

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 7 August, 1986.

Time — 2:00 p.m.

**OPENING PRAYER by Madam Speaker.**

**MADAM SPEAKER, Hon. M. Phillips:** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees.

### MINISTERIAL STATEMENTS AND TABLING OF REPORTS

**MADAM SPEAKER:** The Honourable Minister of Finance.

**HON. E. KOSTRYA:** Thank you, Madam Speaker. I am pleased to submit the Department of Finance Annual Publication of the Financial Statements of Boards, Commissions and Government Agencies, for the fiscal year ended March 31, 1985.

This book is a consolidation of these Financial Statements, most of which have been previously tabled because of the legislative requirement to do so. I trust members will find this to be a useful reference book.

**MADAM SPEAKER:** Notices of Motion . . . Introduction of Bills.

### ORAL QUESTIONS

#### Interest Rate Relief Program - written-off loans

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

**MR. G. FILMON:** Thank you, Madam Speaker. My question is for the Minister of Finance.

It has to do with the information that he provided me with quite some time ago about loans which were written off under the Interest Rate Relief Program to certain businesses. There was a total of 58 loans written off, for a total of \$168,000-some-odd. I note, from examining the list that the Minister provided, that a number of these businesses are still in operation.

My question to the Minister: Is there no legal recourse to collecting these loans from the companies that are still in operation?

**MADAM SPEAKER:** The Honourable Minister of Finance.

**HON. E. KOSTRYA:** Thank you, Madam Speaker. In response to the question, I don't have the detailed information but, as I recall it, all of those ones that were written off were done after there was advice from the Attorney-General's Department indicating that there was no further recourse, or no opportunity of successful collecting of those accounts. It may be that some of the company names are the same as the previous, but

they may have been under different ownership and, as a result of that, that particular ownership was the one that was in default of payment and the new owner would not be necessarily assuming those liabilities.

**MR. G. FILMON:** If businesses had been sold, after having received the loan from the government - and I suspect that is indeed the case and that they are operating under new ownership - could the original owners not be pursued, given that they would likely have sold the business for some monetary financial consideration?

**HON. E. KOSTRYA:** As I recall the information, all the accounts were pursued in the normal fashion. Again, it may be because of the size of the amount owing that the costs of taking the collection to its final conclusion would be more expensive than the amount owing, but all of them were reviewed. They were pursued in the normal fashion and the ones that were written off were ones that we were given advice that it would not be possible to effect payment.

**MR. G. FILMON:** Madam Speaker, were the owners required to sign personal guarantees in order to obtain those loans from the government?

**HON. E. KOSTRYA:** Madam Speaker, I'd have to take that question as notice. I don't know if that was the case, but I will find out and provide the information to the member.

#### Interest Rate Relief Program - loans to farmers

**MR. G. FILMON:** In pursuing the collection of loans under the Interest Rate Relief Program which were given to farmers in the province, is MACC following the same principles and practices as that which was being followed with respect to the business loans?

**MADAM SPEAKER:** The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Madam Speaker, I must apologize to the Leader of the Opposition, I did not hear his question.

**MR. G. FILMON:** Madam Speaker, my question was with respect to Interest Rate Relief loans that are now being pursued for collection from farmers by MACC. Are they following the same principles and practices as were followed in pursuing the collection of loans under the business portion of the Interest Rate Relief Program?

**HON. B. URUSKI:** Madam Speaker, I will endeavour to check the exact procedures that are used and have the corporation review them in light of those questions, to see whether in fact the procedures were similar or whether there were different procedures in cases of farm loans.

**MTS - financial statements to  
Dec/85 re MTX and SADL**

**MADAM SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Madam Speaker. My question is to the Minister responsible for the Manitoba Telephone System and follows on his answers to questions yesterday.

Madam Speaker, I'd like to quote from the Tuesday, June 19, 1984 Public Utilities and Natural Resources Committee hearing on MTS, wherein I posed the questions about the availability of Saudi Arabia Datacom's Financial Statements being made available to members of the Opposition.

I quote Mr. Gordon Holland's answer of June 19, 1984: "We assume that the financial experience of Datacom will be available to members of the committee. The only hesitation is that in this particular case, we do have a partner with 50 percent equity, but my recollection is that our requirements to provide full information to our Legislature were made known to the partner and they understand fully," and Mr. Holland later answered: "We fully anticipate that the information will be available to the committee."

My question to the Minister of MTS is: Will that information be made available to myself, namely, the financial statements of the 50-percent-owned company in Saudi Arabia before the weekend, so that we can peruse them prior to committee hearing.

**MADAM SPEAKER:** The Honourable Minister responsible for MTS.

**HON. A. MACKLING:** Madam Speaker, I've indicated to the honourable member, to the extent that it is within our capacity to do so, we will provide all information that can reasonably be expected to be given by staff of MTS or staff of MTX to the committee.

I have indicated some concern about the availability of some information because of the fact that you have a joint venture company that is incorporated in Saudi Arabia, subject to that law. There has to be agreement, I would assume, with the owners of that company in respect to the use of information that otherwise would have some competitive factor to it; therefore I wasn't certain of that information. The honourable member knows that I've indicated that to him, not once, many times.

I'm going to fully cooperate, but I have to put some reservation in respect to that because it is the financial information of a company that we do not completely control.

**MR. D. ORCHARD:** Madam Speaker, in view of the fact that Mr. Holland, in 1984, indicated that information would be made available, why is this Minister now attempting to stonewall and prevent that information from being available on Tuesday? What is this Minister trying to hide that Mr. Holland was not concerned about hiding in 1984?

**HON. A. MACKLING:** Nothing, Madam Speaker.

**MR. D. ORCHARD:** Then I assume from that answer, Madam Speaker, that the information will be made available to me before the weekend and prior to Tuesday's meeting.

**MTS - shredding of  
documentation re MTX**

**MR. D. ORCHARD:** Madam Speaker, I have a further question to the Minister responsible for MTS. I inquired of him yesterday as to whether there was any shredding of documents going on at MTX. Could the Minister indicate whether indeed there has been shredding of documents at MTX?

**HON. A. MACKLING:** Madam Speaker, I asked the honourable member to provide me with details. Apparently he was able to furnish the press with some details, but he wasn't able to furnish this Minister with any specific information. I did make inquiries and, as I understood, it was routine, routine disposal of surplus material; that's all.

**MR. D. ORCHARD:** Madam Speaker, given that on two other occasions last week, this Minister had to correct previous information given to him by MTX officials and MTS officials, can the Minister ask what undertakings he has made to ensure that, as he has just answered now, shredding occurring at MTX is nothing but shredding of routine documents? What assurances and what steps has he taken to make sure that it is only routine documents that are being destroyed?

**HON. A. MACKLING:** Madam Speaker, I do not accuse, try and convict people without having had some fair inquiry as to whether or not there is any wrongdoing. The honourable member in this House is suggesting wrongdoing. I've indicated to him that he will have ample opportunity in committee to put all the questions he wants, and if he wants me to ensure that there are answers to the questions that he's going to put, to give them to me. But instead of that, he tries in this House to impute very serious wrongdoing when he knows he has the opportunity to give me the questions, have them placed before officials to make sure they're answered, or if he wants, he can wait and ask those questions before the Committee.

**MADAM SPEAKER:** The Honourable Member for Pembina with a supplementary.

**MR. D. ORCHARD:** Thank you, Madam Speaker. The Minister possibly didn't hear my question. I asked him directly what steps he took yesterday to assure that documents pertinent to the MTX operations in Saudi Arabia were not involved in the so-called routine shredding that he now says is taking place over at MTX. What specific measures did he take to assure that documents are not being destroyed which may be useful to providing the full and free information that he is so desirous of having come forward on Tuesday next?

**HON. A. MACKLING:** The honourable member knows that I have indicated there can be no shredding; I will tolerate no shredding of documentation that is of value to this Minister, to this government, or is valuable to the Committee. I've made that clear. If the honourable member wants to continue to suggest that someone is guilty of wrongdoing, let him prove those allegations.

Thursday, 7 August, 1986

### **Grain prices (low) - assistance to farmers**

**MADAM SPEAKER:** The Honourable Member for Virden.

**MR. G. FINDLAY:** Thank you Madam Speaker. My question is to the Minister of Agriculture.

Given that the Manitoba grain farmers are facing increasingly serious economic problems with low world grain prices, mounting international pressures for our export markets in Russia, Brazil and China, and given that the Provincial Governments in Ontario most recently, in Alberta and Saskatchewan some months ago, announced major farm aid programs, and given that the Premier has this morning, I believe, at a news conference placed agriculture at the top of the agenda at next week's First Ministers' Conference, I would like the Minister of Agriculture to tell the farmers of Manitoba at this point in time what the Provincial Government is planning to do in terms of aiding the farmers, in terms of grain prices being low, and in terms of the markets being poor for the future.

**MADAM SPEAKER:** The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Madam Speaker, at least the Conservative Party in this House is very consistent in their approach. They wish to take every opportunity to bail out their federal counterparts in terms of support to agriculture.

Madam Speaker, the major loan program that the Alberta Government used because the financial institutions were mad at them that they could not compete against the Alberta Development Corporation, so they let the banks carry forward the 9 percent program. I want to indicate to my honourable friend that we have had, as well, over the last year-and-a-half the refinancing package for MACC and other clients through the Manitoba Properties Fund of over \$20 million for refinancing at 9.75 percent. That program was announced over a year-and-a-half ago and has been in place and will continue to be in place. If other funds, additional funds will be needed in the refinancing program, we will have it.

Madam Speaker, the major issue here is that all of a sudden the new enemy in the United States is not the Russians in terms of world trade; it is the Democratic Congress; that's who the enemy is. So that the President of the United States is now prepared to do anything to make sure that his members are elected to the House; the Republican majority is maintained. He said to Canadians and to our Prime Minister, it's us first, to heck with you.

Madam Speaker, what is necessary and foremost is to remove agricultural discussions off the table completely and stop the kind of discussions on free trade that have been going, in view of what's happening in international trade. That has to be the first and foremost position taken by this country

**MADAM SPEAKER:** Order please. May I remind the Honourable Minister that answers to questions should be brief and also may I remind honourable members

that questions should not be of a nature that require a lengthy detailed answer.

**HON. B. URUSKI:** Madam Speaker, there is one other portion in answer to this question.

**MADAM SPEAKER:** Order please. Order please. The Honourable Member for Virden with a supplementary.

**MR. G. FINDLAY:** Thank you, Madam Speaker.

Regardless of what the Americans are doing, the problem is: what are you going to do for our farmers in Manitoba? The Manitoba Government has just assigned 1.6 percent of his budget to agriculture. What have the Saskatchewan and Alberta Governments assigned to their agricultural portion of the budget?

**MADAM SPEAKER:** Was the honourable member asking the Minister what Saskatchewan and Alberta are doing? That is not within this jurisdiction.

**MR. G. FINDLAY:** Thank you, Madam Speaker.

Given that several farm organizations have requested deficiency payments because of the problem existing for grain farmers and, given that this side of the House has already requested the Federal Government to consider such action, is the Provincial Government prepared to participate in a bipartite program of deficiency payment for the grain farmer of Manitoba?

**HON. B. URUSKI:** Madam Speaker, what is really necessary is in fact the billion dollar deficiency payment that was recommended by the Western Premiers of this country in May. That commitment has to be made by a Federal Government.

Secondly, Madam Speaker, in terms of assistance to our own farmers, I wish members opposite would quit defending the banks, the national banks of this country, in terms of the legislation, rather than having the kind of review that is necessary to assist farmers from foreclosure instead of getting up day after day in this House and defending the banks in this country, Madam Speaker.

### **Deficiency payments for farmers - bipartite plan**

**MADAM SPEAKER:** The Honourable Member for Virden with a final supplementary.

**MR. G. FINDLAY:** Thank you, Madam Speaker.

As a final supplementary, I will ask the Minister or the First Minister if they're prepared to promote some program of bipartite action next week at the First Minister's Conference?

**MADAM SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Madam Speaker, there are two areas to that question.

First and foremost, the Minister has dealt with it extremely well. One of the problems that we are confronted with western agriculture is the continued undercutting and decrease in the price of our grain,

much of it as a result and consequent of actions in the United States, surprisingly following what was supposed to be a pleasant conducive relationship between the Prime Minister of this country and the President of the United States.

Secondly, Madam Speaker, this government along with Alberta and the Province of Saskatchewan, indicated in Swan River that deficiency payments should be provided by Ottawa to the grain farmers of Canada, Madam Speaker, and no effort - and I know the honourable member is desperately seeking to take his federal cousins off the hook in Ottawa - but no effort's going to do that, Madam Speaker. Ottawa must assume its responsibility and the honourable members across the way should not attempt to encourage their cousins in Ottawa to desert their responsibilities.

**MADAM SPEAKER:** The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker.

**SOME HONOURABLE MEMBERS:** Oh, oh!

### **Amba Homes - investigation of**

**MADAM SPEAKER:** Order please.  
The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker, my question is to the Minister of Community Services.

Can the Minister explain why her ministerial officials knew of problems at the Amba Home for three days prior to the investigation commencing and that, in fact, it only commenced after being contacted by a reporter from the Winnipeg Free Press? Can we be assured that parental comments and those of the community in the future will be taken seriously?

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

**HON. M. SMITH:** Madam Speaker, in fact the department started inquiring into the situation on July 29.

### **Group Homes - training programs**

**MRS. S. CARSTAIRS:** A supplementary question to the same Minister. Will the Department of Community Services make a training program for staff compulsory before the opening of any new group homes in the Province of Manitoba?

**HON. M. SMITH:** Madam Speaker, there has been a process in place for staff and board. There was a recommendation in relation to the particular home that both staff and board should undergo ongoing training, and there was in fact a provision made for that. The home was quite new. The provisions were there and, in fact, a resolution of the difficulties was available to the board had they known fully how to handle it.

I think this particular incident has pointed up to us the increasing importance of working with those boards

very, very carefully so that they fully understand their role and responsibility. It's been very gratifying, Madam Speaker, to have other boards and other volunteer groups and the residential operators organization come to the fore and help resolve this particular situation and strengthen the process that's already well along but can always do with some improvement.

**MRS. S. CARSTAIRS:** With a final supplementary to the same Minister. Could the Minister tell the House who in her department is responsible for checking on the appropriateness of programs, in that the programs listed for Amba had such duties as the preparation of meals in their program as suitable activities for those with a mental age of 18 months to four years?

**HON. M. SMITH:** Madam Speaker, in the 24-hour plans that are developed for the mentally disabled in a residential home, that is one of the elements that is looked at. Even if the preparation is as simple as perhaps handing potatoes to be peeled or assisting in carrying, or whatever, some activity appropriate to their ability, then that is worked into their program because it is felt that participation in those everyday activities is in fact one of the very therapeutic activities available to people who we may feel, in other respects, are limited in ability. There is no expectation that they shoulder any responsibility beyond their capacity.

### **National Tripartite Hog Plan**

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

**MR. C. BAKER:** Thank you, Madam Speaker, my question is to the Minister of Agriculture.

In view of the widespread interest amongst beef cattle producers in the support levels of slaughter cattle under the National Tripartite Plan in comparison to the support levels under the Manitoba plan, would the Minister of Agriculture advise the members of the difference in the support levels between these two plans?

**MADAM SPEAKER:** The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Madam Speaker, I thank the member for his question. I am aware that the management committee for the National Tripartite Hog Plan have met on July 18 and reviewed the information dealing with the Hog Plan and, for the Second Quarter of 1986 for hogs, which showed a support level of 67.96 and a market price of 72.32; and there would not have been a payment on hogs in the Second Quarter.

Although I did release figures in this Chamber a week-and-a-half ago on the beef program, I'm advised, Madam Speaker, that the Beef Management Committee, which met in Calgary on the 21st of July have not announced the support on beef cattle and I don't know what the reason is for not announcing that support level to this date.

### **Bingos**

**MADAM SPEAKER:** The Honourable Member for Charleswood.

**MR. J. ERNST:** Thank you, Madam Speaker. My question is through you to the Minister responsible for Lotteries.

In light of the precipitous action taken by government lottery officials over the weekend at the Oasis campground on a children's bingo game, Madam Speaker, could the Minister describe for the House the operations of the bingo police?

**MADAM SPEAKER:** The Honourable Minister responsible for Lotteries.

**HON. J. WASYLICIA-LEIS:** Thank you, Madam Speaker.

I should begin by saying that the action over the weekend was not precipitous. A complaint was registered; a member of the Manitoba Lotteries Foundation staff went out to the site, had a good discussion with the operator of the campground, the owner of the campground, and explained that all bingo activities must be licensed.

The children's bingo was allowed to run to its completion and our understanding is that the owner of the campground is now aware of the procedures and certainly is willing to cooperate with a system that members opposite have been fully supportive of, a system that ensures consistent behaviour across the board, a system that ensures fair play for all participants, Madam Speaker, a system that ensures maximum revenue to go toward charitable organizations and a system that has resulted in more than double the profits to charitable organizations to the previous system.

Madam Speaker, while I'm on my feet, if I could respond to a couple of questions raised by the Member for Charleswood on July 24. He asked a question about licence fees for non-profit, I believe, general lottery operations and suggested that the licence fees had increased by 400 percent. Again, I'm not sure where the member is getting his information. Our information is that there has been no increase in fees for non-profit activities.

Finally, he asked a question about bingo cutback dates for legions, Madam Speaker, if I could respond to that question.

As members opposite are fully aware, in June 1984, along with other changes to bingo policy, one of the changes was that there would be a licensing condition that a hall could only be used for up five times per week for the operation of a bingo event; and members opposite again, I believe, were fully supportive of that change.

Some legions were utilizing their halls for more than five events, specifically, the Imperial Veterans Association of Canada on Smith and St. Mary's. They were duly notified of the change in policy and given a period of time to reduce to five and, in 1986, were reduced to five.

Thank you.

### Indian Bands - bingos, unlicensed

**MR. J. ERNST:** Madam Speaker, in light of the fact that the Attorney-General - I don't remember the exact date, but within the last couple of weeks - had

responded to a question of mine saying that he had issued a directive that bingos held on reserves of status Indians would not be prosecuted for operating without a licence, can I ask then the Minister how she can guarantee equal treatment when that kind of a situation occurs and her department knocks over a kid's bingo in the Oasis campground?

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please. I'm sure such a serious question requires a serious answer.

The Honourable Minister responsible for Lotteries.

**HON. J. WASYLICIA-LEIS:** I don't think members opposite want to hear the answer, Madam Speaker.

**A MEMBER:** Oh sure we do.

**HON. J. WASYLICIA-LEIS:** Madam Speaker, that question, as the member has noted, has been asked before and has been responded to by the Attorney-General. I don't think there is anything further to add at this point.

**MR. J. ERNST:** Madam Speaker, I'm somewhat frustrated by the non-answer of the Minister, because in this situation there is a clear difference of treatment.

**MADAM SPEAKER:** Does the honourable member have a supplementary question? I'm sorry we can't help him with his frustrations.

**MR. J. ERNST:** Madam Speaker, can I ask the Minister if it's the policy of this government to take candy out of the mouths of babes?

