The Portage Fire Chief, Mr. MacDonald, and this is a quote: "We need an unbiased look at what's happening there."

Now these are outside people who have a concern, who are not part of the government, not part of the staff; but who is the fire chief of Portage la Prairie, and he's got a concern that nothing has been done, so how do you account for that?

HON. M. SMITH: I will undertake once again to review his concerns. I have the fire orders all the way back from 1974, and they are over 90 percent complete now. We enquired into the nature of an order, and the Fire Commissioner puts it out as a schedule for upgrading. He doesn't put it out as an order requiring immediate compliance. We have been proceeding with all those orders. When the option of closing Northgrove or proceeding with very expensive fire upgrading was raised, we also talked about the interim measures to ensure safety.

Again, I'm prepared to go over the provisions with him that are there and to tour the place and to do what I can to satisfy him, but again, I have answered in as straightforward a manner as I can all the questions he's put to me, and I've checked into every issue that he has raised. I find that often a memo is raised out of context. It's a memo for which he doesn't have the answer or the next set of things that have been undertaken, so I find them incomplete.

Now he can maintain that they are accurate and all the other information I bring forward is inaccurate, but

I've satisfied myself that I have got the full picture. But I'm quite prepared to go and have another go-round on it, just to make doubly sure, because I think it's correct that we shouldn't take fire safety for granted.

MR. E. CONNERY: Well, the Portage Fire Chief said his suggestions to the centre have been ignored, despite a 1977 fire that killed eight patients; so he is saying that his recommendations aren't being followed.

One other area on the Welcome Home, we have supplied the Minister with names of people who say they have been threatened. We see on the Peter Warren Show, two mornings in a row — I didn't hear the show myself, but other people reported that there were many people saying, yes, they were threatened or bullied or pushed or they didn't want their kin to be going into the community, and there was pressure being put on.

In the case of Norina Robson, interviews said that an employee of Associated Community Living, which was Norina Robson, as one who made threats by reminding parents of the overriding power of the public trustee. Naturally, she denied the charges, but I talked to a woman who, to me personally, said yes, those allegations and also the standard of living at the MDC would not be maintained. Is this the type of person that the Minister wants to have on a committee of four who are reviewing the advisability of residents going into the community?

HON. M. SMITH: Again, the names that the member gave me, we've checked into, and we have different information than he has. I've asked again for any names of people where there is alleged coercion and I would look into it, because I've specifically asked that the program not apply coercion. I can understand people who have been used to thinking of the institution as the only option being taken aback at the first suggestion. I dare say that some of the workers are wanting people to look closely before they make a determination and I think that's fair.

However, if anyone is being a little overzealous in that, I would certainly like to know, because it's the furthest from the approach we would like. We'd like parents to have a chance to see what goes on in the community, listen to the different options, listen to the people who know their young person or their relative discuss their capability and their needs. We've been going slowly because we don't wish to have that kind of bullying.

Again, I challenge the member to not make vague allegations, but to be specific and we will follow them through. He's mentioned one person, said she denies an allegation and then tried to suggest she was an improper person to sit on a committee. We have asked the organization to name a person to sit on the committee and we respect their processes for selecting someone who represents their interests on the committee, as we've asked the other provincial organizations interested in this field to name their representatives.

MR. E. CONNERY: The Minister is the final person responsible and if a group names somebody who is maybe not conducting herself appropriately, is she then saying that she will not take action to make a change?

You know, the Minister keeps on saying give us some names. We've given names. It's come through the newspapers time after time. It's on radio time after time. These things just don't happen by accident. There are facts. We know very well that people with a retarded child or relative are not prone to come forward and give their names and be identified. They're concerned, naturally, with the stigma — there still is that stigma there — but also they're concerned that maybe their offspring will be not given the favourable treatment or maybe there'll be some pressure put on, so there is a reluctance. I think the Minister has to now quit saying give us names and give us some facts. There's enough facts being put forward that there is a problem there. The Minister is just refusing to acknowledge that there is a problem.

All the way through in this whole committee, I just can't believe that running around the mulberry bush, evading a direct answer; I would say the Minister is a wealth of no information. Time after time, people have been frustrated in trying to have a question answered. I don't know what we do. I hope the Minister will carry through on her promise to have an investigation. I would hope that it would be maybe after the Estimates that I'm involved in are done. I would personally like to be involved and to go through, and once and for all in two areas, the overcrowding and the fire safety. As we know now they're saying that the fire safety at the residence is somewhat not up to what they would like to see because of the changes that are being made there, so I would hope that the Minister will allow me and some other people to have a look with her, to once and for all to put the allegations aside.

The one with the Welcome Home Program, then it would take a little more in-depth investigation to verify some of these facts.

MR. A. BROWN: Well, we've been on these Estimates for three weeks and we have had considerable discussion on the various aspects of these Estimates. The Minister just made a statement a short while ago stating that we had different information than what she has. Well this, of course, Mr. Chairman, is really what it is all about, the information that we receive on this particular department, and this can go for any department as far as that's concerned, is information that has been passed off to someone that is working in her department, but nothing happened as a result of it and because nothing did happen, then people will automatically turn to the Opposition and voice their concerns. We, of course, then take that particular opportunity and advise the Minister of our concerns.

So, the Minister, I think, should take seriously some of the concerns that we have expressed, because these are real concerns that are out there that are bugging her department and I think that the Minister must realize this because her entire department has come under considerable criticism, not only from the Opposition, but by the press and by the various people who are involved with her department, that there is a continuous flow of criticism coming forth. I realize, Mr. Chairman, that this is not the easiest of departments to run, that there are forever going to be problems. But we hope that the Minister, as a result of these Estimates, is going to take some of these suggestions seriously that we

have made and, hopefully, we'll be able to come up with a department which is just going to be functioning in a more efficient and responsible manner than what it has so far.

I would like to caution the Minister on the Welcome Home Program, and I would like her to make certain that, indeed, whoever partakes of the Welcome Home Program or is sent out into a community that, indeed, that particular person is going to be welcome within that community. So often when new programs are being started you have very zealous people within the department working with these programs, possibly over-zealous people, and sometimes a program seems to escalate just a little bit faster than what is appropriate and some mistakes are made. I just want to give the Minister this word of caution to make certain that these persons are going to be welcome within that community that they will be going to.

In Child and Family Services, I believe that the message that we have brought across is that there must be better coordination within the City of Winnipeg between these six community areas that have been established. There are just too many instances happening where it is taking forever and a day for a caseload to be processed; caseloads are growing. Now, this is injustice to the child that is suffering as a result of not being looked after quickly, and we are running needlessly expensive programs because of the length of time to process cases. There is an urgency to each and every case that is presented under Child and Family Services and the Minister cannot allow a huge back-up of caseloads which need to be processed because, as I've said previously, that this, indeed, is an injustice to the child, to the family, and it is a needlessly expensive program.

We have discussed child abuse and spousal battering to quite a large extent and I'm not going to dwell on that any further. I think that the Minister knows what our concerns are, especially in child abuse, where if someone is found to be innocent, I believe that we ought to find some way that we can pardon that person completely and let that person know that they have been pardoned. All of these circumstances are difficult; they're difficult cases.

We've just discussed Corrections and I'm quite relieved to hear the First Minister say that discussions are continuing with the Federal Government as far as the Forces Base is concerned in Beausejour, because I do feel that if we are going to run a comprehensive program where rehabilitation is going to play a factor, then we will need more space and we'll need more time in order to run such a program.

So with those few remarks, Mr. Chairman, I would just like to say that I appreciate the way that the Minister has attempted to answer most questions. Sometimes the answer that we were seeking was not forthcoming but, by and large, I know that the Minister has attempted to answer to the best of her ability.

With those few words, I wish you all goodnight.

MR. CHAIRMAN: Item 1.(a)—pass.

Resolution 29: Resolved that there be granted to Her Majesty a sum not exceeding \$3,266,700 for Community Services, Administration and Finance, for the fiscal year ending the 31st day of March, 1987—pass.

Thank you all.
Committee rise.

SUPPLY — FINANCE

MR. CHAIRMAN, C. Santos: This section of the Committee of Supply has been considering the Estimates of the Department of Finance.

We are now on Item No. 1.(b)(2), Executive Support of Administration and Finance, Other Expenditures — the Member for Morris.

MR. C. MANNES: Mr. Chairman, before we broke at 4:30 p.m., my colleague, the Member for Pembina, had led into a discussion with respect to forecasted debt and refinancing of that debt. Hopefully, the Minister will provide an answer to my colleague when he does arrive. I do expect that he will be here in short order.

But before he does come back and maybe wants to continue his line of questioning, I would ask the Minister under this appropriation, Mr. Chairman, whether he can indicate whether there was a general increase in salaries across the board, not only within Finance but in all government departments, whether there was a general percentage increase.