**HON. J. WASYLICIA-LEIS:** I thought I had already answered that question. The member opposite knows the standards and the procedures that were put in place in 1984. He knows that all bingo activities need to be licensed. In this case, despite the fact that a licence was not sought, the children's activity was allowed to continue.

I would hope that the member opposite is not suggesting a return to the pre-1984 days when there was really no fair procedures in place for bingo activities and to the pre-1984 days when the bulk of the money was going to private operators and a few individual organizations.

**MADAM SPEAKER:** Does the Honourable Member for Charleswood have a final supplementary?

**MR. J. ERNST:** Yes, Madam Speaker, I do.

Can I ask then the Minister if the bingo police SWAT teams will now be hitting the Indian reserves when they conduct unlicensed bingos?

**HON. J. WASYLICIA-LEIS:** Madam Speaker, I don't really think that question warrants an answer.

Madam Speaker, as I have explained, there are procedures in place that I understood members opposite were supportive of and, as I've explained, a complaint was registered. I don't think it's a responsible

attitude to ignore such complaints and not to ensure that all organizations are aware of the procedures in place and fully informed of how they can acquire a licence.

### Assessment of farmland re crop insurance

**MADAM SPEAKER:** The Honourable Member for Ste. Rose.

**MR. G. CUMMINGS:** Thank you, Madam Speaker. My question is to the Minister of Agriculture.

Some considerable time he took as notice a question about which department, the Department of Municipal Affairs' assessors or the Manitoba Crop Insurance assessors are the most competent to assess the productive value of farm lands in this province. I wonder if he now has an answer for the House.

**MADAM SPEAKER:** The Honourable Minister of Agriculture.

**HON. B. URUSKI:** Madam Speaker, I thank the member for his question.

I'd like to advise him that all staff in each department are competent in their relative fields, in the area of assessment in the Department of Municipal Affairs; in the area of crop insurance and evaluation, it is the Crop Insurance staff.

### Legislative Building - security

**MADAM SPEAKER:** The Honourable Member for Ste. Rose.

**MR. G. CUMMINGS:** On a new question, Madam Speaker, to the Minister of Government Services.

I wonder if he has requested any studies or if there are any ongoing studies or reports being done regarding the security in this building and, if so, I wonder if the Minister would share it with us at this time.

**MADAM SPEAKER:** The Honourable Minister of Government Services.

**HON. J. PLOHMAN:** Madam Speaker, I haven't requested or undertaken any formal studies of security in this building, but it is being reviewed by staff and we are considering some measures. Of course it is always a concern, I think in all public buildings particularly where Legislatures are sitting across Canada; since there has been incidents, there is concern for safety and for orderly conduct of people.

It is something that we will review over the next while and if we have any suggestions with regard to improving of the security, if there are concerns, particular concerns, or specifics that the member wants to bring forward, we would be pleased to review those and determine whether there's other measures that can be taken to improve it. I haven't had a great deal of complaints, Madam Speaker.

**MADAM SPEAKER:** Order please.

The Honourable Member for Ste. Rose, with a supplementary.

**MR. G. CUMMINGS:** Thank you, Madam Speaker. I wish in no way to have my question reflect on the competence of the staff that is presently here, but there is an increasing flow of traffic in the Legislature and in the grounds during the summer months. There have been an increasing number of incidents that have come to my attention and to the . . .

**MADAM SPEAKER:** Does the honourable member have a question?

**MR. G. CUMMINGS:** Yes, I'm coming, Madam Speaker. The question has to be properly phrased. The problem is that the staff could use some assistance . . .

**MADAM SPEAKER:** Order please. May I . . .

**MR. G. CUMMING:** I am requesting to the Minister, will he consider providing additional staff for the security people in this building?

**HON. J. PLOHMAN:** Madam Speaker, during the regular Estimates process, we consider these kinds of questions and if the staff is under the impression that they need additional staff, then we'll consider this during the Estimates process that is coming up.

### Civil Service - salary delay to part-time employees, A-G's Dept.

**MADAM SPEAKER:** The Honourable Minister of Finance.

**HON. E. KOSTYRA:** Thank you, Madam Speaker.

On August 1, I took a question as notice from the Member for River East regarding delays occurring in the issuing of pay cheques to part-time workers in the Attorney-General's Department. I had staff have discussions with representatives of the Attorney-General's Department. There has been identified a group of workers in the department who perform youth escort duties on an occasional employment basis and this seems to be the group that is experiencing difficulty with respect to the payment.

The time required to pay these employees, or the delay in the time results from the fact that they are working on an occasional basis and work on the basis of need, as it arises. The payment takes longer to process because the specific hours have to be authorized.

This case is compounded by the fact that this program was jointly administered by the Attorney-General's Department and the Department of Community Services and Corrections. However, the two departments have recognized there is a problem and they are working with finance staff to ensure that the payment of those pay cheques can be done in the shortest possible time.

### Hydro-electric Agreement re Upper Mississippi

**MADAM SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Thank you, Madam Speaker. I direct a question to the First Minister.

Back on February 14, among the many promises the First Minister was making during that period of time at the start of the election, the Premier announced a \$4.3 billion hydro-electric deal with six utilities in the upper Mississippi River area of the United States.

Madam Speaker, my question to the First Minister: We are now in August, can we have any indication from this First Minister when we can see some details of that agreement? Do we still have an agreement? When does the power begin to flow?

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

**HON. V. SCHROEDER:** Thank you, Madam Speaker.

I had indicated during the recent Estimates of the Department of Energy and Mines that the finalization of those agreements is currently ongoing. We expect that we will be in a position to finalize those documents by the end of 1986, but it may well take a little longer than that or be done earlier than that. After that stage, one of the three sales, which is the long-term power contract, would then be subject to the approval of the National Energy Board.

**MR. H. ENNS:** Madam Speaker, I suppose we should be accustomed to the different jargon that is used - one that is used during election time and one that is used in this House when we try to hold the Ministers of this government accountable.

My question to the Minister of Energy and Mines: do we have an agreement? The Premier, on February 14, referred specifically to an agreement. He indicated that power must be delivered as promised, implying that the details have been worked out on February 14th.

The Minister of Energy and Mines is now talking about a possible agreement, details have to be worked out. This is the same agreement that is talked about in the Throne Speech. Do we have an agreement or do we not have an agreement?

**HON. V. SCHROEDER:** Madam Speaker, this agreement is certainly much further along the road to completion and finalization than the Letters of Intent, pursuant to which the Lyon Government advertised that we were sitting on a gold mine back in 1981. I can assure this House that we have something real and we're not playing some kind of a little game, as the opposition did when they were in office.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MADAM SPEAKER:** Order please. The Honourable Member for Lakeside has the floor.

**MR. H. ENNS:** Madam Speaker, I thank the Honourable Minister for the answer. I was pleased to serve an honest First Minister that talked about a Letter of Intent. A Letter of Intent is precisely that; a letter indicating our intentions, our hopes for doing something. This First Minister, this Premier talks about agreements . . .

**MADAM SPEAKER:** Order please, order please.

**MR. H. ENNS:** . . . firm agreements!

**MADAM SPEAKER:** Order please. Order.

As the member well knows, question period is a time to ask questions, not to participate in debate. I did not perceive a question in the content of what the Honourable Member for Lakeside said.

### North Star Cheese Factory, Arborg

**MADAM SPEAKER:** The Honourable Member for Portage la Prairie.

**MR. E. CONNERY:** Thank you, Madam Speaker.

While back I asked the Minister of Business Development what the status was of the North Star Cheese Factory at Arborg. Can she now inform the House the status of the factory at Arborg?

**MADAM SPEAKER:** The Honourable Minister of Business Development and Tourism.

**HON. M. HEMPHILL:** Thank you, Madam Speaker. I'd be happy to provide that information for the member tomorrow.

**MADAM SPEAKER:** The time for Oral Questions has expired.

### INTRODUCTION OF GUESTS

**MADAM SPEAKER:** I would like to direct attention of all members to the Speaker's Gallery, where we have with us today delegates who are attending the Annual Meeting of Parliamentary Council in Canada.

On behalf of all the members, I'd like to welcome you to the Legislature this afternoon.

### ORDERS OF THE DAY HOUSE BUSINESS

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

**HON. J. COWAN:** Madam Speaker, first I'd like to indicate that there is an inclination on parts of all members, I believe, to forego Private Members' Hour and to continue on with Estimates until 5:30 p.m.

I'd like to also indicate that we will be considering Urban Affairs in the Chamber and we will be considering Consumer and Corporate Affairs in the Committee Room. If we happen to finish Consumer and Corporate Affairs, we would be going on I believe to Co-operative Development in the Committee Room if opportunity arises this evening.

**HON. J. COWAN:** I move, seconded by the Member for Swan River, that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the

Honourable Member for Burrows in the Chair for the Department of Urban Affairs; and the Honourable Member for Kildonan in the Chair for the Department of Consumer and Corporate Affairs.

## CONCURRENT COMMITTEES OF SUPPLY SUPPLY — CONSUMER AND CORPORATE AFFAIRS

**MR. CHAIRMAN, M. Dolin:** We'll be dealing with Consumer and Corporate Affairs Estimates on Page 37, beginning with Resolution 34. However, prior to starting with Item 1., the Minister will have a statement. The Minister of Consumer Affairs.

**HON. A. MACKLING:** Thank you, Mr. Chairperson, fellow members, I'm pleased to make these remarks as Minister of Consumer and Corporate Affairs, the responsibility for which I assumed earlier this year from my colleague, the Attorney-General.

In my remarks today, I will present a brief overview of the major developments that have occurred over the past fiscal year, and I will highlight department initiatives for 1986-87.

Over the years, Consumer and Corporate Affairs has been assigned a variety of functions. Today, the department concentrates on protecting consumers and maintaining a marketplace in which businesses can compete fairly.

Twenty-one provincial acts are administered, primarily by the Consumers Bureau, Insurance, Corporations and Business Names Branches, the Public Utilities Board and Securities Commission.

This is a small department of 97 employees, committed to maintaining and strengthening its direct service to the public. As an example, in 1985-86, the Consumers Bureau dealt with 2,300 consumer complaints, resolving more than 1,200 through mediation between the consumer and the business involved. Preventing problems and getting consumers and business people together to solve problems are the methods used by the Consumer and Corporate Affairs to effect the rights and responsibilities spelled out in Manitoba law.

The basic departmental structure of Consumer and Corporate Affairs remains virtually the same as last year, with two minor changes. The general administration has been reorganized to include Research and Planning with the Deputy Minister. This was done to accommodate the close reporting relationship between the two. In 1986-87, the department will also consolidate Administration, Personnel and Finance as the three areas are too small to function as separate units.

Automation of the Corporations and Business Names record-keeping system progressed significantly in 1985-86. Much of the necessary equipment has been purchased and the actual entering of information into the system will be implemented in the fiscal year 1986-87. The new system will significantly improve the branch's service to the public by allowing a shorter response time on name searches, as well as simplifying filing requirements.

In Securities, a new "Simplified Prospectus Qualification System" for mutual funds was introduced in 1985. This system will simplify the disclosure of relevant information to potential investors, thereby making it more understandable and less expensive to the issuer. This system is being utilized extensively, and we expect that most of the mutual funds sold in Manitoba will be converted to this system in 1986. As well, the Commission has been working on refining the operations of its Prompt Qualification System which is also designed to disclose information on mutual funds, but only to major corporate issuers.

With respect to current departmental issues, there are several areas of concern - some new, others ongoing.

The collapse of several general insurance companies has created some concern in the insurance industry. As a result, the Canadian Council of Superintendents of Insurance and the general insurance industry have negotiated a compensation fund to pay claims in the event of future insolvency of insurance companies. This plan would reduce the possibility of insurance company failures by implementing increased capitalization levels and higher regulatory standards. It is a plan that will enhance confidence in the general insurance industry and ultimately benefit the consumer. While we intend to join, there remains a need to fine tune the plan in order to ensure the best possible protection for consumers of general insurance in this province.

We have a number of ongoing concerns regarding financial institutions. My department will continue to analyze the statutory and regulatory framework and market operations of the four main components of the financial community; banks, trust and loan companies, insurance companies and investment dealers. An interdepartmental committee will examine the financial industry to determine if there is a need for changes. This will be accomplished through participation in a federal-provincial task force and by establishing working groups to examine specific problem issues. I am confident that headway is being made in this complicated and complex area.

A major concern for this department for the past few months has been the high price of gasoline. Manitoba consumers have been paying at the pumps. In this regard, the government established an inquiry headed by Dr. Costas Nicolaou to generally examine gasoline pricing in relation to the price of crude oil.

Travel insurance this past fiscal year became an issue when Unitor Vacations was forced to declare bankruptcy, resulting in some Canadian consumers losing the money they had invested. My department is concerned about future bankruptcies within this industry and is investigating how the government can help Manitoba consumers in this regard. Discussions have taken place with the Association of Canadian Travel Agencies as to the travel insurance format being used in Saskatchewan.

My department supported ACTA's proposal for a national travel plan. This plan would reimburse travellers who have lost their money as a result of the financial collapse of a travel wholesaler or retailer and ensure that holiday plans would be fulfilled. Unfortunately the national plan has not gotten off the ground, because of plans which already exist in Ontario, B.C. and Quebec. As a result, I recently met with representatives



of the industry to discuss possible options for Manitoba and have asked them to formulate solid recommendations. In the meantime, representatives of my department will be meeting with other provinces later this year to discuss joint plans.

We are continuing to monitor Ontario's automobile arbitration, a process of mediating problems between purchasers of new vehicles and the dealers. It is on a one year trial in that province and will be reviewed in January of 1987. We will continue to keep an eye on Ontario's experiences with the program and will consider initiating a similar program here in Manitoba.

This Session we hope to pass a number of legislative amendments. We will be bringing forward: Amendments to The Trade Practices Inquiry Act which will make the act more effective in dealing with problems in the marketplace.

As a result of a number of federal-provincial studies in the financial institutions area we can expect amendments to trust and loan company legislation in the future. As well as modernizing this legislation, the amendments will enable the Corporations Branch to better supervise the activities of trust and loan companies in the province.

During this Session, we hope to enact a package of amendments to The Securities Act which will keep the takeover bid provisions of our act basically uniform with provisions now under consideration and expected to be passed by the Ontario Legislature.

The Securities Commission also administers The Mortgage Brokers and Mortgage Dealers Act, as well as The Real Estate Brokers Act. In July of last year, a new Mortgage Dealers Act was enacted and since that time Commission staff have been working with the industry to finalize the detailed regulations which will have to be in place before the new act is proclaimed. This process is now in the final stages.

In the final analysis, Manitoba's rights are best protected when there is a real balance in the marketplace. Consumer and Corporate Affairs strives to maintain such a balance, as I have attempted to briefly illustrate.

Mr. Chairperson, I have presented to this committee an overview of the major changes that have taken place over the past year and highlighted the program initiatives that we are emphasizing in 1986-87. I am sure that the members will now have questions and I request that these questions be raised by sub-appropriation as we proceed through our printed Estimates.

Thank you, Mr. Chairperson.

**MR. CHAIRMAN:** Thank you, Mr. Minister.  
The Member for Riel.

**MR. G. DUCHARME:** Thank you, Mr. Chairman.

I appreciate the opportunity of speaking at the Estimates. However, you have to realize it's going to be a learning experience for myself and that if I do not follow procedure correctly, I'm sure the Chairman will correct me as we go along.

First of all, I thank the Minister for his comments. He has handled some of my concerns, so I will repeat some of the concerns that he has expressed. The first one was in regard to the computerized operation and

he also mentioned The Insurance Act and the Corporations Bill.

Under the computer operations, I hope that - and he has stressed it in his remarks - this will alleviate the problem and the urgent need that has been necessary to computerize these files. It's become apparent that these files do have some suggestion or some mysterious way of disappearing off the counter, not by maybe dishonesty or anything like that, but maybe through the lack of absent-mindedness of the people who come up to do a search, and they don't walk away and maybe they do walk away with a file, and maybe some of the information that is in the file and I hope this corrects that situation.

Could the Minister - and maybe I'll ask a few questions along the way in my opening remarks and maybe he could sum up the questions on them. Maybe he could fill us in on what type of hardware they're in and what type of software they have established for this system.

Another concern I had that also has been answered, and I know it's just been presented in the House, is in regard to the insurance bankruptcies, and this has been a special concern since the Northern Union Insurance of 1983 bankruptcy. That accounted for approximately, I would say, I think there were approximately 2,000 policyholders in Manitoba.

This apparently, and I know it has not been finalized, I know that not only the public and the agents that were concerned, I know there were a lot of agents who were concerned because they did put out the unearned premiums out of their pocket and made it up in purchasing insurance programs for the public. A receiver is still waiting for the answer and I don't expect we're going to get much of a positive answer from the receiver, Dunwoody, but I also ask the Minister if he could answer later on when we would expect this particular bankruptcy to be finalized.

I am pleased again that he has introduced that bill. I'm disappointed that it probably took three years to bring forward this bill. However, I can appreciate that he's probably had to follow the other provinces that do control most of the insurance industry like Ontario, etc. I was originally disappointed that Manitoba at the time, under MPIC, and I'm not criticizing MPIC in any manner because all they had to do was receive some authorization from the government and maybe picking up an interim coverage for these particular clients because there was quite a period of time of anxiety and, as you all appreciate, you only worry about insurance when you're not covered. The time lag did go by and an interim type of coverage could have been purchased and maybe relieved a lot of individuals at the time. Of course, I guess hindsight is wonderful and maybe under another Minister, under authorization, this would have been done.

I know that in the bill it does not pick up, and I believe it probably cannot pick up the unearned premiums, which is a concern because there are in some particular cases quite a large amount of unearned premiums that the client will be substantially out of pocket. I realize that the Minister, through the information we've received, that the \$500 deductible, or it will be only claims over the \$500.00. I was happy to see that because it does directly hit the people who are going to have a bad financial loss. The only thing that came up during the last bankruptcy of the Northern was a

problem, and it's dealing again with the unearned premiums and Dunwoody is still dwelling over those, is that if an agent had received, or a client had received a pay-by-the-month and a promise of payment was due, that money would be going to Dunwoody whether the client had received the coverage or not.

Another point that I had brought up during question period - and as the Minister realizes, you're very limited to what you ask at question period - was the liability insurance. The Minister at the time did give us an answer, and so did the Attorney-General, to one question. I think some of us were maybe misunderstood and I guess coming from the insurance industry would probably be thinking that I was blaming the lawyers. I'm not blaming either party. I think that it was a combination of court awards and a combination of the insurance companies now realizing some poor management and getting caught up with the low interest rates, where before they probably relied on the heavy interest to pay a lot of their claims.

I am concerned, though, in regard to the liability coverage, and I know the Minister probably is also. I use a report or a form that was brought up and I'll emphasize, it was called, "A Little League Litigation File," and it goes back to an "Only in America" featurette that you can probably realize, it could only happen in America.

It quoted William M. McCormick, who's chairman of the Firemans' Fund Insurance Company in the United States, who previously was in Canada, as worrying about mushrooming lawsuits and skyrocketing liability premiums. In particular, he cited the case of a kid playing baseball, who was injured by a fly ball, and whose parents then wanted a settlement on the grounds that the coach had been negligent in putting him in the outfield, in the punch line, and you have to appreciate this individual - which we confess to have cackled over. "McCormick averred, 'Something is wrong when parents get paid damages because their kid can't catch.'" The 10-year-old, and the way the court award was settled, the 10-year-old was a second baseman originally. He was due to play in a Little League All-Star game and the coach sent him into the outfield during the pre-game practice. There he suffered an eye injury, trying to catch the fly ball, and the insurance company settled for \$25,000.00.