MR. CHAIRMAN: The Minister of Finance.

HON. E. KOSTYRA: First, just something I neglected to do this afternoon, and that was introduce the staff that are here: Charlie Curtis, who is Deputy Minister of Finance; and, to my left, Don Rice, who is the manager of this branch of Administration and Accounting.

In terms of the salary increase, I guess the more appropriate place to discuss that would be under the Civil Service Commission. However, I can tell the member that there is no salary increase until I believe it's September 1st when there's a cost-of-living, COLA, provision in the terms of the collective agreement between the Government of Manitoba and the Manitoba Government Employees Association.

So for the first part of this year, there is no salary increase and there will be salary increase taking place at, and after, September 1. That's based on a formula in the collective agreement. So any of the salary changes shown here basically relate to merit increases or those kinds of things. There is no salary increase shown in here as such.

MR. C. MANNES: Well, that's fine, Mr. Chairman. It was just a general question that I posed. I was curious to know when that general increase did become a specific increase; also, I wanted to know then whether these increases that are shown to us in the supplementary information did indeed represent merit increases and the Minister has confirmed that.

Under this section, Mr. Chairman, Executive Support, and that support, I guess, as it says, "advises the Minister of Finance on financial and revenue matters." I would ask the Minister the basis on which mining tax revenues are to increase some \$12 million for this year. What was the rationale used by people from within this branch to convince the Minister that there would indeed be revenue increases of that form?

HON. E. KOSTYRA: Mr. Chairman, that is due to the fact that we have recently concluded an assessment

of one of the major mining companies and that's what we anticipate for additional revenue as a result of that assessment — it hasn't been finalized at this particular point — but that increase along with the general levels that we see as part of the additional revenue coming from that assessment.

MR. C. MANNES: That's fine, Mr. Chairman. I'll pursue that then in a more proper time, maybe even as early as tomorrow, when we are discussing some items of interest in the mineral section of committee.

The retail sales tax is also forecasted to be up 48 million. Again, I would suppose that this would just be a general reflection of gains, some of the forecasts that were made and that we discussed earlier on this afternoon, Mr. Chairman, whereby the department has made some forecast of economic activity, also some forecast of consumer demand, and then have come up with this estimate.

Can the Minister tell me whether the first check of this will be made — when I say "of this," of the retail sales tax forecasted increase of 48 million will come about once the First Quarter Report, the details associated with that report are collected and prepared for release?

HON. E. KOSTYRA: In terms of the first question, again, that was based on what experience we've seen over the last year and how we anticipate that flowing into this year.

The increase, 1985-86 over 1984-85, was just slightly less than what the increase we're projecting this year and was higher than what was originally budgeted in this area. We should have somewhat of a picture at the time of our first quarterly report to see whether or not the projections are holding, or the actual is holding to what we project for the year.

MR. C. MANNES: A second-last question in this area, Mr. Chairman, and it's to do with income tax and corporation tax forecasts. I won't move into detail with respect to those two figures; I'll wait till later on.

But for my information, could the Minister tell me how the 1985 tax monies that, obviously in large measure, had to be filed as of April 30th, can he indicate to me how they are apportioned in to certain years? I'm just curious whether or not, for instance, 1985 tax that's payable April 30, 1986, shows up in a significant fashion in the '86-87 fiscal year or is it apportioned in some other method? I would just like a little more information with respect to that whole matter.

HON. E. KOSTYRA: The payments for the Federal Government are made 60 days after the date that they're received from the taxpayers. So in the case of someone who pays on a bi-weekly basis, those funds are paid within the 60 days; somebody quarterly within that quarter; people that pay on a yearly basis would be 60 days within that; so conceivably somebody who only pays income tax on a yearly basis, even though that person would be filing, for example, the 1985 return in 1986, the payment to the province would be made in 1986, whereas someone like ourselves, who have it deducted at source, those funds would be coming through the province basically during the year within 60 days of the time of deduction.

Monday, 7 July, 1986

MR. C. MANNES: One specific question, Mr. Chairman, under this appropriation. I see where communications funding or allocation has increased from \$8,500 to \$11,000, can the Minister tell me the reason for this increase?

HON. E. KOSTYRA: These results are just increased costs. This communication is not, I think, what the member is thinking it is. It's communication regarding courier services and those kind of costs. I don't seem to have the detailed breakdown here. We'll get it for the member and provide it to him.

MR. CHAIRMAN: 1.(b)(2)—pass.
1.(c)(1) Financial and Administrative Services; Salaries — the Member for Morris.

MR. C. MANNES: Mr. Chairman, I just want to ask two or three questions to seek some information. I refer the Minister to Page 23, the Supplementary Information, the third point. It says that this branch directs the operations of the Administrative Policy Program. What is this program, Mr. Chairman?

HON. E. KOSTYRA: That particular function is responsible for providing the analysis and work on the General Manual of Administration, which is then recommended through to Treasury Board for approval. That's the function of that particular branch.

MR. C. MANNES: I haven't been in Cabinet, Mr. Chairman, so I would ask for a little further explanation. The Minister says that it's the recommendations that come from the department to Treasury Board. Could he expand on that somewhat? With respect to all spending matters, the Department of Finance then, I take it, lays before Treasury Board various options from which Treasury Board would select? Would that be a fair understanding of it or have I completely missed the point?

HON. E. KOSTYRA: Maybe I wasn't clear in my explanation. This unit within the department does the necessary background work and information to provide recommendations to Treasury Board on appropriate procedures, with respect to government activities such as the General Manual of Administration, which is the procedure manual for government. They will do the necessary work to bring forth recommendations on what should be contained in there, or when and if changes should be made. The decision on those manuals are made by Treasury Board after recommendation from staff dealing with this area.

MR. C. MANNES: Mr. Chairman, the fourth point at the top of that page says that: "This branch directs the operation of the Insurance and Risk Management Program." Could the Minister also give me an explanation with respect to that?

HON. E. KOSTYRA: This is, in essence, the central agency that works with all departments of government and agencies and Crown corporations with respect to all areas of insurance and risk management, and gets involved with the engagement of brokers to deal with

particular insurance needs of government. It's a central agency that advises other areas of government with respect to insurance and risk management.

MR. CHAIRMAN: The Member for Pembina.

MR. D. ORCHARD: Mr. Chairman, on the risk management area, is the Minister referring to risk management in terms of potential liability of government operations, the potential for liability suits and that sort of thing? Or is this risk management to do more with the borrowings of the Department of Finance with interest rates, etc.?

HON. E. KOSTYRA: No, on the latter, not at all. It's the insurance of government properties and government activities and those of Crown corporations and other agencies.

MR. D. ORCHARD: Then it's safe to assume that the government is basically self-insured in those areas, or do we carry blank liability coverage for it? I know we have a policy to insure Ministers against defamation, for instance, when they from time to time make their errant statements and are sued by ordinary Manitobans. Basically, are not we self-insured in most of our buildings and properties?

HON. E. KOSTYRA: There is a level to which we self-insure. Beyond that, there is the engagement of insurance coverage. I believe it is .5 million.

MR. D. ORCHARD: Half-a-million dollars for self-insurance on liability?

HON. E. KOSTYRA: Yes.

MR. D. ORCHARD: Possibly the Minister would . . .

HON. E. KOSTYRA: Buildings.

MR. D. ORCHARD: Half-a-billion?

HON. E. KOSTYRA: Half-a-million on buildings.

MR. D. ORCHARD: Half-a-million on buildings. That's a little light, isn't it?

MR. CHAIRMAN: 1.(c)(1)—the Member for Morris.

MR. C. MANNES: Mr. Chairman, I ask a question here. It may not be the most appropriate area, but I see there's a severance pay article or item from Schedule 6, Page 14, Department of Finance Staff Year Summary. It's the reconciliation of the amount of salaries within the total department. There's an item there for severance pay of 47,500.00. I would ask it within this section, if I may. Is that a percentage figure that's always shown on the ledger, or is there some portion of the staff within the department and throughout the various branches who will be retiring? What is the severance pay policy that this government has in place, or does it vary from individual to individual?

HON. E. KOSTYRA: I'm told that's the government-wide policy which exists with respect to severance.

There's a formula based on so many years of service over a certain level of service with a maximum. So, that is a provision where they expect to be having retirements within this current year — it would be a drain on that. I'm afraid I don't have the specific policy, but I certainly will have under Civil Service Commission.

MR. C. MANNESS: Mr. Chairman, if the Minister wishes to discuss this under Civil Service Commission, fine. I'm curious though; retirement doesn't — certainly in most cases — necessitate severance. Are there people within the Department of Finance who by contract, or for whatever reason, have some severance pay option built into some agreement they may have when they've been hired, or is it just a contingency in place to help somebody decide to retire that's contemplated as being the proper course of action by the government?