I just wanted to try and emphasize again to the Minister, we have that problem, whether you're in the insurance business or whether you're in the legal profession. A perfect example of some of the solutions in the legal profession would be - and it would touch home with the Minister - in Canada, they've gone to self-insurance.

Across Canada, many law societies are learning much the same as they search for ways to combat the rising costs of basic errors and omission insurance. Everyone knows that you wouldn't want to conduct business without the errors and omission insurance, whether it be a lawyer, a doctor, or an insurance agent. So now they've gone to some form of self-insurance. It's proving attractive because Canada's lawyers tend to be beasts of burden in the insurance sweepstakes. They pay in far more than their wronged clients take out.

In March, the Law Society of Manitoba unveiled what it calls the country's first self-insurance plan for lawyers. This was a reaction after they got an outside quote of

about \$250,000 basic coverage, where it raised from \$900 to approximately \$1,600, which probably went to, I would say, about six times the market value of what it was before.

This is not just a case that maybe has arisen with lawyers, but it seems to be in the total marketplace. I go to emphasize, just in the day-to-day newspapers, if you want to pick them up, that the headlines read quite a bit about the liability insurance. There's another one, "Finding Insurance is a Real Test." This was just in - I hate to use the paper, the "Winnipeg Sun" - this was a case of high schools who are now called to make mandatory drug tests. The insurance companies now are even frightened to provide the liability coverage for these drug tests. The insurance companies are frowning on that and I guess the reason for that is insurance companies are renowned to be nervous about any new testing or any new coverage that creates a problem.

Some insurance companies have now decided that they're going to create pools, and this was also brought up in question and answer period, I think, from the Member for Elmwood. He brought up that maybe some type of pools could be conducted.

I still believe that the higher premiums have stemmed from underwriting losses taken by property and casualty insurers in recent years and now there is even less competition because some of the weaker players have failed, been merged or just packed their tents. Ted Belton, who is the head of the industry-run Insurers Advisory Organization, thinks probably that we're not finished with the bankruptcies that we've had and the problems we've had, and the insurers going out of the liability business. He feels that possibly there'll be two or three more failures in the next year.

There were also problems with our municipalities in purchasing insurance. It seems to stem from liability actions and insurance companies pulling out of the industry. There was a resolution passed, for instance, in the City of Brandon back on January 20, 1986, and I'll read it for the record:

"WHEREAS a growing trend by the public to sue local government and liberal awards by judges have resulted in soaring insurance costs; and

"WHEREAS insurance companies, due to this trend and liberal awards, regard municipal governments as bad risks and have consequently increased premiums by as much as 300 percent; and

"WHEREAS the City of Brandon is confronted with a 101 percent increase in its liability insurance costs in 1986 alone;

"NOW THEREFORE BE IT RESOLVED that the Government of Manitoba be requested to establish a fund to protect policyholders in the event an insurance company collapses and to legislate a standard for determining liability and the amounts awarded to the courts."

I have to commend the Minister; he's answered to probably part of the last resolution.

I think, if you look through again, it's not just the private insurance companies. The Manitoba Public Insurance Corporation, and I don't want to again knock the Manitoba Public Insurance Corporation because right at the time, their staff is going out of their way to help the smaller agents conduct business and probably have done a very good job when the insurance companies have pulled out.

Just to dwell though that they, too, through their reinsurance or through their problems have refused insurance. They've refused to young entrepreneurs in the pedicab business. They've had their problems and these people have the same problem when they can't get liability insurance and it's just a small business. They can't afford to take the chance to conduct a business and have a lawsuit for the rest of their lives. The local amusement ride people have the same problem and, I guess, the problems in Edmonton with the roller coasters, etc., will not help that situation.

Just further on, some of the problems that have happened as a result of some liability claims and bad losses, the City of Winnipeg's insurance premiums went up from 1985. They had \$100 million coverage for a \$200,000 premium. In 1986, for \$20 million coverage, their premium will \$530,000.00.

I know that even our own government had the problem with their marine coverage in Churchill. They did come to some agreement with marine underwriters and they did solve that. They did meet and they did have the insurance underwriters come on a first-hand basis to Frobisher Bay and Churchill. However, most people don't have those types of resources to bring in the underwriters to maybe handle and show them first-hand.

In closing with the insurance, I would ask the Minister whether he would again consider legislating a standard for determining liability and punitive amounts ordered by the courts, and help these local problems that result when individuals and sporting organizations, art groups, the small businesses and young entrepreneurs find or establish or get away from the problems that they're having with the insurance industry right at this present time.

I also, in question period, mentioned - and it was mentioned in the opening remarks again by our Minister - the Lemon Law. I brought this up. As you can appreciate or appreciate again in the question period, there is the problem of the - what would you say - contact between yourself and the Minister on the questions and that is the Lemon Law.

This is strictly for new vehicles. I wouldn't call it a law; I would call it an auto arbitration - that's what they called it in Ontario - and they have brought in a particularly new auto arbitration. They call it the OMVAP Program, which will provide qualified, independent arbitrators to settle consumer disputes arising from alleged manufacturing defects in new vehicles sold in Ontario. The arbitration plans cover the majority of new cars and light-duty trucks sold in that particular province. The arbitration process will be offered at no cost to the consumer.

This OMVAP will be an incorporated, non-profit organization with representatives from the Arbitrators' Institute of Canada, the Canadian Council of Better Business Bureaus, the CAA (Toronto) on behalf of the Canadian Automobile Association, the Consumers' Association of Canada and the Ministry of Consumer and Commercial Relations sitting on its board of directors. An individual will be designated by the Minister to serve as chairperson.

This particular arbitration will credit the organizations used by the auto companies to provide arbitration programs and will select, train and maintain a master list of qualified arbitrators to be used throughout Ontario

by all authorized arbitration carriers. These arbitration programs will provide Ontarions with fast, independent, uniform and high-quality arbitration as an alternative to seeking a court-ordered settlement of disputes.

These arbitrators will have clear powers to decide on a settlement and the decisions will be binding on both parties. Anything which relates to the alleged defect in original manufacture and which seriously affects the safety road worthiness of resale value of an automobile sold and registered in Ontario may be taken to the arbitration by the vehicle's owner. Then these consumers will be required to follow the manufacturers' complaint resolution procedure before entering into the arbitration. In agreeing to abide by the arbitrator's decision, consumers also agree to discontinue or forego the litigation.

In closing with this particular part, the arbitration plan was developed by the Ministry of Consumer and Commercial Relations and I say the Provincial Government could be the leader in it, in particular, in cooperation with the Motor Vehicle Manufacturers' Association and the Automobile Importers of Canada, a group within the Canadian Importers' Associations and members of the OMVAP consortium.

Mr. Minister, the seed money that's to establish and train the roster of these arbitrators who will be necessary will be provided on a one-time prorated basis by the Automobile Manufacturers and the Importers. Thereafter, the funds required to maintain the roster of arbitrators will be collected from the auto companies as part of the cost for each arbitration case. Consumers will not have to pay for the arbitration hearing.

Mr. Minister, the arbitration process has been designed to be informal and fast - and maybe the Minister wouldn't appreciate it - lawyers are not an essential part of the hearing.

The Ontario Motor Vehicle Arbitration Plan was developed following research into so-called Lemon Laws now used in American states and I believe, Mr. Minister, that California and Connecticut are the ones who are the leaders in this particular program. Most U.S. Lemon Laws only cover new cars while still under manufacturers' warranty, and usually for only the first 12,000 miles, and provide little protection for the consumer unless backed up by a quality dispute resolution mechanism such as the arbitration.

The decision was made in Ontario to concentrate on developing a quality arbitration plan that would provide consumer protection without the need for legislation. I agree with your comments that you made that we don't have to legislate, but they've been able to establish it without legislating and maybe the cooperation between their government and the motor people.

The California law, as I mentioned, what it mainly does is, their Lemon Law forces manufacturers to replace or buy back a car after four or more attempts to fix a substantial defect. The period it covers though in that particular state is only about 12,000 miles after purchase, so I think the Ontario one has probably gone far more superior than the one in California.

I would ask again the Minister - he has told me and I'm sure that I can take his word as gospel - to completely analyze the program. I understand the Ontario one has just started in January of 1986, and I'm sure he'll be kept informed of how it has been working. So I would suggest that maybe you could find

out or get the administration to find out how the one has been doing in Connecticut and California.

The Minister also has mentioned in his remarks the gas prices. I guess this has occurred ever since the famous gas release of February 12, where the NDP promises "lower gas prices for Manitobans, farmers to receive additional cost savings." I guess this is as a result of that particular announcement that was made during the campaign. I understand in his remarks, there is a study going on. We do have the Interim report. I feel though that I touched on that in my Trade Practices, and I probably will have lots of time and ample time at committee, or in the readings to come, to maybe get into it further, so I won't take up the time of the Estimates today to do that.

As you probably appreciate, we do not support and we will not support The Trade Practice Inquiry Act the way it is written. I only hope that the Minister will maybe reconsider some amendments that may be brought forward at the time, but I'm sure we'll have lots of time to go through that.

Mr. Chairman, to the Minister, I don't know when I should be going through the annual report. Should I do that now?

**MR. CHAIRMAN:** At any time where it's appropriate on the items, you could go through the annual report. If you want to make a general statement at this point, that would be appropriate; but if you want to go through . . .

**MR. G. DUCHARME:** It's just basically some questions and comments about the annual report. There's probably - okay, there's not very many - there's about six or seven questions.

**MR. CHAIRMAN:** Okay, if they're on particular points that come under the line-by-lines in the Estimates, you can bring them up under those lines. If you bring them up now, the staff will not be here.

**MR. G. DUCHARME:** Well, let's bring it up now and then they'll be . . .

**MR. CHAIRMAN:** Okay, we'll call the staff forward at this point if you want.

**MR. G. DUCHARME:** Okay.

**MR. CHAIRMAN:** If staff will come forward, please. Actually, if you're finished with your remarks, the Member for Riel, the Minister would like to make a short response and then you can begin to respond. The Minister of Consumer Affairs.

**HON. A. MACKLING:** Thank you, Mr. Chairperson.

I appreciate the constructive remarks of the Honourable Member for Riel with respect to the arbitrations. I am not at all sensitive about that. A lawyer, I think people use lawyers where they needn't use lawyers in many cases. I think many of the legal profession share that view, that people should try to settle a lot of these problems themselves.

So we are going to looking very carefully at that and certainly, if the industry can come up with the solutions,

it's preferable than our having to regulate the industry into conformance with a fair arrangement.

In respect to the concerns about liability insurance, perhaps I'll deal with that on another occasion, but I know the legitimate concerns that are there. When those requests of Manitobans are brought forward to us, we endeavour to insure that there is an offering of insurance to them. What we can't deal with is the price of that insurance.

In respect to the insurance area generally, I appreciate the honourable member mentioning Churchill because that, I think, has been an insurance break-through. I want to put on record as commending my colleague and his personal efforts in that regard, because it did take considerable personal effort to get the insurance industry to recognize that there were improvements in the navigational systems in Churchill, and it was possible to reduce those premiums.

In respect to the bankruptcy of Northern Union Insurance, there is a current report. Perhaps I could make a copy of that for the honourable member. Maybe we have a copy of this note, and I won't bother reading it into the record.

The honourable member asked questions about the hardware and the software in the computerization of the Corporations Branch. I'm sure I'll be able to get that information. The hardware is being provided by Manitoba Data Services, and the software is a purchase system used in other jurisdictions in Canada and the United States.

Thank you.  
May we introduce the staff?

**MR. CHAIRMAN:** Sure. Mr. Minister.

**HON. A. MACKLING:** I would like to introduce Fred Bryans, who is the Director of Administration; and Ian Anderson, the Research Chief; and Joe Check, (phonetic) Communications Officer.

**MR. CHAIRMAN:** Thank you.

We will deal with Item 1., Administration and Finance, deferring Item 1.(a) Minister's Salary. We'll begin with Item 1.(b). However, if the member wants to ask more general questions out of the annual report, the Minister has said that's agreeable.

The Member for Riel.

**MR. G. DUCHARME:** I'll do these and then it will probably be the easiest way to do it, because they are a little bit of a shotgun approach, just things that I read when I was going through the report and they concern me.

The Complaints section of the annual report, it mentioned that - and I understand - but I was wondering why the home improvements are so high. They seem to be 23 percent of the year's total, and I was wondering whether the members could tell me why is that particular complaint item so high. What puts it in that type of a category?

**HON. A. MACKLING:** I understand, Mr. Chairperson, that another one of our staff could give perhaps a more detailed answer, but generally the answer is that there has been more construction activity, more home

renovations, more involvement in the removal of UFFI and more involvement in home repair. Therefore, since there's a greater amount of activity, there's a correspondingly significant increase in complaints.

**MR. DEPUTY CHAIRMAN, S. Ashton:** The Member for Riel.

**MR. G. DUCHARME:** Did we notice quite a bit of increase since we came in with the Core programs and the UFFI that has come in the last couple of years? When the UFFI Program will be finished - I believe it's finished this fall - that one will be finished. And the Core, did you find a lot happened as a result of the contractors who were utilizing these programs?

**HON. A. MACKLING:** I'm advised that, while there are a lot of factors involved, it's largely as a result of there being much more of this kind of activity, not any particular program.

**MR. G. DUCHARME:** Now on these, are there many claims under their penal bonds under this section?

**HON. A. MACKLING:** I think maybe if we put that one down we'll have someone from the Bureau here, because - the short answer is yes, there have been. I know; I've signed them, but I can give you more of the detail.

**MR. G. DUCHARME:** Okay. Then would you also put this down . . .

**MR. CHAIRMAN:** The Member for Riel.  
You have to be recognized first for Hansard.

**MR. G. DUCHARME:** I'm sorry, yes I know.  
Also, under the penal bonds, maybe could you ask the same person when he comes whether they've considered maybe increasing the penal bonds under this section.

**HON. A. MACKLING:** Yes, I'll take it as notice.

**MR. G. DUCHARME:** Again, have there been many cases where the penal bonds were not enough? For instance, has the licensing changed or the amounts gone upward for the licensing applied for? I'd like to know that, whether the amount of claims that are going up, have we also gone up a lot in our contractors. Probably some of them put a name on their truck and they call themselves a contractor. I was wondering whether there was a lot more of these type of fly-by-nighters around.

**HON. A. MACKLING:** Yes, I'll take that as notice at the same time.

**MR. G. DUCHARME:** Page 13, also on the report, I notice that again there's the coupon books. Is there a bond required? I notice there's quite an increase in the coupon book. It's almost double from before. Is there some type of bond required when they do decide to go into the coupon book business? If there is, what kind of bond is it?

**HON. A. MACKLING:** Why don't we get someone from the Bureau up right now?  
Come on down.

**MR. G. DUCHARME:** Okay.

**HON. A. MACKLING:** Thank you, Mr. Chairperson. I'd like to introduce Dennis Robidoux, who is the Director of the Consumer's Branch; and Ed Smith.

Now perhaps I could just backtrack for a moment and get answers for you in respect to the penal bonds.

We've heard the questions. Have we considered increasing the value of the penal bond?

**HON. A. MACKLING:** In respect to the first concern about whether the department has considered increasing the penal value of the bond or the value of the penal bond. The answer is that the amount of the bonds are generally under review constantly, that is the bonds are set according to the value of the work and the volume of business that's being handled and the type of product that is involved. If it is a very small direct sale operation where there isn't a significant dollar value to the goods in question, the penal value is less in amount.

The question as to are there any cases where the bond value, the amount of the bond, has been insufficient? Yes, there have been some, but very few I understood. In most cases, the penal bond has been sufficient.

**MR. G. DUCHARME:** If I could just follow up, before he gets a coupon again, I realize the bonds are based on the volume of business, however, there seems to be some businesses where when a person has the merchandise with him and he sells it to the individual, it seems to be a little different than when you go on record and you sign a waiver and the people do not complete the construction of your particular house. So actually the bonds do work to the benefit of - they don't seem to protect the person who has the home improvement loan as much as they do the guy selling bolts on the street and he may be going around to country fairs and he sells volumes of it. They actually get it at the time of purchase, yet they both operate under the same type of bond. I was wondering whether there was any consideration of going to maybe making or raising some stipulation on the home improvement problems that we seem to have.

**HON. A. MACKLING:** Mr. Chairman, I'm advised in instances where there is a larger deposit required, say in a building or home improvement type of contract, if the contractor is seeking a larger deposit, then we upgrade his penal bond so that it's a significantly higher bond that he has to have.

**MR. G. DUCHARME:** The coupon books - I asked the question whether the coupon books, because they are such a going concern right now, whether any particular bond is required on the coupon books.

**HON. A. MACKLING:** Mr. Chairperson, I'm advised that the distributors are bonded and again the amount of the bond is based on volume.

**MR. G. DUCHARME:** Also I noticed in the complaints that the travel agents - and I notice you had mentioned also a sharp increase. Is it because of more travelling or what is the particular reason? Is it just because of volume or is there something going on that we're not aware of?

**HON. A. MACKLING:** I'm advised that while there may be an increase, it's not a large increase, it's not a significant increase and where these complaints arise, primarily it is people complaining about having been bumped off of a flight or the reservations that they had made at a point of arrival having been not found to be there and this sort of thing.

**MR. G. DUCHARME:** The mail order, I can understand, but what type of complaints would you get from the mail order business?

**HON. A. MACKLING:** Mr. Chairperson, I'm advised that there are a variety of complaints. In some instances, the product hasn't been received at all or only part of the product that has been ordered has been received or the goods have been deficient or unsatisfactory, or in some cases, where they have written about a deficiency or something, they've had no response.

**MR. G. DUCHARME:** One I was surprised to see, and I was wondering, what kind of complaints would you get in the article and along with the schools. What would you have in that particular complaint? Why would they be coming to the consumers on schools?

**HON. A. MACKLING:** Mr. Chairperson, I'm given to understand those are trade schools and when we received that kind of a complaint, then we transfer it to the Department of Education.

**MR. G. DUCHARME:** Page 14, the Minister has already explained about the computerized operation and I express my concern in regard to the retrieval system on the Corporate Affairs and I know the person responsible for Corporate Affairs, could he explain what will be the new process of when someone comes to the counter? What they will get? Will they get a printout?

**HON. A. MACKLING:** Mr. Chairperson, Hafiz Khan is the director of the Corporations Branch and the question was: how will the process work? What will the person get when they go to the counter and they want to search?

Until the process is complete, there will be a duality occurring, one the old system where the present documents are provided. The new system where the files have been transferred will be a microfiche system and the person wanting to make the enquiry search will receive a microfiche and they will be able to place it into a viewer and make their copy or whatever information they want from it.

**MR. G. DUCHARME:** And then later on, will they get a printout further down the system? Is that eventually what will come up or will it stay with the microfiche system?

**HON. A. MACKLING:** I'm given to understand that while we will have the microfiche viewers there, the person

will have bought the microfiche and they can take that away with them or if want, they can get a printout and that will be supplied within a reasonable time, maybe the following day.