HON. E. KOSTYRA: I'm told this is a general policy that exists for all government employees. It's not something that's peculiar to the Department of Finance. The reason that it's shown as such is that there's an anticipation of those payments that are made this year, so it is put forth specifically in the Estimates, but I don't have the details of that program in front of me, but we certainly can have it or will have it when we deal with the Commission Estimates.

MR. C. MANNESS: I'm intrigued a little bit, Mr. Chairman, with the Minister's response. He says that it's in place this year. I can't remember whether there was a figure for this allocation last year or not. Is it just something that's occurring this year or is it just the first time I've noticed it?

HON. E. KOSTYRA: I hope I'm not confusing the member. I said it was in place this year in terms of what we expect to be charged on this particular line on the budget. That amount may vary year to year, depending on how many claims or how many people are retiring. As I understand it, the plan or the program has been in place for quite a few years.

MR. D. ORCHARD: Mr. Chairman, to me there's a distinction, and I may not be in tune with what the Minister is saying; retirement wouldn't necessitate severance. Severance to me means discontinued employment and a settlement, based on the fact that the employee is terminated; but yet the Minister has referred twice now to retirement. Surely we don't, as a routine matter in retirement of Civil Service positions and people in those positions, offer a severance bonus along with retirement. Maybe the Minister is using retirement as a double standard. Surely, this severance would only apply to someone who is terminated in their position or moved from the Department of Finance responsibilities and the Civil Service.

HON. E. KOSTYRA: It's only paid out on retirement, not on termination of employment.

MR. CHAIRMAN: It's called severance pay. 1(c)(1)—pass; 1(c)(2), Other Expenditures—pass.

1(d)(1), Human Resources Management: Salaries — the Member for Morris.

MR. C. MANNESS: Mr. Chairman, having the greater detail associated with this branch indicates it's to provide the Department of Finance and Crown Investments with personal personnel systems, programs and services required to meet departmental goals and objectives; and then further below that it says, provides training services to departmental program manager. I would ask how many program managers are there; and secondly, how many of them have received some type of training program over the past year; or more importantly, how many are forecast to receive a training program in the year in which we're discussing the expenditures?

HON. E. KOSTYRA: Is the member asking how many staff are in that section? Were you asking how many staff are in that section? I wasn't sure if that question related to just how many staff were in there. And you also asked how many staff . . .

MR. C. MANNESS: No. To clarify, Mr. Chairman, I want to know how many program managers there are and how many of them will be receiving some additional training in 1986-87.

HON. E. KOSTYRA: How many program managers throughout the department?

MR. C. MANNESS: You've sent a lot of funds into this.

HON. E. KOSTYRA: A general response without us going through every area. There's about 60 excluded employees in this department who are not covered by a protective agreement, of which a significant number of those would be what the member first said were program managers, or at that level or higher.

In terms of the amount of training — there is a number of in-house training programs that are conducted both for supervisory and administrative support staff, which have included in the past, objective setting, essentials of management, affirmative action, conflict of interest and programs related to workplace, health and safety.

In terms of the total numbers — I'm afraid we don't have that information here but if the member wishes, we can supply it to him.

MR. C. MANNESS: I would ask the Minister how his department is handling the pay equity concept that is now in place legislatively; and what program is being devised for his department to incorporate the intent of the new government legislation?

HON. E. KOSTYRA: At this point in the development of the negotiations of the pay equity within the Civil Service, that is being handled directly by the Commission; and the department at this point is not specifically involved in the implementation. I presume that it will be taking place at some point as we move into the processes.

The member may be aware that just recently agreement reached between the Commission and the MGEA on the intent of the program or the details of the program which will include departmental involvement as it moves along, but at this point there isn't any and we follow the lead of the Commission staff on this.

MR. CHAIRMAN: (1)(d)(1)—pass; (1)(d)(2)—pass. There will be no resolution yet on this section until after we approve the item on Minister's Salary, Item No. 1.(a).

Item No. 2.(a), Treasury Division: Salaries—the Member for Morris.

MR. C. MANNES: Mr. Chairman, I'm wondering if the Minister can tell me who is the Assistant Deputy Minister in charge of this particular section of his department.

HON. E. KOSTYRA: Mr. Neil Benditt, who will be joining us shortly.

MR. C. MANNES: Again, Mr. Chairman, I hope this is the proper section, but I'd like to ask a few questions with respect to Manitoba Properties Inc.

The Minister indicated in committee when we were discussing the Auditor's Report in Public Accounts, 485, that he would provide to us a listing of the properties that have been sold off by the government, or the Manitoba Properties Inc. In support of those shareholders who had exercised their warrant and had moved the total — I believe the total investment under that plan to be close to \$400 million — does the Minister have that material and can he provide it to us at this time?

HON. E. KOSTYRA: We don't have that information here before us, but we certainly can provide it. I didn't recall that specific question in Public Accounts, but as the member is aware there was a record number of issues taken as notice in Public Accounts, which will take us some time to get through them all, but that information will be provided.

I would just like to introduce the staff that has joined us. Here's Mr. Neil Benditt, the Assistant Deputy Minister of the Treasury Division.

MR. C. MANNES: As I recall, Mr. Chairman, the Auditor in his report recommended or at least drew attention to the fact that maybe the total costs associated with administering this new Manitoba Properties Inc. tax deferral scheme, that maybe the total costs associated with administering and registering all the transfers of title and of somehow finding the market value of rents hadn't been fully taken into account, I would ask the Minister — and possibly this should have been asked last year but I'll ask him now — how many additional staff members are required to do the bookkeeping with respect to this issue? And secondly, can he tell me then the net dollars that the government is saving in taking advantage of this tax loophole, using the term so often used by the former Minister of Finance? I'm wondering if the Minister can give me the answers to those questions.

HON. E. KOSTYRA: In terms of staff, there is no additional staff. That was by existing staff in the department. There were some costs associated with accounting and legal services and as far as that money was expended previously, I don't have that figure, but if the member is interested we can get it.

In terms of the benefit to the province as a result of the sale of the shares and the warrants, it's estimated

that over the life term of that savings by the issuance of the preferred shares would, over what might have to have been paid if that was done by normal borrowing, is about 150 million — which I believe was stated at the time.

MR. C. MANNES: Mr. Chairman, I can't find it quickly right now, but I would ask the Minister whether or not it's his intention to amalgamate the cost of rental associated with the government now renting these properties from the Manitoba Properties Inc. and having it show up as an appropriation to the Department of Government Services, whether it will be the government's intent to combine that now somewhere within the Department of Finance, showing it as a statutory debt — or not as a statutory debt, but as an interest cost so that we, not only the members opposite, but indeed the public of Manitoba will be able to have reflected to them accurately the total costs associated with borrowing monies on a yearly basis instead of having to look in two different places.

I think there was some discussion of this within the committee when we dealt with the Auditor's Report. I'm well aware there's a footnote now which sort of pulls the figure out, but I would ask the Minister why indeed it isn't included within his department, as indeed it's a cost of borrowing funds.

HON. E. KOSTYRA: There are two issues. The lease costs that are charged to Government Services are shown in Government Services and are clearly there, so it's not that that is being hidden from the people of the Province of Manitoba.

The area that the Auditor specifically outlined was some adding to the financial statements with respect to the borrowing of MPI and that's something that we are reviewing right now in terms of how that will be incorporated into the statements.

MR. C. MANNES: Mr. Chairman, the Minister says "incorporated into the statements." By that does he mean that the next time that he lays before us the Main Estimates that we may find it in some different location or that there may be some partitioning of that figure in a different fashion? I'm wondering if he could expand on his comment.

HON. E. KOSTYRA: It wouldn't reflect on the spending Estimates; it would reflect on the balance sheet, showing the assets and the debts associated with MPI.

MR. C. MANNES: I'm sorry, Mr. Chairman. I'd ask the Minister if he could just repeat those comments.

HON. E. KOSTYRA: There would be no changes in terms of the expenditure of the department or of the government. The change would show with respect to the assets and debts of MPI being reconciled on the financial statements of the balance sheet of the Province of Manitoba.

MR. C. MANNES: Mr. Chairman, does the Minister really believe that's a fair way to demonstrate our cost of borrowing money? Because, as an outsider looking at Estimates, the way they're printed today, and if one

has followed along the traditional way of going to the Department of Finance, looking at the statutory debt, one would assume that's the total cost associated with borrowing money on behalf of the Province of Manitoba.

I question the Minister as to why there would not be, either footnoted on that page or footnoted across from that entry, the statutory debt entry, some mention that indeed there are additional sums of money which for all intents and purposes are interest costs that should be included, should be added into the statutory debt appropriation figure to come up with the total.

I'd ask him why that couldn't be done and I would also ask whether or not he would give some consideration to doing it.

HON. E. KOSTYRA: Again I'll repeat, we are not hiding anything from the people of the Province of Manitoba. It's shown clearly in the Department of Government Services, these costs, payments to MPI.

I'm also told that is an area that is correct in terms of accounting practices, to deal with it that way, and that was not the area that the Provincial Auditor raised concerns about. His is one relating to the balance statement with respect to the debts and assets of MPI.

MR. C. MANNES: Mr. Chairman, what person who isn't totally familiar with the Public Accounts, certainly, and I know that the figures are given in some detail there, as they are in the Auditor's Report, but whose sole access to an understanding of the fiscal situation in the province is to look at either the Budget or the Main Estimates of Expenditure. One would never come to the total of \$381.3 million, for instance, in this fiscal year. It would come to a statutory debt figure of 322 and a rentals portion to MPI, under the government leasing costs of roughly 59 million.

I'm asking the Minister why it can't occur, that to individuals who either and only read either the Budget and/or the Main Estimates, that some easy opportunity be provided to them to give them a total picture of the costs of borrowing funds for the purposes of the Province of Manitoba, be given to them in one place within either of those documents. All accounting practices aside, I would think that would be the forthright way of indicating to readers what the total interest charges are and I would ask if the Minister would consider doing it in that fashion?

HON. E. KOSTYRA: I'm going to sound repetitive, but there is nothing that is being hidden from the people of the Province of Manitoba. The member suggests why isn't it spelled out in an easier way for people to understand? I would just suggest that he re-look at the Budget Address. It was highlighted in the Budget Address as an area of specific comment, so it wasn't that we were trying to tuck this away and hide it somewhere. But the Budget on Page 25 under the heading of Other, says: "Let me now comment briefly on Manitoba properties and Public Debt costs. A \$23 million increase in payments to Manitoba property is authorized in the Department of Government Services." I go on later to talk right in the same area of Public Debt, so I think this is a document that the public reads far more than the Public Accounts or any of the other financial statements of the government in terms of what the general public may be interested in.

MR. C. MANNES: Well, Mr. Chairman, I thank the Minister for referring me to the relevant page. I quote from Page 26, the Minister said in the Budget Address, and I quote: "The cost of servicing the Public Debt will increase from 59.3 million to 322.3 million, or approximately 8.3 percent of budgeted spending . . . "so on and so forth, period.

That's exactly my point, Mr. Chairman. Nowhere did it say that the cost of servicing the Public Debt or the debt associated with borrowing in this province is going to be \$381 million in this year, representing some 10.9 or 9.8 percent of budgeted spending. That's the point I'm trying to make.

I would ask the Minister why those figures couldn't be combined in some fashion, either in the printed text — I'd prefer it more so in the Estimates — but certainly as was admitted by the former Minister of Finance in questioning a year ago, it's an interest cost. It may not be with us in a budgetary form for more than another three years, but the fact is it is an interest cost and it isn't shown as such, other than a footnote that was in the Department of Government Services.

HON. E. KOSTYRA: I'll just make two more comments because I think we're just going over the same ground. But (1), I'm really surprised at the concern with respect to the way we deal with this item here in the Province of Manitoba from members of the Conservative Opposition, because their colleagues, as the Member for Morris wants to say, in Saskatchewan do it the same way and they're close cousins in the Province of British Columbia — some would say very close cousins, in fact maybe even brothers and sisters rather than cousins — do it the same way.

But I mean, you could do that with any lease costs. I mean, if the government leases a building from a non-government owner, they are, in essence, paying part of the interest costs of the debt of that building, the same as if you rent a building, so it's no different. But it's put out in payments the same way.

MR. C. MANNES: Mr. Chairman, if that was the case, using the Minister's logic, then obviously it wouldn't even be footnoted as it presently is. I'll read the footnote once I find it under the Department of Government Services. It says, and the footnote makes reference to the \$74 million under Other Expenditures, Leased Properties. It says, and I quote: "This amount includes a \$58.962 million allocation for rental payments as a result of the sale to and leased back of government-owned buildings from Manitoba Properties Inc."

The Minister of Finance last year indicated, for all intents and purposes, that's interest. I can refer the Minister right back to the specific page in Hansard if he so wishes.

I'm saying if it's interest, Mr. Chairman, it's interest. It's the amount that we owe as taxpayers to service the debt associated with borrowing money. I ask why it can't be indicated somewhere within the Estimates and shown as a combined figure certainly in the Budget Address or in some chart thereof. I would ask the Minister to again consider bringing those two figures together in the next Budget that he may lay before the province.

HON. E. KOSTYRA: I just want to repeat what the member said. We've deliberately shown in the Estimates

of Government Services a footnote, highlighting the fact — I don't know if the member wants it underlined or what — highlighting the fact that this includes an allocation with respect to the payments of MPI. It's not that we're hiding it and tucking it away or anything, it's right there. What better way than highlighting it in the actual Budget document? If one wanted to accept what the member opposite is saying, I wouldn't have mentioned it in the Budget Address.

So contrary to his suggestion that somehow we're trying to hide this, we have highlighted it and are not afraid to state that there are payments with respect to Manitoba Properties. It's been highlighted both in terms of the printed Estimates and in terms of the Budget Address.

MR. C. MANNESS: Mr. Chairman, I would then ask the Minister, is his statement when he says on Page 26, "The cost of serving the Public Debt will increase from \$59.3 million to \$322.3 million or approximately 8.3 percent of the Budget spending . . . "and so on and so forth, is that an accurate statement? Is the cost of servicing the Public Debt only 8.3 percent of budgeted spending?

HON. E. KOSTYRA: Yes.

MR. C. MANNESS: And the other 59 million that we've made reference to that's footnoted, does that at all represent the cost of any portion of servicing the Public Debt?

HON. E. KOSTYRA: That's associated with costs related to payments to Manitoba Properties Inc.

MR. C. MANNESS: Then what the Minister is saying is that Manitoba Properties isn't borrowing funds. The rental payments which we're providing to them aren't being used to help preserve the costs of Manitoba Properties, and then I would ask the Minister who owns Manitoba Properties Inc.?

HON. E. KOSTYRA: The shares of the two corporations which control Manitoba Properties Inc. are controlled by the Crown.

MR. C. MANNESS: Well, Mr. Chairman, does the Minister want to retract that statement that indeed the \$59.8 million that's associated with rental payments — \$58.9 million, pardon me — that are rental payments for properties that are owned by Manitoba Properties Inc., rental payments by the government, does not represent a share of our debt; does not represent a cost of servicing some \$400 million of additional debt to the Province of Manitoba.

HON. E. KOSTYRA: As indicated, those are payments with respect to Manitoba Properties Inc. for the lease of those buildings.

MR. C. MANNESS: Mr. Chairman, I'd ask the Minister, is Manitoba Properties Inc. \$400 million in debt?

HON. E. KOSTYRA: Manitoba Properties Inc. owes just under \$400 million to its preferred shareholders.

MR. C. MANNESS: Well, Mr. Chairman, the jargon "owes" in my terminology also means "debt." I would then ask the Minister — indeed, as he said before, we own Manitoba Properties Inc. who is \$400 million in debt — is there a service cost; is there an interest cost, associated with that debt?

HON. E. KOSTYRA: Manitoba Properties Inc. does obviously have interest costs which are part of the costs and charges in terms of lease payments to the Government of Manitoba.

MR. C. MANNESS: Mr. Chairman, the people of Manitoba are the owners and not Manitoba Properties Inc. It has a debt of \$400 million. There are interest costs accruing on that debt of \$59.9 million. Again I ask the Minister, is this not the same interest; is it not interest on debt similar, maybe not legislatively similar but still interest on debt, similar to the statutory debt appropriation figure shown this year as being \$322.1 million?

HON. E. KOSTYRA: As I indicated, the payments that are made to Manitoba Properties Inc. are shown in the appropriation of Government Services as lease payments. It is done in a way that accounting principles and practices have found acceptable and is done in the same way as their colleagues in the Province of Saskatchewan and their close relatives in the Province of British Columbia.

MR. D. ORCHARD: You know, Mr. Chairman, last year at least the former Minister of Finance, who'd seldom give us a straight answer, did admit that Manitoba Properties Inc. rental payments were equivalent to interest. When this Minister got his portfolio, we were assured by the First Minister that this Minister would not duck the issues with the implication being that his former Minister of Finance always did.

Now we've got this Minister of Finance, who has promised to be forthright with us, skipping around Manitoba Properties Inc. better than the Artful Dodger, his former Finance Minister did.

Mr. Chairman, I've got some questions on Manitoba Properties Inc. and I'd like the Minister to possibly provide some information for me. The \$58.9 million that we are appropriating in Government Services to pay for the rentals on buildings we used to not rent because we owned them; can the Minister indicate if that \$58.9 million in rental payments equates to the interest costs of Manitoba Properties Inc. that they're paying to their preferred shareholders.