**MR. G. DUCHARME:** That concerned me in regard to the mention of the microfilm because not everyone has the availability of the fiche machine at their office or whatever they're using.

I was wondering, to the Minister again, are we going to now maybe go into the computerization in our insurance licensing, in our real estate licensing? Is this something that we are looking at because they are also on an annual - like an insurance licence is on an annual - May, and you get it and it's not a computer printout. It's a natural for that and I was wondering if we were eventually going to go into that.

**HON. A. MACKLING:** I'm given to understand that the department has considered that and believes that is worth pursuing. It's just a question of priorities and resources matching them right now. That's why we are not doing it.

**MR. G. DUCHARME:** You answered my question in regard to the northern union. I thank you for the report that will be coming forward.

The telephone enquiries, how do they calculate all the telephone calls or enquiries? When a call comes in, how do you know whether it's a telephone call or a telephone enquiry? We notice that you've noted your telephone calls and your telephone enquiries.

**HON. A. MACKLING:** There is a manual recording of this by the person taking calls and marking it down on the pad.

**MR. G. DUCHARME:** The insurance department, the complaint, I'm surprised at the increase - that's being a little selfish - in the insurance industry, however, I can understand and I have to congratulate the Superintendent's Office of Insurance in Manitoba, the way he handles his complaints. He's a gentleman that probably listens to both sides all the time. I'm not saying the others don't, but . . .

**HON. A. MACKLING:** I should introduce Earl McGill.

**MR. G. DUCHARME:** Yes, I've talked to him over the phone.

I have nothing on the insurance except that I just wanted to mention that. Maybe you could tell me the amount of complaints that are going up as a result of a lot of the bankruptcies or is the liability affecting them — (Interjection) — maybe I should ask.

**HON. A. MACKLING:** Mr. Chairperson, I am advised that a large part of it is that people are becoming more familiar with the fact that the superintendent of insurance does handle complaints. There are complaints that are now coming forward that maybe would not have been - or questions or inquiries that would not have been made before. It's only in the last four or five years that the complaint aspect has been — (Interjection) —

**MR. G. DUCHARME:** I was wondering why it was . . .

**MR. CHAIRMAN:** The Member for Lac du Bonnet.

**MR. C. BAKER:** Yes, Mr. Chairman, just to add something to what the previous speaker said about the insurance rates going up by 300 percent. It's actually worse than that. The municipality of Brokenhead, which I happened to represent prior to getting elected here, we now have a \$10,000 deductible. I don't know how that would trigger an increase, but I imagine that alone would add a terribly substantial increase to the insurance. I just wanted to put that on the record, Mr. Chairman.

**MR. G. DUCHARME:** Through the Minister, Mr. McGill explained that probably it's not only here but it's throughout Canada and the United States where they are having a problem with the insurance markets.

**HON. A. MACKLING:** I find this a bit amusing, this formality; however, I'm advised that is the case, that it's widespread. I don't know whether it's in Western Europe but certainly it's on the North American continent. This quite frankly is an attempt by the insurance industry to radically change insurance premiums and it's occasioning a lot of difficulty for a lot of people. There's no question about that.

**MR. G. DUCHARME:** I think a lot of us recognize the increase in premiums and it also bothers most of us. Also I think what probably is more important, and the Superintendent will probably have to agree - I not going to put words in his mouth - however it is the wordings that are being changed and the different coverages that are being deleted from the liability that seem to be a concern in the industry; that they are offering the coverages and now they are starting to put in the pollution endorsements and they are starting to put in more and more where the coverage has to be during the policy term and they are getting away from previous claims in the policies. They seem to be changing the wordings and I don't know whether Mr. McGill has anything to add to that or not, obvious concerns about them changing the wording.

**HON. A. MACKLING:** I'm advised that all of those initiatives, undesirable as they may appear to be, come about as a result of the concerns or demands or influence of the reinsurers in respect to the major losses that they have paid out.

**MR. G. DUCHARME:** On page 19, I was wondering under the Securities Commission why the prospectus is down. Is there any real reason for that?

**HON. A. MACKLING:** I introduce Murray Peden who is Chairman of the Securities Commission and Jim Storsley there with the Real Estate Branch.

The question was the number of prospectuses down in number?

**MR. G. DUCHARME:** Yes, yes.

**HON. A. MACKLING:** I'm advised that the number of prospectuses filed is down because there are more

exemptions now available and, while the same volume of business may be marketed, the prospectuses are reduced by the exemptions.

**MR. CHAIRMAN:** The Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, in Estimates last year, I asked a series of questions dealing with the accessibility, or ease of accessibility, in providing syndications for certain products and it relates back to some discussions over a number of years involving the syndication industry, the department, and whether or not an act should have been proclaimed or not.

I believe, over the past year, certain discussions have been held with the industry and their solicitor, I believe, Mr. Thompson, of Thompson Dorfman Sweatman, and the last word I heard some month or two ago, that either a draft or final set of regulations dealing with that area of concern had been finalized. I'm wondering if the Minister can advise, have those regulations been adopted or finalized.

**HON. A. MACKLING:** Yes, my recollection is maybe about six weeks, somewhere around six weeks ago, around the beginning of July.

**MR. C. BIRT:** Have they been approved by Cabinet and proclaimed or is that process going and, if so, when can we expect them to come into effect?

**HON. A. MACKLING:** They have been approved and the Order-in-Council was passed and they have been Gazetted.

**MR. CHAIRMAN:** The Member for Riel.

**MR. G. DUCHARME:** While Mr. McGill is still here, there's just one other question that I did not ask. I don't know if Mr. McGill is aware of the Credit Union bill that's being presented in the House right now.

Under this bill, the way Bill 3 reads, there's one section, and I don't know whether he's familiar with that. Would he consider, under this section, that credit unions would now be allowed to be insurance agents?

**HON. A. MACKLING:** I'm advised that there's no proposed changes which would permit people who are in a position of granting or not granting a loan or financial assistance, to be in a position to be an insurance issuer.

**MR. G. DUCHARME:** I thank you for that.

Except for the line-to-line, I'm finished with my questions, unless there's some other . . .

**MR. CHAIRMAN:** Fine, then I think we can begin with Item 1.(b) Executive Support - the Member for Riel.

**MR. G. DUCHARME:** There seems to be an amount from \$57,000 down to \$32,000. Is there any reason for that? That would be 1.(b)(2).

Pardon me, but there's also an amount down on (b)(1) and (b)(2).

**MR. CHAIRMAN:** So the member's requesting an explanation on the drops in Salaries and Other Expenditures.

The Minister of Consumer and Corporate Affairs.

**HON. A. MACKLING:** There was one position eliminated - the Economic Research Analyst 2 position.

**MR. G. DUCHARME:** Okay.

**HON. A. MACKLING:** And then there was a removal of some of the monies that were provided for professional fees and they were moved over to the expenditure side.

**MR. G. DUCHARME:** And the Other Expenditure is reduced? That's the one you're talking about.

**HON. A. MACKLING:** Yes, there was a further reduction of \$8,900 in non-recurring cost in respect to a Minister's conference, we had one in 1985; and then a \$10,000 reduction in the expenditure budget in all areas. The majority of the expenditures were charged against the Department of Labour.

**MR. CHAIRMAN:** 1.(b)(1)—pass?  
The Member for Portage la Prairie.

**MR. E. CONNERY:** I just had one question, in looking down through the Other Expenditures. Last year you had \$7,000 budgeted for meals and \$1,500 this year. Did they utilize the \$7,000 last year or did they realize they overbudgeted? Are they on a diet?

**MR. CHAIRMAN:** Last year, Dubrovnik; this year Burger King.

**HON. A. MACKLING:** Mr. Chairperson, I regret that the honourable member missed the big party.  
Seriously, no, there was a conference and these were meals for the conference.

**MR. E. CONNERY:** Okay.

**MR. CHAIRMAN:** 1.(b)(1)—pass; 1.(b)(2)—pass.  
1.(c) Communications - the Member for Riel.

**MR. G. DUCHARME:** Yes, first time up, could someone explain to me what the Communications Branch . . .

**MR. E. CONNERY:** That's how they get re-elected.

**HON. A. MACKLING:** They have staff of three; they produce audio-visuals and educational materials. They write and distribute pamphlets and information handouts.

**A MEMBER:** Are they orange and black?

**HON. A. MACKLING:** Well, I think we're re-examining our colour schemes from time to time. Communication through all forms of the mass media, develops and staff displays, prepare advertising campaigns and coordinate the department's volunteer Outreach Program.

**MR. G. DUCHARME:** I'll wait for 1.(d).

**MR. CHAIRMAN:** 1.(c)(1)—pass?

**MR. E. CONNERY:** No. Under Other Operating, it seems like an awful big figure of \$16,300.00. What would that include?

**HON. A. MACKLING:** I'm advised that's for the printing and publication of pamphlets.

**MR. E. CONNERY:** Okay. Under Salaries, that is total staff. Is there an area where you're using outside people?

**HON. A. MACKLING:** There has been no reliance on outside agencies for some time. If there is, an outside agency is employed.

**MR. E. CONNERY:** Where would that show up?

**HON. A. MACKLING:** If we considered there was a need for it, it would show up here.

**MR. E. CONNERY:** Okay.

**MR. CHAIRMAN:** 1.(c)(1)—pass; 1.(c)(2)—pass.  
1.(d) Administrative Services - the Member for Riel.

**MR. G. DUCHARME:** Tell me, how many people are involved in the 1.(d)(1) Salaries?

**HON. A. MACKLING:** 9.26 - 3 managerial, 2.26 professional and 4 clerical.

**MR. CHAIRMAN:** 1.(d)(1)—pass - the Member for Portage.

**MR. E. CONNERY:** It's kind of strange when we look at the professional sector at 2.6 and there was a 10 percent increase in wages. Why would there be such? There was no increase in the staff years, but a 10 percent increase in salaries.

**HON. A. MACKLING:** The bulk of the increase is a result of the overall agreement with MGEA, but there was one item, one reclassification of an Accountant 1 to an Accountant 2, which involved \$3,600.00. The balance is pursuant to the MGEA agreement.

**MR. CHAIRMAN:** 1.(d)(1)—pass; 1.(d)(2)—pass.  
We now to go Item 2. Resolution 35, Consumer Affairs - the Member for Riel.

**MR. G. DUCHARME:** Again, how many employees in 2.(a)?

**HON. A. MACKLING:** There's a total of 21; 3 managerial, 11 professional and 7 clerical.

**MR. G. DUCHARME:** Any part-time of the clerical or are they all full-time?

**HON. A. MACKLING:** I'm advised they're all full-time.

**MR. G. DUCHARME:** I'll wait till we get to the Grants.

**MR. CHAIRMAN:** 2.(a)(1)—pass? The Member for Portage, are you indicating . . .



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**MR. E. CONNERY:** Yes, I was thinking and had my hand up. I didn't want you to go past it.

**MR. CHAIRMAN:** Okay, we're on 2.(a).

**MR. E. CONNERY:** In the consumer part, unlike the federal, do you have inspectors? You say you investigate consumer complaints, but do you do retail inspections, or who would do it? Would that be Health come under retail inspections, I guess, restaurants . . .

**HON. A. MACKLING:** We are complaint based and don't do that kind of investigation. That would be federal.

**MR. E. CONNERY:** Anything to do with grades or standards and so forth is strictly federal?

**HON. A. MACKLING:** Yes, if they're investigative; that is, they're going around checking on those things, it would be federal. Have they been bothering you, Ed?

**MR. E. CONNERY:** No, there's just a lot of duplication and I hate to see it.

**HON. A. MACKLING:** I'm just kidding.

**MR. E. CONNERY:** But that's within our federal. too.

**MR. CHAIRMAN:** 2.(a)—pass; 2.(b)—pass.  
2.(c) Grants - the Member for Riel.

**MR. G. DUCHARME:** Could someone explain to me what the grants are?

**HON. A. MACKLING:** The department issues two grants yearly. One is to the Community Consumer Credit Counselling. The grant is to help provide a credit counselling service for low-income individuals. That grant is \$56,100.00.

The second grant is to provide a product information and product rating service to consumers; a service which is not duplicated by any other organization, is provided by combination of paid and volunteer staff. That's a cost of \$9,900.00.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** Could we have a little order please, gentlemen?  
2.(c)—pass.

Resolution 35: Resolved that there be granted to Her Majesty, a sum not exceeding \$767,700 for Consumer and Corporate Affairs, Consumer Affairs, for the fiscal year ending the 31st day of March, 1987—pass.

Item 3, Corporate Affairs - the Member for Riel.

**MR. G. DUCHARME:** Salaries again, how many under 3.(a)?

**HON. A. MACKLING:** There are 25: 3 are managerial, 2 professional, 20 clerical.

**MR. CHAIRMAN:** 3.(a)(1)—pass; 3.(a)(2)—pass.

3.(b) Insurance Branch - I thought you might have some questions on this, the Member for Riel.

**MR. G. DUCHARME:** How many in the Insurance Department now?

**HON. A. MACKLING:** There are seven: two managerial, one professional and four clerical.

**MR. G. DUCHARME:** The question was answered that you will be trying to computerize the licensing in that department, it was answered already.

**HON. A. MACKLING:** Yes, the logic of using equipment like computers is there. It's a question of priorities and having the ability to finance these things.

**MR. CHAIRMAN:** (b)(1)—pass; (b)(2)—pass.  
(c) Manitoba Securities Commission - the Member for Riel.

**MR. G. DUCHARME:** Again, how many employees in there?

**HON. A. MACKLING:** There are 22 of which 4 are managerial, 9 professional and 9 clerical.

**MR. G. DUCHARME:** There's a 5 percent raise. Is that just a general? What did they get last year?

**HON. A. MACKLING:** It was the MGEA . . .

**MR. G. DUCHARME:** 5 percent?

**HON. A. MACKLING:** No, there was a reclassification here, maybe I can give you the detail.

**MR. G. DUCHARME:** No, it's okay, as long as I realize there was a reclassification.

**HON. A. MACKLING:** There was one senior officer reclassification.

**MR. G. DUCHARME:** Okay, that's because I wondered why it was different.

**HON. A. MACKLING:** And then there was a senior officer adjustment.

**MR. CHAIRMAN:** c.(1)—pass; c.(2)—pass.  
(d) Public Utilities Board - the Member for Riel.

**MR. G. DUCHARME:** Again, how many?

**HON. A. MACKLING:** 5.26 staff; of which 2.26 are managerial, 1 professional and 2 clerical.

**MR. G. DUCHARME:** Okay. Also under the Other Expenditures, I notice that there's about a 16 percent increase from the \$512,000 to the \$592,000.00. Could someone explain to me why? Are they carried forward from other parts of the department?

**HON. A. MACKLING:** This increase is a result of the volume of activity and these are primarily advisors' fees.

We have legal consultants, accounting consultants, and engineering consultants. They have to be paid in accordance with the professional amounts agreed upon.

**MR. E. CONNERY:** Could the Minister tell us the members of the PUB board?

**HON. A. MACKLING:** What number they are?

**MR. E. CONNERY:** Who they are.

**HON. A. MACKLING:** Oh, who they are, yes. The chair is Mr. Murray Donnelly, who is here with us; Susan Proven, Rudy Schilling and Oscar Tonn.

**MR. E. CONNERY:** So then that's where the number of professional services, Bill Gardner would come under - is it Bill Gardner?

**HON. A. MACKLING:** Yes.

**MR. E. CONNERY:** The legal counsel, he would come under the professional services?

**HON. A. MACKLING:** Correct.

**MR. E. CONNERY:** The PUB, do they initiate investigations or are they asked to adjudicate concerns?

**HON. A. MACKLING:** Very little, if any, initiation.

**MR. E. CONNERY:** Then who would request for them to adjudicate, what are the different groups?

**HON. A. MACKLING:** Pursuant to the statute, certain appeals are made to the Public Utilities Board and utilities have to apply to the Public Utilities Board for approval for rates pursuant to statute.

**MR. E. CONNERY:** That's fine.

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

Resolution 36: Resolved that there be granted to Her Majesty, a sum not exceeding \$3,007,400 for Consumer and Corporate Affairs, Corporate Affairs, for the fiscal year ending the 31st day of March, 1987—pass.

We now return to Item 1.(a) Minister's Salary - the Member for Riel.

**MR. G. DUCHARME:** I'll pass to him and I'll come back.

**MR. E. CONNERY:** Before the staff goes, Mr. Chairman, and I appreciate this is the time that they go and we talk to the Minister, but it wouldn't be fair. The Consumers' Bureau, I wasn't just sure what all they did and I don't want to leave the Minister not knowing the answers when the staff are here, what is the function of the Consumers' Bureau and who is on it? How many are on it?

**MR. CHAIRMAN:** Do you want the names or the numbers?

**MR. E. CONNERY:** The numbers, and depending on how many numbers.

**HON. A. MACKLING:** There are 21 staff and I have indicated 3 managerial, 11 professional and 7 clerical, and they investigate consumer complaints. They facilitate their redress by mediation or enforcement of statutory rights. They provide information and response to consumer and business inquiries. They review consumer loans at financial institutions. They licence, register and set bonds for certain business activities and they administer The Consumer Protection Act, The Personal Investigations Act and The Charities Endorsement Act.

**MR. E. CONNERY:** Does this group entail any volunteer people at all, or is this strictly a staff bureau? There is no connection with the Consumers' Bureau as we know it?

**HON. A. MACKLING:** The staff who I have just referred to are permanent government staff. There are volunteers employed in a communications program.

**MR. E. CONNERY:** Is the Consumers' Bureau, as we see part of this, the advocacy or advisory committee?

**HON. A. MACKLING:** No, these are the staff who respond to complaints by consumers to us.

**MR. E. CONNERY:** So there is no advisory group that gives suggestions to the department?

**HON. A. MACKLING:** No.

**MR. CHAIRMAN:** 1.(a)—pass.

Resolution 34: Resolved that there be granted to Her Majesty a sum not exceeding \$664,800 for Consumer and Corporate Affairs, Administration and Finance, for the fiscal year ending the 31st day of March, 1987—pass.

Thank you, gentlemen.

The Member for Riel.

**MR. G. DUCHARME:** One comment before we go. I have enjoyed my first experience with this and I thank the Minister, and I hope that he maybe bring in some of the concerns that we've expressed in regard to the liability and to the other.

**A MEMBER:** Now, as normal in the winding up an Estimates proceedings, the Minister invites us down to his room and we have free drinks.

**HON. A. MACKLING:** Is that on the record?

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** That is on the record because I haven't recessed yet.

Committee will adjourn until 8:00 p.m., where we will consider further Estimates.

## SUPPLY - URBAN AFFAIRS

**MR. CHAIRMAN, C. Santos:** This section of the Committee of Supply will be dealing with the Estimates

of the Department of Urban Affairs. We shall begin with a statement from the Honourable Minister responsible for the department.

The Honourable Minister.

**HON. G. DOER:** Mr. Chairman, it's a privilege for me to present the Estimates for the Department of Urban Affairs for the first time in this House.