HON. E. KOSTYRA: That relates to the costs of administrating and the costs associated with the financing of Manitoba Properties Inc.

MR. D. ORCHARD: Let's just establish for sure that we're talking about the right number.

Manitoba Properties Inc. as at March 31, 1986 has a Canadian dollar equivalent at date of issue of \$399,143,000.00. Does that number represent the entire preferred shareholdings of investors in Manitoba Properties Inc.?

HON. E. KOSTYRA: Yes.

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MR. D. ORCHARD: Now, if we take — and here I will beg the indulgence of the Minister of Finance to do some slight rounding which will make my calculation just marginally off in percentage terms — we have \$400 million for all intents and purposes of preferred shareholdings in Manitoba Properties Inc. by institutional and other investments across this country and presumably even internationally. So we have a \$400 million cash inflow to Manitoba Properties Inc. for which they are paying interest to those preferred shareholders; dividends is what it's called because of the structure of the company to take advantage of these awful tax loopholes that we always hear the New Democrats talk about. But basically that's where we're at.

In case you didn't know, in the back bench, you are part of a government that took part in the biggest tax scam that this province has ever seen. All of you are all part of it now because you not only have done it two years ago, but you've increased the preferred shareholdings.

Now, I don't want to digress too long from this but \$400 million is the preferred shareholding. For all intents and purposes we have \$59 million in rental payments. So let's do a little close rounding and let's call it \$60 million to get into a calculation; \$60 million in rental payments on \$400 million of borrowings reduced to a percentage term is 15 percent.

Now, we were told when we sold our buildings that we own, that the people of Manitoba own, we sold these buildings to the preferred shareholders to invest, we were told that the interest rate would be lower, significantly lower. As a matter of fact, in the Budget Address this Minister indicated that there would be a \$12 million saving this year alone, in interest costs — \$12 million saving — and that would be used to assist farmers who were in financial difficulty, which did not happen; to provide low interest loans for housing which to my knowledge did not happen. All this money did was prevent the Minister from going to the financial markets to borrow additional amounts of money and have the credit rating of this province drop before the last provincial election — that's what we did it for.

But, Mr. Chairman, what is interesting here is that we have an effective 15 percent interest rate if we take my round figures, and it'll be slightly less than 15 percent because it isn't \$60 million we're paying in rental, it's only \$59, slightly less than \$59, but it is very close to 15 percent.

Now I want the Minister to explain to me how that is cheaper than going to the markets. He has said previously to this that, oh there's some administrative charges, and that's the exact question that the Member for Morris posed to you as to what the net savings were to the people of Manitoba in interest costs; because when you do the rough calculation as I have done there is no net saving to the people of Manitoba, there is an increased cost.

And we have the disadvantage, Mr. Chairman, of no longer owning \$400 million worth of our building assets in the Province of Manitoba, including the Land Titles Office in Neepawa, the Land Titles Office in Morden, the Norquay Building, I believe we have even sold the college in Winnipeg. We have sold untold buildings and we are paying a net cost of 15 percent effective interest rate. Can the Minister explain to us where this saving is in interest costs?

MR. H. ENNS: I think they've sold Moses.

HON. E. KOSTYRA: Well, in terms of the member's general comments about a tax scam and somehow suggesting members on this side have profited from that, is simply not the truth.

All members and all residents and all taxpayers in this province have benefited as a result of that transaction because the effective interest rate is 9.25 percent, which is considerably lower than what would have been paid out. The difference between the figures that the member is referring to and the payouts relate to other costs, such as the depreciation of the assets because they were all transferred at fair market value to MPI.

MR. D. ORCHARD: That's a very interesting proposition, but now we're paying depreciation to preferred shareholders in Manitoba Properties Inc. This scam gets worse all the time.

Mr. Chairman, can the Minister answer a couple of questions for me and then we'll get back into the depreciation and these other costs later on this evening? But can the Minister indicate to me the date of maturity on these preferred shareholdings? At what stage in the life of Manitoba Properties Inc. do the preferred shareholders come to the government with an undisputed claim that, today I want my money back? When does that happen?

HON. E. KOSTYRA: It can be called to June 30, 1989, and then there's specific dates after that with share payments at different rates, going to 1993 and beyond.

MR. D. ORCHARD: June 30, 1989 is the first theoretically option window where the preferred shareholders can redeem their holdings in Manitoba Properties Inc., if I understood the Minister's answer.

Now, can the Minister indicate to me if there is a . . . my mind's not working . . . Is there a Sinking Fund in place to provide for potential retirements in 1989? Are you establishing a Sinking Fund to have funds available to equate to the 399 million at some point and time?

HON. E. KOSTYRA: No, there is no Sinking Fund provisions.

MR. D. ORCHARD: Well, now this is very interesting now, Mr. Chairman, very interesting.

We now have a \$400 million debt, secured by preferred shareholdings on which we are paying interest, administrative costs, depreciation, etc., etc. to a total of \$59 million; we have no provision for a Sinking Fund; the first possible day in which the preferred shares can be converted back into cash by the preferred share investors is June 30, 1989.

Can the Minister indicate to me where the money would come from to pay preferred shareholders who wish to exercise their option to convert their preferred shares back to cash June 30, 1989? Where would that money come from?

HON. E. KOSTYRA: There's no decision made on how that would be handled. The options are the same as any other corporation for raising of capital.

MR. D. ORCHARD: Well, let me be so forthright as to suggest the option that the Minister will be forced to adopt in 1989, and that is going to the money markets and borrowing that money from Zurich, from New York, from Tokyo, from the international money markets or even the Canadian money market if it's available.

And, Mr. Chairman, that is exactly why we delabelled this Manitoba Properties Inc. a tax scam, a scam for the people of Manitoba, because we no longer own those buildings. And if and when the preferred shareholders decide to exercise their right to convert their preferred shares back to cash, we as a province are forced back into the money markets. If at that time, ladies and gentlemen, as is speculated will happen, our credit rating has dropped again, we will pay even more interest than we would have paid had we gone out and borrowed the money directly two years ago and one year ago. This cute little trick is going to turn out to be too cute by half for this government.

And the sad part about it is it contradicts entirely what this Minister of Finance said in his Budget Address — and if I take a few minutes I can find it — but he said in his Budget Address, "as of March 31" — and this is Page 31 in his Budget Address — "our total and direct and guaranteed debt stood at \$7.3 billion net of sinking funds." We don't even have a sinking fund in this Manitoba Properties Inc.

We could reduce it substantially if we sold some of the assets the investment, financed by that debt, helped secure. This is what the Minister just said in his Budget Address. For example, more than half our direct and guaranteed debt is related to Manitoba Hydro and the Manitoba Telephone System. These could be sold and the debt reduced. But here is the question — but would we be better off?

This Minister of Finance asks us would we be better off. Would a family be better off by selling its home to pay off its mortgage? That is, ladies and gentlemen, what this government did.

A MEMBER: They sold the home.

MR. D. ORCHARD: They sold the home to get some money so they wouldn't have to go to the money market, and the only way they get out of this mess is to go to the money market at some point in time that the preferred shareholders no longer have the confidence in maintaining their preferred shareholdings in Manitoba Properties Inc.

Do you know what the other option is, Mr. Chairman? The other option is to fatten the return to the preferred shareholders to such an extent that they'll leave their money in Manitoba Properties Inc., which completely destroys the Minister's argument of the tax saving and the savings to taxpayers on the borrowing costs.

That, I suggest to you, Mr. Chairman, is the scenario we are fast approaching in this province because we have used every available option we have to borrow money. When the options were closing in and the financial markets were saying whoa, we don't think you people are as good a credit risk in Manitoba as you used to be, and our credit rating was downgraded twice during the first four years of New Democratic Party administration, they went to the tax scam, the trickery, and they sold our buildings to Manitoba Properties Inc. to raise \$400 million.

But, Mr. Chairman, in June 1989, if the rate of return to those preferred shareholders is not good enough in their estimation, what's the government's options at that time? It's to go to the money market. At that time, if our credit rating has been downgraded and our interest rates are higher, it's going to cost us more money at that time. The alternative, and I suggest that this is the danger we are in, Mr. Chairman, to the Government of Manitoba in 1989, June 30, will be to say to those preferred shareholders, no, don't retire your debt, we will simply pay whatever you ask to leave your money in there because unfortunately we may not be able to borrow very equitably on the money markets at that point in time.

Mr. Chairman, this government has got the people of Manitoba into a very, very tight corner because they have done exactly what this Minister questioned the logic and the rationale of doing in his first Budget Address, Page 31, but would we be better off, would a family be better off selling its home to pay off its mortgage?