As the members opposite and members in the House are aware, the responsibilities of the Department of Urban Affairs follow briefly, in the following order: Certainly the administration of The City of Winnipeg Act; (2) The coordination and implementation of provincial urban policies and programs in the City of Winnipeg; (3) A member of the Policy Committee of the Core Area Agreement, which I'm pleased to say we have a proposed renewed Core Area Agreement that is now being ratified by the three levels of government; (4) The Department of Urban Affairs is involved as a shareholder in the North Portage Development; (5) The Urban Affairs Department is involved as the co-chair with the Federal Minister of Environment on the ARC projects in the Province of Manitoba; and (6) We are involved with the Department of Environment and a lot of other departments within the Manitoba Government, attempting to review and implement the River Renewal Program, which was announced during the last election and which we feel in the long run requires not only total support from the Provincial Government but also support from our City and Federal Governments.

Again, as members are aware, the Department of Urban Affairs reflects in part the support this government has for the City of Winnipeg and the residents of the City of Winnipeg. The Department of Urban Affairs has within its expenditures amounts of money that flow directly to the city, to the Core and to the ARC project. In addition to that, the province supports the city through funding of other departments of government which have been discussed in a number of other places, in other committees, in terms of expenditures to Winnipeggers, through other departments such as Employment Services; through libraries and Cultural Affairs, which will be discussed later; through health care, etc.

We also provide direct delivery through some of our departments to Winnipeggers. Again, the example of all the health care facilities in Winnipeg that are delivered through the Department of Health directly. The employment programs implemented under many of our departments in government again are top priorities of this government, and are delivered by other departments in consultation with all the members of this government in terms of its affect on all Manitobans and, for purposes of Urban Affairs, its affect on Winnipeggers.

In addition to this, and as members opposite are aware and have questioned before under Municipal Affairs, there are grants in lieu of taxes that have been reported in previous Estimates and, in addition to that, there are the statutory tax transfers which of course we don't include as additional money to the City of Winnipeg, but has been reported earlier.

Due to the excellent growth in this province, we're pleased to have announced with the City of Winnipeg

that the tax transfers went up over 7 percent in this fiscal year to the City of Winnipeg and other municipalities in the province; the growth tax, as they call it.

Since March, Urban Affairs has been involved in announcing predictable, long-term funding for capital renewal programs in the City of Winnipeg, a \$90 million, six-year capital renewal program, which I'm sure members opposite will be discussing. It gives some long-term stability to the City of Winnipeg in terms of their needed renewal programs, and it allows the province and the city to negotiate together on how that six-year infrastructure renewal will be developed.

Although this year the Budget reflects a \$3 million decrease, or over \$3 million decrease in the capital side, that is not to say that our commitments and our concern for the City of Winnipeg in this area have decreased. With the \$90 million Capital Program announced by my predecessor, the Minister of Health, we will have predictable funding for the city to negotiate the priorities. So that really, in these Estimates in terms of the decrease of money, it's a decrease in cash flow, not a decrease in commitment of this Provincial Government to the citizens of Winnipeg.

We have been working with the new renewed Core, which has been announced and I know the critic opposite, the Honourable Member for Charleswood, was at the Fort Garry Hotel when this program was announced, a tentative \$100 million renewed Core Program again in this fiscal year. There is another \$3 million or so in capital for the Core. That is down from last year but, of course, the government is committed to the Core. Being five years, our share of \$33.3 million will cash flow as necessary in the Estimates in the next number of years if the agreement is ratified by all levels of government. I would just again point out that our commitment is still to the funding to the Core Area and the Core Area projects, notwithstanding the fact that in this year's fiscal presentation there is a decrease based on projects that require funding. That is, of course, reflected in the Estimates.

I'm also pleased to announce that we've begun preliminary work on the CN East Yards. That was in the former Core Area Agreement and it's now in the proposed new Core Area Agreement. I am sure members opposite will have comments on that project. It is at its very initial stages, its embryonic stages, and aside from some land assembly there's a considerable amount of work. In our estimation, a considerable amount of work includes public input into what the long-term viability and planning for the East Yards will be.

We've had ground-turning ceremonies at North Portage and announcements of new projects. I know, again, the critic opposite was at the IMAX Theatre opening. The Leader of the Opposition was at the opening of the new Investors' Building, which we were proud to be part of in the North Portage Development. We have the retail end that has been, the sod has been turned so to speak, with my predecessor. We have an office component that's just begun and of course we're now working on the housing component for the North Portage, which will complement what has been happening in the Ellice Project from the Core Area.

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The Committee of Review has reported in early '86. I have asked at the last official delegation meeting to the City of Winnipeg official delegation, for their written response to the Committee of Review. I am sure the members opposite have strong feelings on that Committee of Review. Many of you have participated in briefs to that review committee. I will be working with our colleagues in Cabinet and our colleagues in the caucus, and with citizens, with advice we may get from members opposite, from advice we may get from City Council, to look at a full legislative program for 1987, in terms of how to shape the administration and other priorities of the City of Winnipeg for Winnipeggers to meet the challenges of the 1990's.

The department is new as a separate department, has been treated with Ministers acting on behalf of two departments. We have attempted to minimize the cost of an additional department, utilizing space in the building for previous officials so that new costs were not incurred by the taxpayers. We have attempted to rationalize our staffing in such a way that the priority of the Premier to give Winnipeggers, through the Department of Urban Affairs, a singular voice at the Cabinet table, and a singular voice dealing with the City of Winnipeg, would not present a major impact to the taxpayers at the same time.

In conclusion, Mr. Chairman, Urban Affairs will be working with Winnipeggers directly and indirectly. We see the challenges for Winnipeggers similar to what we see the challenges for all Manitobans: Employment; fair services at a fair cost; a health care delivery system that's second to none; an education system that continues to be challenged and to meet the skills of our youth in the future; a housing component that is one of the finest in the country but still requires additional work; a recreational component to take care of our recreational activities. Also, we know that Winnipeggers are concerned about not just direct life inside the city but in terms of Manitoba, they see the crisis in the agricultural community. The member opposite's already talked about that in his speech on the Budget. All his priorities for Manitobans are priorities for Winnipeggers due to its large size in our provincial economy.

We see challenges ahead, Mr. Chairman, in terms of the City of Winnipeg review and we see challenges ahead in terms of the assessment that has been going on albeit at a long length. The major impact, we certainly know, is going to take place so I consider that a challenge for Urban Affairs and a challenge for all of us in this House.

In conjunction with my colleague from Municipal Affairs, we are challenged by reaching an agreement with the City of Winnipeg soon to include the \$90 million capital, six-year program for the unexpended monies out of that capital program. We are challenged by meeting the priorities in the renewed core. We are challenged by the East Yards Development to ensure that it's sensitive to the needs of Winnipeggers, not only in the short run, and not only in the short run for politicians, but rather for the citizens that it doesn't compete with other developments in the city but rather it complements other developments in our city.

We are challenged to complete the North Portage projects. We are challenged just to begin our River Renewal Program, which we don't see just as an urban

issue but we see as an issue affecting 75 percent of Manitobans, most of which live in Winnipeg but some of course live outside of Winnipeg, dealing with water quality, the environment, our historic resources, our recreational opportunities, etc. We look forward to a discussion on the quality of life and the quality for all Winnipeggers in the context of Manitoba in this debate and I look forward to comments from the members opposite.

Thank you very much.

**MR. CHAIRMAN:** The Chair now invites the Opposition critic to make his reply if he so desires.

**MR. J. ERNST:** Thank you, Mr. Chairman.

I want to thank the Minister for his opening statement and the reiteration of the kinds of things that have gone on in the past and the things that he hopes to do during his tenure as Minister.

It's unfortunate, Mr. Chairman, - and no reflection on the Minister himself - as a matter of fact I'm sure he's glowing after the newspaper report over the weekend with respect to how great he was, and I just want to know how much it cost him to have that produced. Perhaps when he speaks a little later he can comment. But it's unfortunate, notwithstanding the ability certainly of the Minister, it's unfortunate we don't have a Minister of Urban Affairs that has Municipal Government or Urban Government experience.

The Department of Urban Affairs has suffered that for some considerable length of time, certainly throughout the latter years of this administration. We had the Honourable, now Finance Minister, Eugene Kostyra; we had the late Mary Beth Dolin and then the Honourable Larry Desjardins, who had some limited council experience in the olden days so to speak, Mr. Chairman, it really I guess wasn't terribly relevant in today's situation, particularly with an amalgamated City of Winnipeg. So it's unfortunate we don't have someone with some considerable urban experience because many of the problems have to be lived day by day.

Many of those problems, Mr. Chairman, have to be experienced sort of from within and feel the slings and arrows directly type of thing. Without that kind of experience it's somewhat difficult for the Minister to understand exactly what's required. I wish him well and I hope he's able to delve into it. I hope he's able to get into the kind of problems that are facing Winnipeg and not just continue on with the same kind of Urban Affairs strategy that's been around for the last few years because, Mr. Chairman, quite frankly it hasn't worked.

I guess to start with we don't need, quite frankly, a whole Urban Affairs Department. Having lived, eaten and breathed Urban Affairs, and particularly City of Winnipeg problems over the past 13 years, Mr. Chairman, I have I think a reasonable understanding of the kind of problems that are facing the city and the kinds of things that the Provincial Government can do to assist that. The thing they don't need right now, Mr. Chairman, is more bureaucrats to second-guess the bureaucrats that are at the city, that are already there.

Mr. Chairman, it's my view that those people, quite frankly, are simply redundant and are creating more

problems than they are solving quite frankly, because they're having to be trained in order to second-guess the bureaucrats that already have 30 or 40 years experience who are sitting over the city and quite frankly most of the problems are relatively self-evident.

I can see the need for a Deputy Minister for instance. I can see the need for some support staff for that Deputy Minister. I guess I should have started at the top with respect to the Minister. I agree that there should be an Urban Affairs Minister, a Minister who is charged with the responsibility of dealing with the City of Winnipeg.

I think perhaps that scope might even be broadened somewhat to say that the same Minister should be responsible for, for instance, the City of Brandon. One of the other major centres could also be, for that matter, the City of Thompson. I think it's a little unfair and certainly the people outside of Winnipeg tend to view it as a little unfair, is that Winnipeg has its own Minister when they all sort of lump together under the Minister of Municipal Affairs.

At the same time as the Minister is required to be that voice at the Cabinet table to carry the torch, as it were, for the city and presumably with some change for other major urban centres in the province, so should he require a Deputy Minister, obviously to deal with the day-to-day administrative problems and so on.

I think also that some financial staff would also be desirable from that point of view in order to deal with the financial implications and the problems of approving capital budgets and similar things required under The City of Winnipeg Act. But I don't go much beyond that in terms of dealing with perhaps some administrative people, technical people to deal with the day-to-day carrying out of office operations.

But, Mr. Chairman, instead of reducing the staff of that department, instead of cutting out all of these people within that department, they've increased the cost 23 percent. Now, Mr. Chairman, that doesn't seem to me, having had the experience that I've had and knowing approximately what the Department of Urban Affairs is charged with, I don't understand why they need a 23 percent increase in cost for the Administration Section of the Budget. We have health care that's only got a 6.9 percent increase; we have education with about a similar type of increase. Mr. Chairman, we have a 23 percent increase in staff, in people, and I understand from the Minister, who is kind enough to provide me with some information earlier that even the apple-polisher job wasn't filled. So even with that there's a 23 percent increase and I'm sure the Minister in his former job wasn't, no matter how good his negotiation skills were, wasn't able to get a 23 percent increase for his staff through the Government of the Day.

So, Mr. Chairman, I don't understand why those kinds of costs are escalating, particularly when I'd view the fact that we really don't even need many of the staff people who are already there.

Now again, I don't want to reflect on their individual abilities, that's not the question. The question is: Do you need any kind of staff at all in that department? Do you need them there to second-guess the bureaucrats of the City of Winnipeg? My view is, Mr. Chairman, we don't need those.

But most importantly, I think the Estimates don't deal with the real financial requirements of the City of

Winnipeg. I think that's the key area. In my view, there's no understanding or knowledge of the problems that are facing the City of Winnipeg; and there's really no major concern over the City of Winnipeg taxpayer. They're not addressing the assessment question we went through when we were dealing with the Estimates of the Minister of Municipal Affairs; the whole assessment question is one that is really left out in left field with that process ongoing and due to be implemented within the next four or five months.

Mr. Chairman, there's a continuing blaming of the Federal Government. We heard it again today from the Minister of Agriculture. We heard a constant rhetoric from the members opposite and I compliment the Minister of Urban Affairs for not bringing it up in his opening comments because it's getting a little tiresome quite frankly and in the case of the City of Winnipeg it's not true.

The kind of problems that have arisen have been demonstrated by the former Minister of Finance, now the Minister of Industry, Trade and Technology, where he in fact indicated that two and three years ago, that because of federal cutbacks, grants to the City of Winnipeg would be cut back, when in fact there were no cutbacks two and three years ago, there still haven't been any cutbacks, and there is an anticipated reduction in increase starting next year. Mr. Chairman, I found the whole thing incongruous that the former Minister of Finance could have made those statements and in fact I wish I had known then what I know now and we could have exposed the whole thing as the sham that it was.

One major concern, also with respect to the financial aspects, Mr. Chairman, was the fact that this government virtually ignored the capital requirements of the City of Winnipeg until a full month after the capital budget was passed by the city; within 30 days after the budget was passed when in fact the request had gone forward to the Minister, then the Honourable Minister of Health, had gone forward to him back in November of 1985. Still no response was forthcoming. The government knew what its estimates were, the government could have given a commitment but it did not. I appreciate that the election took place in March. The election was called in February but quite frankly, Mr. Chairman, that commitment could have been given long before it was, and certainly long before the city had to deal with its capital budget.

On top of that, they offered the grant to the City of Winnipeg, with respect to its current budget, on the day it dealt with its budget. I appreciate the Minister was new and had some difficulty in terms of just getting oriented within his department. I don't want to necessarily blame the Minister, but certainly all of those bureaucrats that we talked about earlier were sitting in that department all during the election period, at least they better have been sitting there in that department all during the election. Certainly they should have known, they should have been able to advise, they should have been able to advise the previous Minister. They should have been able to come forward and said, not on the day that the budget is being passed, but on a day, a month, three weeks, two months earlier; some reasonable amount of time to give the city a chance to adjust its budgeting process knowing then,

instead of making an estimate of an increase or an estimate of the grant that was going to be coming from the province. But instead no; no, they gave it to them the day of the budget; the day the budget was being dealt with by Council and then they had to postpone the meeting, Mr. Chairman, in order to have a chance to review the province's offer and then to deal with it the following day. Mr. Chairman, I don't think that is a very enviable record on the part of this government and certainly I hope that the new Minister of Urban Affairs will certainly treat the city in a more fair manner than has been up to this point.

When we look at the support for the current budget, Mr. Chairman, just excluding social assistance now for a moment - I want to make some comparative numbers - social assistance is a creature of demand. If there is no unemployment and everybody is working and everybody has a reasonable income, then they are not going to apply for social assistance and the cost is low. But certainly in a time when unemployment is high, when job creation is not forthcoming to the extent that it might, then social assistance demand is going to be higher. That will distort numbers from year-to-year, depending upon the kind of unemployment and the kind of other problems that result in social assistance being required. So, Mr. Chairman, if we just for a minute remove social assistance from the equation, then total financial assistance to the City of Winnipeg over the last few years is as follows: in 1983, \$63 million; 1984, \$66 million; 1985, \$58 million.

Now here's a 1985 commitment made in January of 1985 where the Honourable Mr. Schroeder, Mr. Chairman, stood up and indicated to the city that there would be no increase, because of federal cutbacks now in 1985, he cut back from \$66 million to \$58 million. In fact there was a 6 percent increase in federal transfer payments, Mr. Chairman, at that particular time, but the indication was from the then Minister of Finance to the city, sorry, Feds are cutting back; we have to cut back. The Minister of Agriculture might be interested in those statistics, Mr. Chairman, because that's the kind of thing that happened and I think it was blatantly untrue and ought not to have been advanced. Had we known at that particular time, it could have been publicly exposed. And in 1986, Mr. Chairman, \$60 million; again a slight increase over 1985.

But as a percentage of city revenue, the provincial grant represents a decrease of 1.1 percent over that five-year period of time, a decrease, Mr. Chairman, of 1.1 percent. Now if that's the great support that this government places in the City of Winnipeg, that it wants to make sure that 60 percent of the people of this province are looked after, that adequate funding is presented, Mr. Chairman, a 1.1 percent decrease over a five-year period I somehow doubt would wash with very many citizens of this city, particularly when their tax bill is going through the roof.

Mr. Chairman, the direct estimates in the Urban Affairs department, including capital for this year, represent a reduction of about \$5 million or about 8 percent over last year. That of course does not include the \$4.7 million of additional revenue from the water rental rates that are being applied as well so that it could be well up in the 12-to-15 percent cutback range if you build in the additional charges - well not a cutback directly in expenditure, it in fact is a cost to the City

of Winnipeg - and will certainly reduce their ability to meet their own commitments without a further tax increase.

So, Mr. Chairman, with an 8 percent cutback in direct funding, with an increase of \$4.7 million in water rental rates, with a general overall over the last five years 1.1 percent reduction in grants to the City of Winnipeg in terms of their own budgets, then, Mr. Chairman, I fail to see how the Minister can live up to his commitment of dealing fairly and reasonably and getting on and doing things in the City of Winnipeg. It's going to be awfully, awfully difficult if he doesn't have any money to do it with.

Yet you know, Mr. Chairman, it's funny, but somehow money seems to be found when we have Legal Aid, for instance, funding the organization called the Self-Help Alliance for Fair Taxation. Mr. Chairman, they could find money for that, but they can sue the City of Winnipeg, that is the taxpayers of the Provincial Government fund a group of citizens to sue the City of Winnipeg for over - for reassessment. Mr. Chairman, money can be found for things like that but it can't be found to deal with the real problems facing the City of Winnipeg. It's unfortunate that it doesn't seem to be changing based on, certainly on the Estimates for this year.

I'm pleased to see that the Core Area Initiative has been extended. That's a major, major program for the City of Winnipeg; one that's had a great deal of success attached to it. I know when my honourable friend, the Member for St. Norbert was the Minister of Urban Affairs in 1980 when that program was announced, that he had very great high hopes, Mr. Chairman, as did the other members of the policy committee that the Core Area Initiative would really mean something to Downtown Winnipeg and I think it has. There have been successes, there have been some pretty blatant failures quite frankly, and there certainly has been a little tinkering down when the Pawley Government took office in 1981, when quite frankly they botched the entire major thrust of the Core Area Initiative. They took — (Interjection) — the Pawley Government did. They blew it, quite frankly Mr. Chairman. A total botch-up is what happened with respect to that particular program.

They took the centrepiece of the Core Area Initiative, the Logan Industrial Park, where they were going to have a training centre, they were going to have 20 acres of land, they were going to have industries in there that the training centre would provide employees for, take disadvantaged inner-city citizens, train them in that training centre, directly related to the industries, Mr. Chairman, that were going to surround that particular training centre. But what did they do? They botched it. They turned it into Logan Woods. They turned it into \$100,000 to \$135,000 homes next to the CPR yards, underneath the Salter Bridge. Now you tell me that isn't a botch-up, Mr. Chairman, when \$135,000 homes that are empty — (Interjection) — Slaw Rebchuk Bridge, I apologize. But the fact of the matter is, it was the Salter Bridge at the time the botch-up occurred, but \$135,000 homes? You tell me, Mr. Chairman, if that isn't a gross mismanagement of that particular sector of the Core Area Initiative.

What do we have today? We now have a garment plant that's there, quite frankly, not because anybody encouraged it. The fact of the matter is, Mr. Silver came

to me three years ago and said, look, I want to go in there. I said, we can't do very much at the moment because, quite frankly, the Provincial Government is fooling around with it.

They had wanted the agreement changed. They had wanted the funds transferred out of the Logan area Industrial Park. They wanted those funds changed to employment and training, quite frankly, which is another botch-up, and we'll get to that in a minute. The fact of the matter is that particular industry is there almost in spite of what happened, instead of because of what happened.

There have been many successful programs in that, Mr. Chairman. I don't want to be too negative. I mean, apart from that major botch-up, the Small Business Program, the Heritage Program and a number of others have been excellent, excellent programs and have seen many new industries and new jobs created in that sector. I commend all persons involved, all levels of government involved in that particular program because it is well worthwhile and was well done.

Mr. Chairman, again, they're still hanging on to this job training business. The job training was the other classic failure of that particular original Core Area Initiative Agreement. I think the numbers came to somewhere in the area of \$28,000 a job, what it cost. Mr. Chairman, \$28,000 a job. We'd almost be better off to give them the \$28,000.00. We'd have saved it at least in social assistance payments.

But, Mr. Chairman, they're still going on, and they want to put more money - I believe the figure is \$12 million; I could be corrected - but I believe it's \$12 million into that particular program. I think that other program resulted in one bus driver. I think it resulted in three nurses and half-a-dozen social workers. Fully half of the jobs - the numbers may be slightly off, Mr. Chairman, but the numbers are significantly small in any event to make it very, very questionable.

Not only that, over half the jobs that were created under that particular program were created in the public sector; half of those jobs in the public sector. They could have been created without expenditure of a dime. We don't need a Core Area Initiative to create jobs in the public sector. You simply create a program and fund it.

As a matter of fact, the Department of Urban Affairs is a good example of that kind of thing. You can pull people in off the street, put them in there, and they're instant experts. But that kind of a situation, Mr. Chairman, doesn't need \$28,000 a job over and above that. It doesn't need that.

I hope in the future, with the Core Renewal Agreement, that at least that particular program will be dealt with a little more common sense than has been dealt with in the past.

One other concern that the Minister indicated in his opening address, Mr. Chairman, was that he is really not going to deal with The City of Winnipeg Act review. I find that most unfortunate. I don't agree, certainly, with all or necessarily more than half even of the recommendations put forward by the Cherniack Commission. The fact of the matter is, Mr. Chairman, they did do it; they went out to the public. They got public hearings. They got input from heaven knows whom. They invited people to come; they cajoled them; they pushed them. They did everything they could to

get as much public input as possible, Mr. Chairman, and they don't need any more public input. I think the time for public input certainly in that direction is past. The time for action is now.

The fact of the matter is that, with respect to The City of Winnipeg Act review, the time for action certainly is upon us, because what's going to happen on October 22 of this year is a civic election. Mr. Chairman, if we don't implement some of the things contained in that act or make some changes, then we're going to be in trouble because it's going to be three years down the road before those changes can be made again. If we wait for three years, we're going to have a review that's four years out-of-date and may require another review.

I'm very concerned that some actions are not going to be taken this Legislative Session to deal with, at a very minimum, the size of wards in the City of Winnipeg. Quite frankly, Mr. Chairman, the Legislative Assembly deals with it on, I believe, a 10-year cycle, but that's dealing with the broad scope of the whole province. In the situation - we have wards in the City of Winnipeg that have 15,000 people in them and we have wards that have 30,000 and 40,000 people in them. Mr. Chairman, in four years' time, it's going to be worse, much worse.

It's unfair that the members of council who are dealing with wards of 40,000 people and fielding the complaints; those primarily are growth areas as well. Mr. Chairman, it's unfair to have a councillor representing that area having to deal with the horrendous multitude of problems that come from a ward like that. It's unfair for him to have to deal with it at the same time as a person whose responsibility is only for 15,000 people in an area basically that's older, established and doesn't have near the problems that the growth area does. Mr. Chairman, it's blatantly unfair.

We're not doing anything about it to correct it. Quite frankly, Mr. Chairman, we're going to really compound the problem, because we're not going to deal with it for another three years or more. I don't think that's fair, and I think the Minister should reconsider that. He should either look at (a) extending the term of the existing council for a year if there isn't time to deal with those particular problems or, failing that, to bring in legislation immediately. I'm sure that the members on this side of the House would give favourable consideration to that to deal with that particular problem alone, because of the blatant unfairness there is to that particular situation.

I can understand that, in the process - well, as an aside perhaps, Mr. Chairman, I might have accused the Minister of saying, well, the NDP traditionally have done well in the Inner City; therefore, they don't want to change any of the ward systems until after the election, because they might reduce the number of NDP councillors elected to City Council. If I was a cynic, I might say that, Mr. Chairman, but I'm not so I won't.

Mr. Chairman, there are a number of areas in The City of Winnipeg Act that need some additional looking at. I wouldn't want to jump into those because they do require some research and some consideration. At the same time, though, I don't think it's fair to say that they can, for instance, deal with it at the next Legislative Session and then impose it upon a council who did not run under those conditions. I think that's another major concern that has to be addressed, Mr. Chairman.

How can you go to a member seeking public office under one set of rules and conditions, have him get elected, and then be forced with a whole new set of rules and regulations after he's been elected? He may not have chosen to run had those rules and regulations been in place, but he ran on the basis of what was in place at the time. Mr. Chairman, I don't think it's going to be very easy to implement those kinds of changes in The City of Winnipeg Act in advance of an election. They're going to have to wait for four years as well and, by then, they're going to be out-of-date or could substantially be out-of-date.

Mr. Chairman, in conclusion, I want to say that I think the Minister has his plate full. He's got to deal with some of these very technical issues, some very controversial issues. He's going to have to answer publicly for a number of them when they present themselves in the public eye.

Thank you.

**MR. CHAIRMAN:** Now the members of the departmental staff, if they are ready.

The Honourable Minister.

**HON. G. DOER:** Thank you, Mr. Chairman. I don't know how we're going to go through the Estimates, line-by-line or the whole works? I understand, in past years, they've done it different ways. So however the critic wants to do it is fine by me.

**MR. CHAIRMAN:** We're going to do it line-by-line in order to focus the discussion. Deferring Item No. 1.(a) relating to the Minister's Salary as the last item, we shall start with 1.(b)(1) Executive Support: Salaries.

The Honourable Minister.

**HON. G. DOER:** I think the members opposite know the staff. Certainly, I'm sure the Honourable Critic knows the staff: Peter Diamond, the Deputy Minister; Jim Beaulieu, director of Administration and Finance; and Peter Walton in charge of policy coordination.

I'd just like to, Mr. Chairman, respond to a number of the generic points raised by the member opposite. I find it rather interesting that the member opposite would agree to a Minister and Deputy Minister and financial staff, but would suggest that the seven staff, I guess implicitly in the Policy Coordination Branch, are bureaucrats second-guessing city bureaucrats.

Just two minutes ago, the member made the point that you've got a plateful of work in terms of reviewing The City of Winnipeg Act and I would agree with him. We do have a plateful of work, a considerable amount of work. We also have a considerable amount of work in terms of the priorities of the province for the Core Area of some \$33.3 million over the next five years. We have a considerable amount of work in terms of the provincial priorities on North Portage. We have a considerable amount of work in completing the ARC Projects and, in addition, looking at the renewal program.

So, I think seven staff in a Policy Coordination Branch to deal with just some of those major financial and priority issues for the province is a very lean staff. In fact, if you look at the Salary budget for that item, it's some zero percent. When we looked later on, in fact,

I think it's even 1,000 less than last year. In the area of the Administration Branch, it's a 4 percent increase; and, yes, there has been an increase in the executive staff in terms of getting a singular department. But in terms of overall priorities of the department, by freezing one position that the member opposite has mentioned, by having a Minister which is only a \$20,000 increase in expenditure - we have one secretary in that office, a part-time secretary works between the Deputy and the Minister's office. In addition, two other staff is a relatively small increase when one looks at the total budget.

I'd like to also make a number of other points in terms of the member's comments. The statement was made that certainly we should not produce the capital and other budgets on the day that the city is fixing their budget. I would agree with that. There is no question that the earlier the announcement the better. But I also personally believe that when a government is seeking a new mandate and other parties are contesting that mandate, that in a democratic society one must receive the mandate first before one can determine the financial resources and funding priorities as a newly elected government.

I would object strongly to the suggestion of the member opposite that staff within the department should establish those priorities. Certainly they should communicate with the city officials. In fact, the final amounts of money that were placed in our budget versus the amount of money that we communicated with my predecessor, the Minister of Health, was \$400,000 and something off in that major budget. Since that time, with the increased transfers of tax sharing, we don't consider increased grants; but, just in terms of the city's budget, that has been under \$400,000.00. So we were very close even in preliminary estimates versus what was actually communicated.

But I believe strongly that, if members opposite were elected, it was their right to decide what that funding would be. I believe very strongly that if we were re-elected, it's our mandate to determine the priorities with all departments, including the City of Winnipeg. So, it is unfortunate.

I would agree with you that the city should have as early knowledge as possible and I know the previous year we had problems with us not knowing what we were going to get with the Federal Government and it was late as well.

It will be my intent this year to work with my colleagues to give the earliest and most predictable amount of numbers to the City of Winnipeg as we can; but I still maintain that a-week-and-a-half after the election is not an undue length of time given that both parties were seeking either a renewed or a new mandate. I believe strongly - and I have expressed this to the Policy Branch or the official delegation of the City of Winnipeg in terms of I believe strongly that those decisions must be made by the people who have been elected by the people.

In terms of funding to the City of Winnipeg, excluding social assistance during what has commonly been considered right across this country as a recession, depression, whatever term you want to use, is just a fantasy land. One cannot deal with the funding to the City of Winnipeg and the City of Winnipeg people and exclude magically with a wand, so to speak, the dire



needs of people that must unfortunately - and many certainly not in terms of their intent had to go on social assistance.

So, when we look at the numbers in total dollar terms, we can produce figures over the last five years that show a 56 percent increase in funding, both through the Department of Urban Affairs and departments in the Government of Manitoba that provide needed services, I would argue with social assistance, essential services to citizens of the City of Winnipeg. So it may be nice to exclude social assistance, but it's not the real world. We, in this government, make decisions based on reality and not what we would like to see happen - so the whole area of 1.1 percent relative to the City of Winnipeg spending in terms of decrease in the province's spending, again, if the City of Winnipeg decided to build 100 bridges tomorrow in useless areas, and therefore our percentage decreased - and I'm not talking about the Charleswood Bridge yet - but if our percentage decreased — (Interjection) — that's right I wouldn't, there is only one that we see, of course, the Kildonan Bridge — (Interjection) — well, I got support from the Member for River East and certainly the Member for Rossmere.

But if, in relative terms, city councillors gave themselves 600 percent increases and they gave all their senior staff increases way beyond our funding and they built bridges that had no reason to be built and our percentage, therefore, of the spending decreased, so be it. So our percentage of spending relative to the City of Winnipeg - that's a decision of the City of Winnipeg councillors, and I'm sure the member opposite had a considerable amount of say over the years in terms of what that would be. But our increases in terms of urban and other departments has gone up 56 percent in the last five years which is above the inflation rate. It could be higher, certainly, in terms of meeting all the needs of the citizens. It could have been lower considering all the tough financial times and the cries opposite in terms of our deficit. But it is on balance, balanced.

In terms of the water rental rates, I would agree with the member opposite that that was a surprise, so to speak, with the City of Winnipeg in terms of their budget and, because of that, the Minister of Finance and myself met with the Mayor and the chairperson of the Department of the Finance Branch of the City of Winnipeg and a number of other officials.

We have agreed to monitor two things. One is the amount of money that it will cost the City of Winnipeg for their direct rental charge for the dams and operations that the City of Winnipeg operates and the projections for this fiscal year are some \$700,000.00, I believe. The second area we agreed to monitor - and it may not turn out to be \$700,000 - and meet again with the City of Winnipeg is the indirect charges, the amount of money it costs them to buy the power from Manitoba Hydro which I believe for this fiscal year will be approximately 1.8 million. If the same percentage charge continues for next fiscal year, and that's still to be determined by the Minister of Finance, the year-over-year costs will be higher. But we have agreed that the door is not shut on that issue with the City of Winnipeg, that the budget is shut, but the door is not shut in terms of its impact on City of Winnipeg residents and what that will mean in terms of our dealings with the city financially.

The member opposite mentions Legal Aid, the Legal Aid case in terms of property tax assessment. One of the advantages of a Legal Aid Public Advocacy Branch is it deals with long festering issues that some groups of society do not have the resources to deal with. One of the disadvantages is that when governments are taking action that may be perceived or actually illegal, so to speak, or immoral, then there is a Public Advocacy Branch to deal with that.

I happen to agree with that philosophy, although I don't like living with the court decision in terms of 1987 property assessment. I'm sure members here did not agree with the decision of the Legal Aid Advocacy Branch. They intervened when the Minister of Energy and Mines went before the National Energy Board and intervened against us in terms of the development with the Limestone project; but that is one of the prices one pays for in terms of the philosophy of a Public Advocacy Branch of Legal Aid. I don't like it when it's dealing with us. I'm sure City Council doesn't like it when it's dealing with them, but that is one of the philosophies of this government, to provide those resources so that cases which are illegal or perhaps immoral can be dealt with in proper arenas.

It certainly doesn't feel any better when it's been dealt with, with you, and we have to live with the consequences of it, but I think it's a proper role for a public legal aid branch to take.

In terms of the core area, I'm sure we will be getting into the ever inflated prices of that Logan housing. I think, if I recall correctly, without even looking at the briefing notes, etc., it was \$118,000 or so in the budget review of some two months ago and now it's \$135,000.00. Certainly the value of that is certainly going in Logan Woods, as the member opposite would describe it.

We are pleased that — (Interjection) —

**A MEMBER:** You won't give us the real numbers, so we can't . . .

**HON. G. DOER:** We'll give you some numbers, certainly when we get into the specifics of that.

We are pleased that not only do we have a major traffic artery to the North End improved, which did take some acreage in that area, the Slaw Rebchuk Bridge. We are certainly willing to debate the numbers, in terms of the cost of housing in what has been commonly referred to as the most neglected area of Winnipeg, and the cost of housing in half of that site, and we're also pleased that we have the new development, the Western Glove - it doesn't make gloves, but makes a lot of other things, as I understand it - development in the industrial site. — (Interjection) — Well, five years, I'm pleased it's going in. I'm pleased that it's been announced; I'm pleased it's going in; I'm pleased it will create some 220 jobs in the next number of years. I'm also pleased that it will have an affirmative action program because that is the kind of employer we require in that area.

I'm also pleased that it has such innovations, such as a day care centre for many parents, etc., in that area, single parents in that area that require that kind of service.

The City of Winnipeg Review, on the one hand we heard the time for action is now. There's no question

that the report came in a little later than we wanted it and we couldn't deal with some of the issues such as the boundaries, the type of City Council, the way in which you establish boundaries and a number of other aspects of the City of Winnipeg Review, including the suggestion that we extend the mandate for the existing councillors by another year to implement the report.

On the one hand, the member opposite has suggested that one requires an election to get a mandate and the rules should be known before a person runs. Certainly, none of the councillors who ran now were aware of the fact, or were the public, that they would have a four-year term instead of a three-year term.

I think there are some major problems in the way in which we establish boundaries in the City of Winnipeg and a number of other things in the City of Winnipeg Review. I like the system that we have. This is a personal feeling, the method by which, in the province, we have a somewhat independent method of taking census data and establishing boundaries in, hopefully, as fair a way as possible.

I think establishing — (Interjection) — I beg your pardon?

**A MEMBER:** What do you think of the Minister of Municipal Affairs?

**HON. G. DOER:** The problem - well, of course, he was elected, but I won't rise to that debate.

The problem of course is that we're going to get census data, based on the June census, very soon; in fact, December. I would agree that there are a disproportion of wards in the City of Winnipeg now into the 1986 elections, but I don't want to just slap a band-aid on it. In fact, we couldn't even get some names back from the City of Winnipeg for the Boundary Review. I don't want to slap a band-aid on it; I would prefer to look, in conjunction with my colleagues and in conjunction with the City of Winnipeg, at a long-term solution to establishing boundaries in a fair way that appreciates a fair criteria for establishing boundaries, such as we have, to appreciate remoteness in the North in the province and the density in the south, but that is a whole other area.

I just want to finish - and I've also mentioned that the City of Winnipeg Council has not yet provided us with specific input on how they see that City of Winnipeg review operating. You've just, in your opening statement, said that we need some practical experience to know where the slings and arrows are in City Council. Well, we are going to get the written response from the City of Winnipeg if they can get a consensus together on where they should be going. If they can't get a consensus that also tells us the style and ability of that government to respond in a coordinated manner to a joint problem. It will be rather interesting to see if they can hammer out a solution in a room, because that in itself tells us something that we've been hearing from the Minister of Health and other members here.

In closing, the member opposite - and we will be discussing, I'm sure, the Core Area Agreement in terms of the housing issues - has quoted \$28,000 per job and has stated that it's better just to give them that money and keep them on social assistance. Well, we

have more than one person or two people hired for certain jobs and we will be prepared to bring out those numbers. But the whole area of the Core Area Training Program, which is supported, I might add, after his Paris encounter by the deputy critic across the way and was not commented on by the Conservative Party when they presented a brief to the Core Area Renewal Program, there were no comments on that particular program.

The employment program is taking unemployables, long-term unemployables and giving them the skills to remain employed in our core area and other areas of Winnipeg.

I remember the old saying, that you can give a person a fish and they eat for a day; you teach them how to fish and they'll eat for their lifetime. The whole philosophy behind the Core Area Training Program is to take unemployables, give them the skills to get them off welfare, not just for a year or two years, but for a lifetime. That eventually will be the way in which the Core Area Retraining Program will be evaluated, but I'm pleased to say that there's a community consensus on providing not only the same funding for the Core Area Retraining Program this year but additional funding. We certainly stand by the decisions of the three governments, the City of Winnipeg, the Federal Government and ourselves in renewed priorities for the training.

I would agree that there will not be a short-term success in this area, but we're looking for long-term success as the goal for the whole Core Program.

**MR. J. ERNST:** I thank the Minister for his responses. I can't agree, unfortunately, with many of them, but the one thing I do want to bring to the attention of the Minister and the attention of the committee, we have been accused, on this side of the House, of wanting things both ways ever since I came here, back on May 8. Mr. Chairman, we've been accused of saying we want it one way or we want it another. We had one of our members even made a slip of the tongue in that regard, Mr. Chairman, want it both ways. But the Minister has just indicated he wants it both ways, that that government wants it both ways with respect to the funding. They use the same argument for a reduction in the funding of City Council or the funding of the City of Winnipeg that they've been laying on us and laying on the Federal Government as the reason for cutbacks there. Now, Mr. Chairman, you can't have it both ways and they had better learn that right away.