We sold our homes, Mr. Chairman, in the Province of Manitoba. We sold \$400 million worth of our buildings in the Province of Manitoba to preferred shareholders to avoid going to the financial markets. That financial trickery will come back to haunt this Minister of Finance should he last in this position long enough to be there on June 30, 1989 in that he will either go to the financial markets at that time to retire the preferred shares or he will pay through the nose. And, unfortunately, it won't be him or his ill-advised predecessor who was the Minister of Finance before him; it will be the people of Manitoba that pay through the nose.

That, Mr. Chairman, will mean further reductions to the Faculty of Engineering at the University of Manitoba, further reductions to the hospitals in this province, further reduction to our education system because the money will be going to the preferred shareholders of Manitoba Properties Inc. and not to the people of Manitoba to provide services.

Mr. Chairman, my colleague, the Member for Morris, has asked on several occasions that a proper accounting of this, to tell the people of Manitoba where we are heading, would be to include Manitoba Properties Inc. rental payments in with the statutory debt interest payments and then the people of Manitoba would realize that one of every \$10 that we spend goes towards paying interest on the debts we've accumulated.

If you want to take that to one in \$10 on our expenditures, it would actually be one in \$9 on the revenues that we generate in Manitoba and have given to us by the Federal Government in transfer payments; one dollar in nine in the Province of Manitoba pays interest with Manitoba Properties Inc., rental payments included.

This Minister can't hide it; he can't get away from it. It is there, it is a cost, and the real crunch on Manitoba Properties Inc. hits us starting 1989, June 30, where the preferred shareholders have us in a very uncomfortable position of either demanding their money or demanding a higher rate of return and either way, Mr. Chairman, the people of Manitoba, the taxpayers lose.

HON. E. KOSTYRA: Again, we're going over the same ground, Mr. Chairman. As I indicated, the way it's

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portrayed in the Budget doesn't hide the facts from anybody. If one even wanted to accept the position of the member opposite, the explanation is shown in the same section that relates to debt costs.

In terms of the scenario that the member portrayed in terms of what will happen once we have to deal with those preferred share options, the scenario he paints is one of the potential options that would have to be dealt with at that time. There are obviously others in terms of how that might be dealt with, but in the interim the costs to the province are considerably less than if the province had to borrow that money. There's no question that if this didn't take place the government would have had to borrow the money for that. So it is a saving to the Province of Manitoba and it was done on the basis of saving money.

MR. D. ORCHARD: Okay, that's another intriguing area that we'll explore now then.

The Minister is indicating that there is a saving to us, but yet the effective interest rate works out to 15 percent. Included in that, he says there are some administrative costs involved with Manitoba Properties Inc. and there's some depreciation.

Can the Minister indicate to me whether prior to the establishment of Manitoba Properties Inc. that depreciation was paid on those buildings that were sold to Manitoba Properties Inc., and did that depreciation show up in line-by-line in Government Services or whatever department would account for that depreciation? Was the depreciation there as a charge prior to the establishment of Manitoba Properties Inc.?

HON. E. KOSTYRA: There wasn't.

MR. D. ORCHARD: Now, Mr. Chairman, this is getting absolutely bizarre. We've got the Minister telling us just one answer ago that the reason they did this arrangement, is the best I can call it, was to entice preferred shareholders into investing in Manitoba Properties Inc., for which they would receive their financial rewards through the taxation system. And, because of that, the Minister tells us that they borrow at a net effective rate of 9.25 percent, which he said represents a substantial saving to the people of Manitoba, but yet his last answer tells us that in addition to the 9.25 percent we are now paying depreciation that we didn't have to pay before, that that is a cost associated with doing this flip and it is a cost that the people of Manitoba are now paying.

I now go back to the original position I made: this is truly a 15 percent loan then; this is costing us 15 percent to borrow these monies. There is no saving. The market rate now would probably be at — institutional market would be what? — 10.5 percent or thereabouts, maybe 11 percent?

We are paying a premium rate today for this money which the Minister said they undertook to provide them funds at an economic cost and a saving to the people of Manitoba. There is no saving if the Minister's last answer is correct, that in fact depreciation which is never paid is now being paid. I ask the Minister simply, who gets the depreciation? Is it the preferred shareholders who own our buildings now?

Are you listening, John-boy? — (Interjection) — You're going to have to explain those leases too.

HON. E. KOSTYRA: The reason for the difference in the figure is that the government also has a note payable with respect to the corporation in 1986 of 182 million, of which interest is payable on that which would amount to approximately \$22 million which, along with the 37 million that's paid out on the basis of 9.25, would come to approximately 59 million which shows up in the revenue of the Province of Manitoba.

I would also just in terms of the statement that was made by my predecessor with respect to the savings, that has been confirmed by the Provincial Auditor as the net effect of this transaction.

MR. D. ORCHARD: Mr. Chairman, now maybe the Minister did answer this, but I didn't quite catch it. Where is the depreciation? Who receives this depreciation which is now part, theoretically, of the almost \$59 million? That was made up, as I understand it, of three prime parts: interest to the preferred shareholders, depreciation and administrative costs. Who receives the depreciation?

HON. E. KOSTYRA: The depreciation is a non-cash charge with respect to the corporation. The only actual payouts relate to the interest to the preferred shareholders and back on the note to government.

MR. D. ORCHARD: Are we to assume from that answer then that the \$59 million is really not paid out, it appears as part of a line in the Government Services Estimates? And if it's not paid out, why is it there?

HON. E. KOSTYRA: The rental payments are paid out to the corporation, \$59 million lease payments to the Manitoba Properties Inc.

MR. D. ORCHARD: Okay, so I go back to the Square One, where the Minister indicated that the \$59 million is interest, administrative charges, depreciation? So that would mean that within Manitoba Properties Inc., if we were to see a profit and loss statement for Manitoba Properties Inc., we would see a substantial item in there, some several millions of dollars which would represent a plus figure on the revenue side, because the Government Services Department is paying as part of their \$59 million depreciation which simply doesn't go to the preferred shareholders but rather just sits in Manitoba Properties Inc.

So that means Manitoba Properties Inc. must have a positive balance sheet at the end of a year. Is that correct?

HON. E. KOSTYRA: I'm informed that there is a net profit prior to depreciation, and depreciation equates to that profit level.

MR. D. ORCHARD: It might actually simplify our discussions tonight if we could see the first audited balance sheet of Manitoba Properties Inc. to see how that's handled, because that would tell us the cash outflow to the preferred share investors; that would show us the cash inflow from government; it would

show us what our administrative costs are, and it would give us a clearer picture as to whether there is indeed the kind of savings in this as has been indicated. I was going to use "alleged," Mr. Chairman, but that might call upon your wrath, because I'm imputing motives if I say it's only alleged.

But Mr. Chairman, clearly we have got a massively confusing bunch of financial dealings that would put any numbered company that the Member for St. James wants to put under further scrutiny to shame, and we're doing it within our own government shop.

Mr. Chairman, I'll leave the question about the balance sheet of Manitoba Properties Inc., because I want to pursue just slightly further this note payable of \$182 million that the Province of Manitoba has in Manitoba Properties Inc. Now, does this mean that we should do a quick calculation, and that we should then say that indeed the preferred shareholders of Manitoba Properties Inc. only have a net investment in Manitoba Properties Inc. of some \$217 million and that the balance of 182 million is a loan by the province, or a note payable by the province to Manitoba Properties Inc.? How does this note payable fit into the balance sheet of Manitoba Properties Inc.?

HON. E. KOSTYRA: First of all, on your first question, I will provide members with the Annual Report of the Manitoba Properties Inc. for the fiscal year ending January 31, 1985; and the report for the year ending January 31, 1986 is just presently being finalized. We have the draft statement from the auditor who is dealing with that so that will be available shortly.

In terms of the specific question, the 182,000 payable to the Province of Manitoba, the note payable is shown as a liability on the balance sheet. That's made up of 13 percent interest payable quarterly, due 1994, of 128.9 million, 10.5 percent demand note payable, interest payable quarterly of 3.6 million and 10 percent note payable, interest payable quarterly, due 1994, \$49.9 million.

MR. D. ORCHARD: Mr. Chairman, when we receive the Annual Reports of Manitoba Properties Inc., maybe this will make some sense to us then.

Basically, what the Minister is indicating . . . Okay, what is the value of the preferred shareholdings in Manitoba Properties Inc.? Is it the 217 million which would be a net figure, deducting the \$182 million note payable by the province; or is it a figure somewhat higher? What is the value of the preferred shareholdings by investors in Manitoba Properties Inc.?

HON. E. KOSTYRA: The value of that is what was paid, \$399,173,000-plus.