With respect to the rationale for his staff, the fact they needed that section of the department because they had to review The City of Winnipeg Act. Those were the Minister's words. Mr. Chairman, they contracted out that department already. They contracted it out to the Cherniack Commission. They got a report. Now do they need another set of staff to review the report of the contracted out? I don't think so; they need to make some decisions. The Minister has to sit down and he has to make some decisions. He doesn't need another whole bunch of staff there to determine whether or not this should happen or that should happen. The Minister should know; he's responsible. It's his job and he should take a paper to Cabinet indicating the kind of changes that should take place.

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Mr. Chairman, just one further comment with respect to the boundary changes. I appreciate the Minister wants to have a form put in place to deal with the boundary changes and that's laudable. I concur with that. However, to suggest to the committee that they have to wait for the census data, Mr. Chairman, I think is ludicrous.

The Manitoba Health Services Commission has the most updated information and it's probably better than the census ever will be. They know exactly how many people are here. The census excludes certain groups of people from the province when, in fact, MHSC does not. MHSC deals with everybody, so that statistical information is available by pushing a button, by making a telephone call, and the computer will spit out the census data based on MHSC. Mr. Chairman, that's a lot more current, so I don't see that as an argument. I think that he should get on with the question of dealing with the realignment of wards before the next four years are up.

Mr. Chairman, perhaps we can go into the individual Estimates on a line by line basis.

A couple of weeks ago, the Minister was kind enough to provide me with an organizational chart dealing with that particular department. Perhaps the Minister could run through the organizational chart for me and just give me a brief explanation of — (Interjection) — Sorry, Mr. Chairman, through you to the Minister. He provided this organizational chart of the department to me a couple of weeks ago. Perhaps, if he wouldn't mind, he could just run through that organizational chart and give us a brief explanation. There aren't all that many positions there, if he wouldn't mind just going through it, just giving the committee a brief indication of what the jobs of these people are and the type of requirements necessary to fill those positions. Basically, Mr. Chairman, if I could, what do they do all day?

**HON. G. DOER:** Thank you, Mr. Chairman. Well, the Minister, I think, is hopefully self-evident to the member opposite, in terms of its role in the department. The Deputy Minister, you've already stated that you believe there should be a Deputy Minister. I assume the Deputy Minister, as in all departments, is the chief executive officer of the day-to-day operation and administration of the department.

You will note that on the left of the department - and I've mentioned in my letter to you - there is one secretary to the Minister, and one half-time secretary who is shared between the Deputy Minister and the Minister. I should point out that the normal staffing, I believe, is two and two in the government. We are lean of that and it's a small department, so I don't see creating any other positions in that area. So it will be one-and-a-half secretaries for each the Minister and the Deputy Minister - well, one-and-a-quarter, really, because it's one-half time divided in half.

On the left again is the executive assistant to the Minister, who, as members opposite know, deals with the constituency work; and the special assistant who deals with the department on a day-to-day basis, on behalf of the Minister through the regular administrative structure.

**MR. J. ERNST:** I wonder if I might interrupt the Minister at this point and ask him . . .

**MR. CHAIRMAN:** Will the Honourable Minister yield the floor?

**HON. G. DOER:** Yes.

**MR. J. ERNST:** If he could, with respect to the special assistant, what qualifications are necessary for that kind of job; what kind of experience, etc.?

**HON. G. DOER:** The executive assistant and special assistant are both political appointments made by Order-in-Council through Cabinet. They are positions that are - the executive assistant deals with the constituency work and I could say it's the former president of the Concordia constituency and very qualified. The special assistant is, again, a recommendation of the Minister to the Premier and Executive Council. They are both political positions. They are both in the department. It's the same structure for all departments of government. There are two political staff, as there were a number of executive assistant staff in other departments in the previous administration. To be perfectly honest, those are political assistants.

Moving across to the far right in terms of the administrative staff, there's a secretary to the Deputy Minister; there's a communications position that is vacant. I have asked that that position be frozen. In fact, the money in there will be used to meet other - well, to decrease what would have been the year-to-year impact on the spending in the department at that level. I'm assessing whether we need it or not or, if we do, in what capacity, etc. It will not be filled to impact certainly in this fiscal year, to any great degree, but we certainly may look at where there are voids in the department, in my estimation, notwithstanding the fact that the member opposite disagrees, but if there are voids in the Policy Coordination Branch, that's certainly what I want to look at, but I want to be sure of that first. I don't want to just go out and hire holus-bolus.

Moving along to the right, answering to the Deputy Minister is the Director of Administration and Finance, Mr. Beaulieu, who I'm sure the member opposite is aware of. He and his department coordinates all the administration in our department; works with the Minister in preparing Estimates; works with the City of Winnipeg in preparing cash issues for the City of Winnipeg. He's presently negotiating - subject to ratification of the Cabinet - the six-year capital project with city officials. He works on ensuring - in fact this week prepared Order-in-Council to ensure that the money was flowing by August 17, as required, for the City of Winnipeg. Provides information on a whole host of related financial issues in the City of Winnipeg, although we're not directly affected by - we are affected - but although directly not responsible for delivering, for example, property tax assessment. He's certainly the person I've been asking for advice on what the impact is and bouncing ideas off of him. He, of course, coordinates the branch going down and Jim, of course, is not only I think president of the Canadian Administrators' Group, but is also an accountant. He's got a couple of accounting degrees; I don't know how many. — (Interjection) — He's okay? We've got a great department.

Bob Bamburak: Bob works as a senior urban grants coordinator. I know he's got a degree. I know he's been working teaching accounting as well. Again, there's a considerable amount of projects, as the member opposite is aware of, in flowing the \$34 million plus the capital projects, plus keeping track of the Core. We get the money in from Winnipeg 100 percent; we get the money in from the feds - and I don't understand all of this yet - we get 80 percent from the feds and we flow it back in and around through our department. These people know all about that. I've tried to learn it; I welcome you to learn it, but he works in that department.

The Senior Urban Finance Coordinator, Harriet Permut, again is qualified in financial policy matters, does the review of some of the taxation impacts in the City of Winnipeg, keeps track of some of those matters, again works in consultation with the other two members on it.

The Administrative Officer runs the office, both for Deputy Minister and the Policy Coordination Branch and the Administration and Finance Branch. We have the clerical support listed under there in their appropriate classifications; I believe you have the classifications there.

Moving over to the Director of Policy Coordination Branch, as I mentioned before, . . .

**MR. J. ERNST:** Before we go across to the other side, the two that I have some concern about are the Senior Urban Grants Coordinator and the Senior Urban Finance Coordinator. Can we expand a little maybe on the duties of those people as opposed to - it seems to me, Mr. Chairman, that - and I can appreciate that being an Administrative Officer you need Mr. Beaulieu's position as the department head, but I find it difficult that we have a couple of second-guessers here, as I referred to in my opening remarks in my view, and I'd like some further detail on what they do.

**HON. G. DOER:** Well, they're not second-guessers. Believe me, Mr. Beaulieu runs a very tight shop, I can assure you. The Urban Grants Coordinator works in terms of the grants that are going to the City of Winnipeg. He monitors those grants and ensures the cash flow of those grants, the accounting of those grants, the specifics of the CORE, the specifics of the money that's flowed to the North Portage, working in consultation with the Director of the Branch.

In terms of the Urban Finance Coordinator, that person has been working on taxation, the proposal on business commercial taxation that we are still working on, has been working on the impact of all taxation policies; what would a property tax credit do or not do if we don't raise it.

I believe the individual who worked before in Government Services under the former administration, doing some of the similar jobs and responsibilities in financial impact when the Minister of Municipal Affairs was dealing with Bill No. 33 and Bill No. 100. She was the individual that briefed me on the impact of what that would be and whether that was a logical move for us to go forward. She also works at coordinating the UICC meetings, all the material, the background material, etc. In fact, in terms of the pressure that comes

on to administer over \$47 million, but also to identify all the other problems, I don't see there's any running in at all of each other in terms of my experience in the last eight or ten weeks in dealing with that department.

One deals with most of the impact of taxation, etc.; the other one deals with just the flowing of the money to the City of Winnipeg and all the other projects. As I say, there's over 34 projects, I believe, that we flow money to. Both individuals work very closely together. We don't have them working in an office saying that's not my job. Core is important and we got to flow money there, or if property tax assessment is important, or something else is important, it's really a team. But I don't see any duplication or waste in that area.

**MR. J. ERNST:** One further question, Mr. Chairman, if I may. That's fine; and I appreciate that there are certain projects that have to be looked after and so on. But quite frankly, to account for the fact that money flows through on a particular basis, one way or another, I think is a function of an accounting clerk or an administrative officer or something along that line, not necessary to have a coordinator at some significant salary no doubt to cover off the fact that money happens to flow through under programs that are committed by the government or are committed by the Minister. I still fail to see where these people are really - and again, Mr. Chairman, I don't want to reflect on the abilities or the work output of any individual. That's not my intention in dealing with these questions at all. Certainly I don't want to be seen as reflecting on individuals at all. I'm sure that they are carrying out their duties as assigned with all due diligence and dispatch.

What I am concerned about, though, is the fact that the job is there in the first place. That's my concern and that's the area that I want to focus on. Perhaps the Minister can comment again on those two positions and why you need a coordinator to funnel - certainly the ARC Program existed on a whole lot less people than that with a very great amount of money. I don't see where these two positions are necessary.

**HON. G. DOER:** Notwithstanding the comparison, the Senior Urban Grants Coordinator works on flowing money, as I mentioned before, some 34 projects, both directly in Urban Affairs and in other departments. The Senior Urban Finance Coordinator works and has been working on areas of financial policy issues which are somewhat different than just flowing the money. If a department is going to change something like The Lien Act, we get some analysis from that individual; if we're getting changes in The Municipal Act - I'm just relaying some of the experience I've had dealing with the incumbent of the position.

The whole effect of assessment in the City of Winnipeg, that individual has been working on all - we haven't got all the numbers yet but some of the preliminary numbers that individual is working with which I consider a priority, quite frankly. They deal with all the taxation policy issues, all the administrative policy issues, the individual deals with the policy issues. So it's one thing just to flow an account for the money in a professional and senior way as we do on the Urban Grants Coordinator; it's another thing to have proactive

or futuristic decisions on policy or reacting to policies other people establish that gives you a policy analysis of the financial impact. That's very essential in my mind in the Department of Urban Affairs with the kind of money we're talking about.

**MR. J. ERNST:** Mr. Chairman, this Urban Grants Coordinator then maybe has missed something because I understand, in talking to the Minister of Health or the Minister of Urban Affairs, that the \$1.8 million grant that was made to the City of Winnipeg to complete the deal for the Winnipeg Jets three years ago, is still in the hands of the City of Winnipeg and never was carried out.

**HON. G. DOER:** That money has been placed in trust some two or three years ago. The Minister of Health knows exactly where it is, the Minister of Finance knows where it is and I can assure you the Minister of Urban Affairs knows where it is. We also know it's not designated; it's getting interest.

You asked the questions to the Minister of Health when he was dealing with Sport, I recall, with a little gleam in your eye. I'm sure that information has gone over to the City of Winnipeg in terms of our answers. The Minister of Health responsible for Sport gave you an answer that he would be willing to sit down and still negotiate that amount of money but we know where that money is. All three Ministers know where it is. I'm sure everybody in this government knows where it is because everybody's got a couple of projects that are needed, including the Minister of Finance which is deficit reduction.

**MR. J. ERNST:** Everybody may know where it is. The problem is that they don't have their hands on it. The money is over at the city bearing interest if nothing else, given a couple more years of procrastination, if you will, or whatever, quite frankly the amount of interest which the city will keep will be more than the original principal. So, Mr. Chairman, I have to wonder that you have a Senior Urban Grants Coordinator, you have accounting clerks and administrative officers and the Director of the department and everything all know where it is but they can't get their hands on it. Mr. Chairman, I'm wondering whether that's efficient but apart from that, we'll carry on.

One other concern that the Minister indicated with respect to the Finance Coordinator position, in dealing with the question of assessments and taxation and a number of things, I understand from the Minister of Municipal Affairs that he's got his department working on taxation problems from the City of Winnipeg. He's got the Assessment Branch of the province working on these particular things and now I gather that the Department of Urban Affairs has its own people working on the same kinds of concerns with respect to assessment taxation and so on. Can the Minister indicate, first of all, are we getting any duplication of coverage? Secondly, who's coordinating that action, because all of it seems to be aimed in the same area? Yet we've got two or three different arms of government dealing with it. Can he respond to those questions?

**HON. G. DOER:** Yes, I have asked the department to look at, as a priority, the impact of the numbers that

are starting to come into the Department of Municipal Affairs, which aren't completed, in terms of its impact on the citizens of Winnipeg. I think to not do so would be irresponsible, even though one doesn't have the direct responsibility of assessment that is contained with the large staff in the Department of Municipal Affairs which has the priority or the responsibility of implementing assessment and assessment reform, etc., in the Province of Manitoba. So, yes, we have one person whose part of their job is to deal with that issue. I have asked that to happen; I consider it a priority.

Secondly, the government has established and the critic for Education has identified in the Education Estimates a committee of Cabinet Ministers who are working on a special task to look at the impact on assessment province-wide and for the City of Winnipeg. That committee contains the Minister of Urban Affairs, the Minister of Municipal Affairs, the Minister of Education and the Minister of Finance.

Although assessment and assessment reform and those matters have been questioned by the member opposite and are a matter for Municipal Affairs in terms of its responsibility, the impact in terms of Winnipeg is a concern of ours, a legitimate concern I think. We are pleased to be on that committee to raise our concerns, hopefully, on behalf of the impact of the potential assessment.

I believe that we have to have coordination between the aspects tied with education, between the impact on the majority of our population in the City of Winnipeg, between the Minister of Finance who is looking at all ranges of revenue and spending realities, and the Minister of Urban Affairs. So, yes, we have got part of a person doing some of that work. From my perspective, in terms of the priorities, I say that's very, very important.

**MR. J. ERNST:** Mr. Chairman, that's fine, and I appreciate the answer. I thank the Minister for that.

My one concern is: do we have to keep reinventing the wheel? It sounds to me like that may well be happening. Somebody in the Department of Urban Affairs is attempting to reinvent the wheel. Somebody in Municipal Affairs or a great number of people in Municipal Affairs are trying to reinvent the wheel, including perhaps those in the Assessment Branch who are also trying to deal with the same subject matter.

I appreciate that there is a coordinating committee, but I'm wondering whether we need to deal with this one-time particular problem. It will virtually go away once a system is in place to deal (a) with the primary assessment and then the ongoing reassessment problem. They're after, which I understand is also in the works, a computer program to deal with that particular matter.

Basically, Mr. Chairman, are we reinventing the wheel? Does the left hand know what the right hand is doing? Why do we need to have the left hand doing the same job as the right hand?

**HON. G. DOER:** Mr. Chairman, there is a question of the wheel, and it may be a wagon wheel versus a racing tire. There are degrees of assessment and impact, and it is not a perfect situation, as the member opposite has described. Where do we want to begin, the

technology in the City of Winnipeg that's absolutely providing horrendous problems in terms of getting the data? Do we want to start with the overall assessment in Municipal Affairs, which is problematic and has been problematic in every province where it's introduced? It's certainly problematic for the City of Winnipeggers, as you have pointed out.

To have an individual at this time assigned to do part of that, I think, from my perspective is a top priority. I certainly want to be briefed and keep current on the impact, and what we should be doing in the future, if anything, is a critical issue for the Department of Urban Affairs, as it is with the Department of Municipal Affairs. I think having the Cabinet committee of four people, which has been discussed I know at minimum in the Education Estimates, is essential. I think it's also essential for any person who is discussing those issues to have, hopefully, knowledgeable input so that one can go to those meetings not just flying by the seat of one's proverbial pants, but rather to have specific technical data that is useful to discuss this issue logically. It will become even more important as we get more information from the proposed reassessment.

**MR. J. ERNST:** Mr. Chairman, before we go on to the next section, the Minister made an offer a moment ago that I wasn't quick to pick up on. I did make a note of it, however, and I'd be happy to - he indicated, Mr. Chairman, if you remember that he had difficulty in understanding the process. He gave me the opportunity, he said, if I would like to try and learn the process that I would be most welcome. So I suggest, Mr. Chairman, that if he and four of his colleagues decide to resign, we'd be happy to take that opportunity.

**HON. G. DOER:** Well, I was speaking in the context of flowing money in and out of the Core Area Agreement. I'll give you some of the paper, and you explain it. I think I've been briefed well on how it flows. I do know that we flow our money 100 percent. We get the City of Winnipeg money at, I believe, 100 percent. We get the federal money at 80 percent, and we get it all in one little lump and then we flow it out on the basis of projects, some 34 of them. So I think I do understand it, but the — (Interjection) — I wasn't.

I know the Member for Pembina has no concern for the citizens of Winnipeg. I would appreciate if we could keep on top, Mr. Chairman - we've had a nice, intelligent debate without heckling until the Member for Pembina walked in and chirped up.

I thank the member opposite for his suggestion.

**MR. J. ERNST:** Perhaps the Minister of Highways who has a new residence in the City of Winnipeg might now have those same concerns that the other people in Winnipeg have, along I understand too with the Minister of Natural Resources who is also now a citizen of the City of Winnipeg.

Perhaps, Mr. Chairman, now we can proceed to the other . . .

**MR. CHAIRMAN:** Ready to pass 1.(b)(1)?

**MR. J. ERNST:** No, no, the other half of this flow chart that we started on a few minutes ago. Can we now

proceed to the other half of the flow chart that we were dealing with a couple of minutes ago?

**HON. G. DOER:** Mr. Chairperson, the Director of the Policy Coordination Branch, I've mentioned before that we have that individual responsible for the policy input that the province takes on urban issues. It's a very lean department, compared to the City of Winnipeg's, I suppose, but it should be. It's a department that provides us some evaluation and priorities for positions we should take. It deals with such areas as - you mentioned it already - the City of Winnipeg Review, the legislative aspect. It deals with all proposals from the City of Winnipeg on legislation.

It deals with the various projects, innovative transit and transit-related projects and transit long-term transportation in terms of the City of Winnipeg. The branch deals with the policy of our government in terms of providing advice on the core area, on North Portage. We'll be working on the task force at the officials levels for the CN property, if of course it's ratified by the other groups. It deals with issues such as community planning and community issues, for example, the funding of the revitalization projects in the city in conjunction with the City of Winnipeg officials. That would, I think, basically cover the branch. One of the positions is vacant. That was a former Transportation Officer, as I recall.

The Senior Urban Development Officer is now on maternity leave but has been an individual dealing with legislation and planning in conjunction with the Urban Planning Analyst who works with that individual.

The Senior Community Coordinator deals with the various community projects, some of which have been mentioned by the member opposite, and the Urban Policy Analyst is actually vacant as well and the Community Planning Officer, as I say, deals with revitalization projects, has been working on all the work with the business community, the business legislation, has prepared extensive documentation in terms of where we are going to be going with the business community in that area and provides advice on the additional zones and some of the zones outside of the additional zones, etc.

**MR. J. ERNST:** With regard to the Senior Community Coordinator and the Community Planning Officer, again, could we get a little more detail in terms of the kind of job that they function in, or the kind of duties they carry out?