MR. D. ORCHARD: So then the total liability of Manitoba Properties Inc. would be somewhere in the neighbourhood of \$581 million then? Would that be correct? Because you have a note payable to the Province of Manitoba, plus \$399 million in preferred shareholders.

HON. E. KOSTYRA: I would make a recommendation because it's very difficult to deal with, and I can appreciate the member's difficulty dealing with these

kind of financial statements without having them before him and trying to, in essence, reconstruct it. So I will have both reports available by tomorrow for the members and have it over to their offices sometime in the morning — at least a couple of copies.

I defer questioning till that time, until you have the chance to review it.

MR. D. ORCHARD: Okay. Mr. Chairman, I think that might be a very wise step to take at this stage of the game. But can I pose a further question to the Minister — may I pose a further question to the Minister?

When he went through the numbers of the three types of loans which represented the \$182 million in notes payable to the Province of Manitoba by Manitoba Properties Inc., he mentioned a figure, and I've got it jotted down and I may not have it correctly, of 128.9 million at 13 percent.

Mr. Chairman, that seems to be a rather healthy interest rate. That's the kind of interest rate that we've become accustomed to in MACC, less of course the rebate that was given in the last couple of years. Can the Minister indicate why the 13 percent interest rate on the \$129 million, roughly, of a portion of the notes payable, why the interest rate is at 13 percent and what was the source of those funds? Were those funds that the Province of Manitoba borrowed to in turn re-lend to Manitoba Properties Inc.? And indeed, that's begs the question, what did Manitoba Properties Inc. do with the \$182 million that it borrowed from the Province of Manitoba?

HON. E. KOSTYRA: The 13 percent rate was the rate at the time when that note was issued back to the province. That would have been 1984.

MR. D. ORCHARD: Can the Minister indicate, if I'm understanding this transaction properly, we have indeed got 399,143,000 in preferred share subscription to Manitoba Properties Inc. That's the value of the outside investment in Manitoba Properties Inc. In addition, Manitoba Properties Inc. has a note payable, in total, to the Province of Manitoba for \$182 million. For what purposes did Manitoba Properties Inc. put those \$182 million worth of funds?

HON. E. KOSTYRA: Mr. Chairman, that is part of the value of the assets because the assets that were transferred were worth about \$900 million.

MR. D. ORCHARD: Mr. Chairman, the more we investigate Manitoba Properties Inc., the more confusing it gets.

Now the Minister's indicating to us that preferred shareholders, for a value of \$400 million in rough figures, have control over \$900 million worth of provincial assets? I mean, that's some kind of wheeling and dealing you people have done. That is absolutely incredible, \$900 million worth of assets transferred to Manitoba Properties Inc. in receipt for \$400 million of preferred shareholdings? I find that difficult to believe. That can't be correct. The Minister surely must want to correct that.

You couldn't have pledged \$900 million of securities to undertake a preferred shareholding in borrowing of

\$400 million. That's two to one security, more than two to one security; and the notes payable to the Province of Manitoba represent \$182 million only? Why don't they represent \$500 million, because that's theoretically the balance of value that you've transferred to Manitoba Properties Inc., or are we in a situation where this government, because they're afraid to go to the financial markets and borrow directly for fear of loss of credit rating, are going to exercise further preferred share options to have not \$400 million appear next year under the line of Canadian dollar equivalency for Manitoba Properties Inc., but rather they're going to have it bumped up to \$700 million or \$900 million? Is that what the slack is in there for, so you can go and borrow more money and sell more preferred share issues in Manitoba Properties Inc., because why else would you maintain a \$900 million asset value to cover \$400 million in preferred shareholdings?

HON. E. KOSTYRA: Control of Manitoba Properties Inc., the control is totally within the two holding companies which are controlled by the government. So there is no control by the preferred shareholders.

The structure, and again, I said I would provide that information to the member so he can go through and look at the statements so it can be much better understood in terms of how this is structured, but the structure was recommended to us by the accountants and lawyers that were engaged to deal with this particular issue.

The intent and the reason behind it was not as the member suggested but was as a means of saving the Province of Manitoba money that it would have to pay at a higher rate if it had to borrow that money rather than dealing with it this way, and the reason behind it was simply to save the province money.

MR. D. ORCHARD: Mr. Chairman, not that I want to get into a massive argument with the Minister of Finance because he's a very agreeable gentleman, but he's not correct when he says that the preferred shareholders don't have any hold on the assets that are pledged to Manitoba Properties Inc., because if this government or some future government does not retire those preferred shares, they have as collateral \$900 million worth of our buildings.

And you can't tell me, Sir, that the preferred shareholders are going to say, oh well, it's the Province of Manitoba, we don't need our money back. They'll take buildings, they'll take whatever they'll realize on whatever security is there for them. If in June 30, 1989 they're unable to exercise the retirement of their preferred shareholdings for cash, there is a hold by the preferred shareholders on those assets; otherwise they wouldn't put the money in there.

Now, Mr. Chairman, it begs the question next, and possibly it'll be explained when we get the financial reports of Manitoba Properties Inc., the Minister in an answer earlier on indicated that, indeed, Manitoba Properties Inc. establishes a net revenue in effect because of the three areas of interest on preferred shareholdings, administration and depreciation. They only pay out really the preferred shareholding interest rate; the depreciation accrues as a positive balance in Manitoba Properties Inc.

Could the Minister indicate if Manitoba Properties Inc., with that surplus of funds, places that money back into general revenues?

HON. E. KOSTYRA: Well, in regard to that it's, as I indicated, a non-cash outlay. I want to just deal with the . . .

A MEMBER: Pardon me, sir?

HON. E. KOSTYRA: It's a non-cash outlay, the depreciation.

The other question or point that the member raised, and the point he raised earlier that I responded to, he said that the control — he used the word "control" — of the corporation was in the hands of the preferred shareholders, and I said no, that's not true.

The obvious call on the assets of the corporation are no different than any other borrowing that may be entered into with respect to corporations or agencies. Any other borrowing the government may enter into there's obviously a security for that investor, for that borrower, and it is guaranteed by the province. So that doesn't mean control; it doesn't mean that they have control of those assets. Obviously, if the government did not ensure through MPI that the dividends were paid, then there would be a call on those assets, but that's not a different situation with respect to any other types of borrowing.

MR. D. ORCHARD: Mr. Chairman, that's exactly the point we're making, that we have pledged buildings as financial collateral to the borrowing of \$400 million; and not only have we pledged \$400 million worth of our buildings as collateral, we've pledged \$900 million worth of our buildings.

Mr. Chairman, the Minister confused me, I have to admit, when he said that the depreciation was a non-cash transfer. But yet we are going to be asked at some point in time when we get to the Government Services Estimates to approve a line in the Estimates which includes that depreciation which, to me, means it is a cash transfer from the Department of Government Services to Manitoba Properties Inc. If I'm wrong the Minister will correct me, but I believe that my interpretation is correct.

And it still begs the question: where does the money go to? Does it simply sit idly in Manitoba Properties Inc.?

HON. E. KOSTYRA: I think it would be better explained and understood when he has the opportunity to review those statements, and that will be provided by the morning. I'll send it over to the critic and you can share with the other members of the C.C. as necessary.

MR. C. MANNES: Mr. Chairman, this has been a most interesting discussion that's gone on now for the last hour because I find it rather curious that \$22 million, which isn't paid to the investor, somehow sits somewhere. It's obviously a cash transfer; it's an appropriation that you're going to be calling as a resolution number for us to support and to pass. So, hopefully, what the Minister will provide tomorrow will help answer many of the questions that have been presented today.

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I would ask the Minister whether the government at this time is considering floating any other issues in a similar fashion to the Manitoba Properties Inc. issue at this time?

HON. E. KOSTYRA: No.

MR. C. MANNES: Mr. Chairman, if this was such a good way of saving interest costs, what is preventing the government from floating another issue in a very similar manner that represents such a degree of saving?

Because if the principle works when the market rate was roughly 12 percent plus, and the investor was asking for 9.25, wouldn't that very system today work even though the market rate's 10.50 and yet the investor certainly would be satisfied at maybe 8 percent? What prevents us from continuing to use this approach to raise additional funds?

HON. E. KOSTYRA: I don't believe that Revenue Canada would accept any other corporation like this for the purposes of deferred share option.

MR. C. MANNES: Remember, Mr. Chairman, when we passed the legislation, the government came to the Assembly and asked for support. One of the reasons was that the Government of Canada may be stepping in quickly to prevent or to stop this type of activity.

Has the Federal Government stepped in and legislated such in a fashion that now there's a legislative prohibition against this type of activity?

HON. E. KOSTYRA: We're not aware of any legislation in that regard.

MR. C. MANNES: Well, then, what would prevent any provincial government from doing this again, Mr. Chairman?

HON. E. KOSTYRA: These were done by the Province of Manitoba and just part of that by the Government of B.C. through B.C. Rail, and it was an indication from the Federal Minister of Finance that they would not allow any other transactions of this kind.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. L. DERKACH: To the Minister of Finance, with respect to the collateral that the government had to put up; what is there to prevent the government from borrowing additional funds in excess of the \$400 million in the future? What safety valve is there or safety check is there?

HON. E. KOSTYRA: I'm sorry, I don't understand the question. There's nothing preventing the government from borrowing more money at any time.

MR. L. DERKACH: I can explain that a little better, Mr. Chairman. With respect to the collateral that's been put up, which is somewhere around \$900 million, and at the present time there is something like \$400 million borrowed against the collateral; what is there to prevent the Government of the Day from borrowing the extra \$500 million, based on the collateral that's in place right now?

HON. E. KOSTYRA: I guess technically there's nothing stopping the corporation from borrowing money, but the \$900 million worth of asset is not collateral against the \$400 million. The \$400 million is an investment — or \$399 million — is an investment by the preferred shareholders, but that's not collateral, so there's nothing technically stopping the corporation from borrowing additional funds but that certainly is not the intention.

MR. C. MANNES: Mr. Chairman, I'd ask the Minister what value of buildings do we have left in the Province of Manitoba, that is now owned by the people of Manitoba?

HON. E. KOSTYRA: I'm sorry, I was distracted.

MR. C. MANNES: I'd ask the Minister, what value of buildings is left, has not been launched as collateral with the Manitoba Properties Inc.? I'm not talking now about other infrastructures such as highways and roads, government property and Crown land; I'm asking specifically buildings.

HON. E. KOSTYRA: I really can't answer that question specifically in terms of the actual figure of how much worth of assets haven't been transferred. This building hasn't been transferred. There are other government buildings that are owned by the province, universities and others like that, that haven't been transferred, but I don't have that kind of information.

MR. C. MANNES: Mr. Chairman, subject to the Minister's comments earlier on that he would provide for us a secondary listing of all the buildings that have been transferred under the warrant section; and secondly, given that he will allow us to ask further questions associated with this and some portion of the Treasury section of his department, we are prepared to move and pass the Treasury Administration Division.

MR. CHAIRMAN: 2.(a)—pass, subject to reservations; 2.(b)—pass; 2.(c)—pass.

Resolution No. 68: Resolved that there be granted to Her Majesty, a sum not exceeding \$934,400 for Finance, Treasury Division — the Member for Morris.

MR. C. MANNES: Mr. Chairman, I was looking at too many different pieces of paper and therefore I'll have to beg your indulgence, because there are some major portions under here that I wanted to discuss, particularly in the area of debt management. Can the Minister tell me — and I'm referring to his supplementary information, Page 27, Reference No. 2. This area of debt management provides advice regarding long-term borrowing and investing and ensures the government's long-term borrowing and investing program is accomplished. There are three salaries associated with the managerial and professional staff. I'm wondering if the Minister could indicate who the professional managers are, if he could provide the names for this.

HON. E. KOSTYRA: There's the Director of Debt Management, which is Barry Thornson; Assistant Director of Debt Management, Donald Delisle; Debt Management Accountant, John Schluter; and Assistant Debt Management Accountant, Jean Ross.

MR. C. MANNESS: Before I had asked a question with respect to how much money the government saw itself borrowing in this present fiscal year. I hadn't read the footnote on this page previously, and the answer of course is right in black and white in front of me. It says that the estimated borrowing of the government and its agencies to be in the range of \$1.45 billion, compared with \$1.4 billion last year.

I would ask the Minister, what assumptions do we have on interest rates at this time? What is the Department of Finance seeing with respect to interest rates over the near term? I would say over the next two months and thereafter to the end of the calendar year, 1986? What is the marketplace saying and what is the department saying?

HON. E. KOSTYRA: Mr. Chairman, the advice that we've been given has been somewhat of a mixed message. Some of our outside advisers, bankers and investment advisers, suggest that the rates will stay the same or move up slightly; others are saying that there may be a small reduction. In fact, there has been some uncertainty in the markets as of late.

MR. C. MANNESS: Mr. Chairman, I then would ask the Minister how many of the 12 new issues — and again the footnote indicates that the government will have to float 12 new issues in order to accumulate the \$1.4 billion that it needs on behalf of itself and the agencies that report to it — I'd ask the Minister how many new issues to this point in time have been floated within the market? When I say, this point in time, I mean this point in time within the new fiscal year; and a further indication on his part whether the department is speeding up their floating of these issues or are they doing them in an orderly fashion — (inaudible) — that they are not convinced that interest rates will increase.

HON. E. KOSTYRA: There has been the one issue that I think the member is aware of, the announcement which was the \$150 million U.S. pay issue in May, six weeks ago, I think. We are presently working on two other issues. One is a 150 million Swiss franc issue, and another is a 200 million U.S. issue.

The strategy is to deal with it on the basis of need rather than on any feeling that we should move quickly because of any significant upturn in interest rates.

MR. C. MANNESS: Is any portion of the issue that's already been completed, of the two that are presently in the process of being negotiated, any portion of that to be used for the financing of Limestone Generating?

HON. E. KOSTYRA: I'm informed that it's expected that the new U.S. issue would be basically all for Hydro purposes.

MR. C. MANNESS: I'll ask some further questions with respect to Limestone financing a little later, Mr. Chairman, but I would want to know, then — it seems obvious by what the Minister tells me that the government is in no rush to tie up a number of borrowed funds, which leads me to believe that obviously they don't feel the market is going to turn upwards as far as interest rates go.

I would then ask the Minister whether or not there will be a heavy schedule of borrowing in the year end, and I'm thinking September out to December. Or, again, is he telling me that the way that they are performing now, they will go to the market only as the need arises?

HON. E. KOSTYRA: The basic practice, or the ongoing practice, has been to borrow on the basis of need unless there was some strong advice that the market would change significantly and there'd be an advantage to borrow early, that there would be significant advantage in terms of what the cost might be to the province and the saving of going earlier, rather than waiting.

MR. C. MANNESS: I would ask the Minister, when the government floated this first issue, whether or not — obviously, there must have been a prospectus filed. I would ask him whether he could share that with us.

HON. E. KOSTYRA: There hasn't been a prospectus issued with respect to the first U.S. pay issue, nor the current U.S. issue. There will be one filed subsequent on the Swiss issue.

MR. C. MANNESS: Mr. Chairman, I would ask the Minister how is it decided when a prospectus is filed? I'm asking for the sake of information. Obviously, the Securities Exchange somewhere in the States, probably in New York, would have to have a copy filed with them. Is there only one that's developed by the province in a given year and, if so, when that one is developed, will the Minister see fit to table a copy in the Legislature?

HON. E. KOSTYRA: That is issued when there is a requirement from the lenders. In terms of New York, I'm told that there is what is referred to as a shelf registration package which was filed in August of last year with the Securities Commission, and that is just updated in terms of the current situation.

In terms of the prospectus, it will be concluded or completed with respect to the Swiss issue, and we'll provide a copy of that when it's completed.

MR. C. MANNESS: Does the department have a preference for offshore borrowings at all today? Is there any one specific market they would favour over the other? Has anything changed over the last year or is the primary preference still the American market?

HON. E. KOSTYRA: The priority, or the preference would be the Canadian market, followed by the U.S., and then the Swiss, or the yen, depending on the rates. But there hasn't been any significant change over the last year in terms of the borrowing strategy or, indeed, in the relative situation of those markets.

MR. C. MANNESS: Mr. Chairman, I'm told that the initial borrowings we have from the Canada Pension Plan are due and payable in 1986, this year. I would ask the Minister how we are going to handle that repayment and whether or not — can he tell us the total amount that's payable? It's probably available to me somewhere in the budgetary information, but could he tell me the number and also tell me how it will be repaid?

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HON. E. KOSTYRA: The ones that come due this year will be paid out of the Sinking Fund. That detail is part of the Public Accounts statement or the first schedule of Public Accounts.

MR. CHAIRMAN: What is the pleasure of the committee?

Committee rise.

COMMITTEE CHANGE

MR. CHAIRMAN: The Member for Ellice.

MR. H. SMITH: A change in the Economic Development Committee: The Member for Logan substituting for the Member for Concordia.

MR. CHAIRMAN: This is a substitute change in committee members.

Is this accepted? Is this agreeable to everyone, a change in committee? (Agreed)

Any motion for adjournment?

IN SESSION

MR. DEPUTY SPEAKER, C. Santos: The Minister of Finance.

HON. E. KOSTYRA: Mr. Deputy Speaker, I move, seconded by the Minister of Business Development and Tourism, that subject to the other committee continue its deliberations, that the House do now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 2:00 p.m. tomorrow (Tuesday).