**HON. G. DOER:** The Senior Community Coordinator would be dealing on all the working groups of the City of Winnipeg and the Federal Government in terms of the Core Area projects, in terms of where considerable amounts of funds will, in consultation with the department, where they will go once they are agreed to. That individual deals with projects of a community nature, has been involved in the North Portage project, has dealt with the Logan program, has dealt with employment and training issues within the Core Area Agreement, has dealt with and provides advice on the housing issue, for example, the Ellice component.

The Community Planning Officer has been dealing with many community groups in terms of community issues, has been dealing with the MWCRP legislation,

has been dealing with some groups in the North Portage liaison, has been providing some inventory of information so that we're ready to implement The Freedom of Information Act which has been passed and ready to be proclaimed by this government and has been dealing with information on additional zones and housing outside of the City of Winnipeg at my request.

**MR. J. ERNST:** Mr. Chairman, I thank the Minister for his answer; but, unfortunately, it's the same answer he gave me with respect to the Senior Community Coordinator as he did for the Senior Urban and Grants Coordinator. It seems to me he gave the same answer. They are doing the same things. Could he respond in that regard?

**HON. G. DOER:** They are not doing the same thing. Business legislation and working on that legislation with the business community, albeit we - and I'm sure we'll discuss it later - aren't ready to proceed this Session, as I answered in question period, is somewhat different than dealing with the training component of the Core Area Agreement, dealing with the housing component of the Core Area Agreement, dealing with the social services component of the Core Area Agreement and dealing with other areas in terms of the policy issues in the Department of Urban Affairs.

**MR. J. ERNST:** Mr. Chairman, when I was at the city, there was a move afoot by the Department of Urban Affairs to become involved in community - I'll have to get the terminology correct, now - it was a group associated with Community Plans, the Deputy will remember, I'm sure. There was a move afoot by the department to force the city into a community planning process and then to create internally in that community planning process a group of community residents, as it were, to deal with that. Is one of these positions dealing with that issue? If so, which one and how far is it along in terms of its implementation?

**HON. G. DOER:** The position, the Community Planning Officer works with communities and the City of Winnipeg on the, as I mentioned before, revitalization programs in consultation with - well, working right directly with the City of Winnipeg officials. I believe we're working on Lord Roberts, Spence Memorial, Weston and a number of other projects. So, in terms of the projection to have community plans under the Plan Winnipeg disagreement, that hasn't taken place. They are dealing more with the planning that's already identified and in the Estimates, not in terms of other plans that were part of the debate between the city and province on Plan Winnipeg.

The Senior Community Coordinator would deal, as I mentioned, with areas like Core and other projects. It would also deal with - the 40 staff dealing with housing in the City of Winnipeg — (Interjection) — with our department.

As I said, the Senior Community Coordinator deals with the Core North, the Core housing, Core training, Social Services under Core, Social Policy in Urban Affairs, as opposed to the Community Planning Officer who works with the - I believe there are a number of

staff working on community revitalization in the City of Winnipeg and the Community Planning Officer deals with the city staff on those community revitalization projects.

**MR. J. ERNST:** I'll continue that line of questioning then, Mr. Chairman. So the community plan "aspect" contained in Plan Winnipeg and I think in The City of Winnipeg Act, if I'm not mistaken, as well, is not in place, we don't have a coordinator dealing with that and it's not being forced on the City of Winnipeg at this time. Is that correct?

**HON. G. DOER:** I prefer not to force anything on City of Winnipeg. I have asked that the whole area of Plan Winnipeg and the continuing debate, I've read all the correspondence including letters from the member opposite. I've asked for that to be on the official delegation meeting in mid-September to discuss our concerns and to discuss their concerns. So certainly I'm not planning any unilateral action. I believe we should discuss it with the City of Winnipeg. I think they've got some concerns as well.

I understand they've got some concerns with us in terms of how development is proceeding: (a) in the additional zone which the city has some control over; and (b) outside of the additional zone. So I hope those things are on the agenda as well.

**MR. J. ERNST:** I thank the Minister for his response.

So, as I understand it now, we have a Senior Urban Grants Coordinator in the Finance Branch to deal with flowing the money into the Core Area Initiative, and we have a Senior Community Coordinator under the Policy Coordination Branch to deal with the substance of the Core Area Initiative. What do the Core Area Initiative staff do?

**HON. G. DOER:** The province pays, is projected to pay, \$33 million over the next five years. We believe we should have some accounting standards on how that money is spent, not only for ourselves, but for the money that flows from the federal and city government in terms of how we handle it.

Secondly, in spending that much money, we believe that the province, and we certainly believe the city and the Federal Government, who have a lot of officials working on the same thing, should also have a say in the priorities and the policy direction that they would have in the Core Area Agreement. We don't see that as a duplication. It helps us in negotiating the agreement; it helps us in implementing the agreement; it helps us in terms of the flexibility of the agreement to change money as priorities change, which has always been a consideration in the Core Area Agreement.

So to have a couple of staff in each area dealing with those issues with those sums of money, notwithstanding the North Portage Development, which is some \$22 million, notwithstanding the Capital Project, which is \$90 million, we're talking large sums of money over a period of time; and, yes, we need that kind of expertise and that kind of say and it's provided, I might say, in a very lean way. That doesn't obviate the role of the Core area office to be the implementer of the programs once the parties have decided what

it's going to be, how much is going to be spent. But I would not suggest for a minute that we should have a situation where money just flows holus-bolus to the Core area office without proper accounting that's acceptable to this Legislature and to the citizens of Manitoba.

**MR. J. ERNST:** Mr. Chairman, with what appears to be two less staff people - and I stand to be corrected - it doesn't indicate on the flow chart whether they were employed part or full time during the past fiscal year; but assuming that these positions were vacant - the communications administrative officer and the senior urban planner were vacant last year - can the Minister indicate why the Administration and Finance section of the budget has gone up some 23 percent, but I gather only one of those persons is contained in that section?

**HON. G. DOER:** That's right. You'll notice the Department of Policy Coordination goes up \$1,000 or so, quite less than last year, because there's been some turnover they start at a different level, quite frankly. So the spending in that department is negligible in terms of increase.

The Administration and Finance Branch has had no turnover. I think the increase is around 4 percent in terms of salaries. If I recall in my briefing that's based on a negotiated salary increase and some increments that flow for some people who are not at the top - not for everyone - some people have reached the top of the stage.

In terms of the increase - it is basically the creation of a Minister and I want to be open about that - the salary increases are at the creation of a Minister with the staffing standards that are for Ministers, although we have, as I mentioned, two less clerical support staff from the average. That is where the salary area has been increased but in overall terms, I think we've operated - in the Policy Coordination Branch and in the Administrative Branch - very lean and appropriately so under the times.

The communication position, the money will not flow into that position this fiscal year. There's some, but not very much, because I've said first of all I want to evaluate it, so I'm not going to stick the money in and not fill the position - I think that's dishonest - I think we cut some of the money out of there. But basically the money is for the policital assistants who are there, I want to be honest, I don't want to hide that. We didn't hide it in the Budget. We put it right out there for the creation of the Minister's Office.

**MR. J. ERNST:** I have no further questions.

**MR. CHAIRMAN:** 1.(b)(1)—pass; 1.(b)(2) Executive Support, Other Expenditures—pass; 1.(c)(1) Administrative and Financial Services, Salaries,—pass. 1.(c)(2) Other Expenditures.

**MR. J. ERNST:** Mr. Chairman, if I could just ask the Minister a question under Other Expenditures. Could he give a brief outline of what he's spending that money on?

**HON. G. DOER:** It's quite in detail. I knew it wasn't big ticket items, it's a lot of little stuff. The final allocation

is \$100, I believe, for aircraft - God knows what that will do - courier services, \$500; telephone, \$6,000; long distance, \$500; operating supplies, \$500; stationery, 3.4 . . .

**MR. J. ERNST:** Mr. Chairman, if the Minister can assure me that it's office operating costs, I'm not familiar with the process so it's somewhat new to me and I have to ask a question at one point or another. But if it's simply operating costs of the nature that the Minister has indicated, then I'm prepared to waive the rest of it. I don't need to have a detailed explanation.

**HON. G. DOER:** Mr. Chairman, I'm prepared to give a copy to the member opposite. I think there's only one area he may question - per diems for Environment Committee, \$3,000.00.

**MR. J. ERNST:** I know what that's for.

**HON. G. DOER:** Okay, so that may be the area and I'll provide a copy to the member.

**MR. CHAIRMAN:** Are we ready to pass 1.(c)(2) Other Expenditures?

**MR. J. ERNST:** Yes.

**MR. CHAIRMAN:** 1.(c)(2)—pass. There will be no resolution on this section of the budget, until we have considered the deferred item under Minister's Salary.

Item No. 2. Financial Assistance to the City of Winnipeg.

**MR. J. ERNST:** Mr. Chairman, could I ask you a procedural question? Is there an opportunity for a five-minute recess?

**MR. CHAIRMAN:** Is that by leave?

**MR. J. ERNST:** Yes.

**MR. CHAIRMAN:** Okay, by leave, a five-minute break. Committee will now resume its proceedings. The Member for Charleswood.

**MR. J. ERNST:** Mr. Chairman, the next section deals with the Financial Assistance to the City of Winnipeg, \$34,544,600. I indicated this earlier to the Minister with respect to social assistance payments, because they are a creature of demand and will vary from year-to-year based on demand rather than on the generosity or lack thereof by any particular government, it's a locked-in statutory type of arrangement. It has nothing to do with whether the government wants to do it or does not want to do it; the fact of the matter is if people are on assistance they make application, and if they qualify they get it. So, Mr. Chairman, I want to make that clear that it's a creature of demand and it's not a creature of the generosity of the government.

Having said that, if we look at a couple of other areas of concern within the overall context of the government, we're looking at social assistance. There's a payroll tax refund which was implemented at the time the payroll tax was implemented, so it's a simple matter



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of an in and out, it really doesn't affect anything with relation to the government grant system and, in fact, would distort it if left in, in terms of its relative worth.

The same with the water rental rebates. In the past when water rental charges have been made on the City of Winnipeg - in fact the government has offered rebates of the same amount - so that again is another in and out arrangement within the budget, of course, the Core Area Initiative again, which is sort of an outside commitment based upon certain criteria, certain funding arrangements, etc.

If we take those out of the grant system, if we take them out of the money that's been passed on to the City of Winnipeg, then grants in 1982 were at 66.6 million; 1983 at 71.5; 1984 at 69.8; 1985 at 66.1; and 1986 at 71.3 estimated.

Over that same period of time, federal transfer payments increased significantly and this is the area that we talked about earlier when we said, you can't have it both ways. In fact, federal transfer payments have increased in 1983 at 7.5 percent; in 1984 at 9.1 percent; in 1985 at 5 percent; and 1986 projected at 6 percent. So, Mr. Chairman, when the government members stand up and say that transfer payments have declined, in fact transfer payments have not declined, transfer payments have continued to increase.

However, the grants to the City of Winnipeg, allegedly at least by the former Minister of Finance, in particular, have declined on the basis that federal transfer payments have declined. The Minister of Finance then came forward and said, I'm sorry, we can't give you any more money. You should not budget for any kind of an increase, as a matter of fact, we should cut back, because we're being cut back by the Federal Government when, in fact, that is not the case, quite frankly, up until this point at least.

What may happen next year is another matter now that the bill has been passed though the Federal Government, but the fact of the matter is, when two years ago we were being told they were being cut back, in fact they were not. The funds, as a matter of fact, have increased over that period of time.

As well, Mr. Chairman, the City of Winnipeg generates roughly between 65 percent and 70 percent of the revenues of the Provincial Government. Sixty-five percent and 70 percent of the tax dollars from all sources, including licence fees and all other kinds of income that the Provincial Government earns on an annual basis, comes from the City of Winnipeg, between 65 percent and 70 percent. Yet, if you relate back the kind of grants that the City of Winnipeg gets, they're significantly less than half of the income that it generates.

So, Mr. Chairman, obviously this government is not recognizing the need, the problems that are facing the City of Winnipeg, and we are facing the second-highest or the highest, depending upon which of the two studies you read, taxation in the country in terms of property taxes.

So the time has come for this government to recognize the kind of commitment that the City of Winnipeg makes to provincial coffers and give some additional grants and look at some of the problems that are facing the City of Winnipeg, and deal with some of the issues that are necessary in order to allay the kind of property tax burden that the people in the

City of Winnipeg are facing. It's not nice to be known as, not only the coldest centre in the country, but now to have the highest or second-highest property taxes in the country.

How many more of these dandies do we need? The Minister has indicated in his article in the paper, this is a great cultural centre. Well, it's terrific, I concur wholeheartedly, it's a great cultural centre. The problem is that the taxes are so damn high, you can't afford it. So we've got to address that concern. We've got to address the need for adequate financing for the City of Winnipeg. The situation at present, the continuing increase in property tax burden is not the answer. It is not something that can continue and go on and on.

Certainly, the adjustment in assessment that's going to take place come the 1st of next year, Mr. Chairman, is going to be another significant blow, and likely will put us or vault us considerably into the lead in property tax height in terms of the overall country.

But increasing grant assistance, Mr. Chairman, in this area of the Estimates, is less than 2 percent, 1.8 percent. So we've got to address the question of what kinds of grants are going to be given to the city, under what conditions they're going to be given. My view, Mr. Chairman, is that, quite frankly, the province should look at the whole question of grants and say, all right, fix a percentage amount as indicated in the growth tax area where there are some small percentages relating to those particular taxes, but they're ones that are tied to the economy, and instead of the City of Winnipeg - and I, when I was there, was as guilty as the next member - saying that, not only should we get a block grant with no strings attached but then, every time we have a little project coming along, we want to run down to the Provincial Government and see if they'll pay for half.

Mr. Chairman, I don't agree with that kind of a system. If a system was put into place where funding for the City of Winnipeg was tied to a particular area, or several areas, perhaps even better, within the provincial economy, then the province could simply say, look, given that the original amount was reasonably adequate, live within your means. You've got X-number of dollars; you've got a system in place that grants you X-number of dollars. If the economy does well, you can spend more, because you're going to get more in terms of a grant; but if it does less then we have to suffer, we meaning the Provincial Government have to cut back because of declining revenues, then the same problem will occur with the city. That's a reasonable position to take, I think, Mr. Chairman.

Instead of living hand-to-mouth and deciding on political whims or whatever, what will happen one year or the next, it is better, Mr. Chairman, in my view to set up a system whereby that is taken completely away from the equation and a reasonable sum is put forward, a reasonable formula is put into place that will allow adequate funding for the City of Winnipeg. Once that occurs, then we don't need to deal with a lot of the unfortunately controversial types of issues that come forward from time to time. At the same time, I think it would cause a lot less heartburn on both the Provincial Government side and on the City of Winnipeg side.

So, Mr. Chairman, I would hope that some consideration will be given to that in the future. I don't obviously expect it to occur within these Estimates, but

perhaps for next year or the year after that if it can be worked in time. That kind of a system might well serve the interests of both the provincial and city taxpayers much better than the present system.

Mr. Chairman, the Member for River East did have a couple of questions, and I know she has another commitment. So perhaps we could have the Minister respond to her questions. Then I'll continue after that.

**MR. CHAIRMAN:** The Member for River East.

**MRS. B. MITCHELSON:** Thank you, Mr. Chairman.

I've mentioned in the House before that one of my great concerns and one of my constituency concerns is the lack of access to other parts of Winnipeg from the North Kildonan area. I know the Minister is aware of this problem, and there has been some planning within the City of Winnipeg. As a matter of fact, the City of Winnipeg has placed in their five-year planning document a proposed bridge across the Red River, connecting Henderson Highway with Main Street.

I just wanted to ask the Minister whether he's had any discussion with the City of Winnipeg as to cost-sharing this bridge for the residents of North Kildonan.

**HON. G. DOER:** The province is negotiating with the city on the Urban Capital Renewal Project of \$90 million which is announced for the next six years, and I think some \$28 million, \$29 million has been allocated and committed. That, of course, is not for new capital works projects. I have asked our department to give us, notwithstanding the banter in the House, the Charleswood Bridge and the North Kildonan Bridge and other projects, what are some of the facts that we could use to discuss this situation with the City of Winnipeg. They haven't come to us, as I understand it, yet with a specific proposal.

I guess we should talk about: (a) whether it's viable; (b) how much it will cost; (c) what will be the impact on the neighbourhoods; and (d) do we need a six-lane monstrosity that ploughs down your half of your area or a smaller one. Will that do the trick? How does that fit with the members opposite's priority?

I personally believe there's a traffic problem in northeast Winnipeg, as you do. I believe, subjectively, and not empirically, that driving down Henderson Highway, getting across the Disraeli Bridge, notwithstanding the year of the Nairn Avenue Overpass problems, is a real problem for citizens. I don't know the empirical data, but I would share in your probable perception that it's a real long, hard battle to get down Henderson Highway and across to downtown Winnipeg.

So I am very sensitive to that issue, both as a person who's driven in the city, I might add, and I know the members opposite will disagree, having driven from Charleswood from my brother's place, I can get downtown in about 20 minutes. From River East, it's a real task for that northeast Winnipeg area. I've also asked the department to look at what are they - and I'm just getting up to speed on some of these things, although that hasn't been put on the table from the city yet - what are the numbers in terms of the projections of the northeast corridor, the rapid transit corridor? Is that viable or is it not? Most people still drive their cars in the City of Winnipeg. I believe that.

So I am sensitive politically and personally to that project, but I'd like to see some of the numbers. I think in the long run, if it's viable, certainly members on this side would be pushing it with our various colleagues, but we haven't had a specific proposal from the city yet on that. In fact, it's one of the first things I asked the department.

But I understand its three projects are the Charleswood, the Kildonan corridor and the other one's the Bishop Grandin. Of course, there are other projects, such as the Waverley project with all the grade separation problems there.

The answer to the question is I think the numbers are high. I'd like to see what they are, just driving it, and I don't know what our commitment will be, but we would have to see what the specific proposal is from the city is to begin with.

**MR. CHAIRMAN:** The Member for River East.

**MRS. B. MITCHELSON:** If I might just ask for clarification then, that this six-year capital budget then does not specifically include a bridge, a river crossing over the Red River . . . to Main Street.

**HON. G. DOER:** Mr. Chairman, the six-year program or \$90 million is for renewal programs, not for new programs and capital programs, but it hasn't been negotiated yet with the city.

Our people are sitting down with the city with their priorities and our priorities. We hope to have a preliminary report to the official delegation of the City of Winnipeg. We offered to meet in July, and they were unable to do so. We had cancelled some meetings; we were trying to get back again, up to speed with the City of Winnipeg, and we hope to discuss it at our September meeting. We have a \$90 million program for capital renewal, as opposed to new capital programs, but if something made more sense to be new as opposed to renewal, or whatever the proposal would be from the city for other projects as well, we haven't closed the door on any of that.

**MR. CHAIRMAN:** The Member for Charleswood.

**MR. J. ERNST:** If I can then, Mr. Chairman, follow up on the Member for River East's question. I understand there is no agreement between the city and the province with respect to the six-year program.

**HON. G. DOER:** No, there are some preliminary agreements and principles and some numbers that have been nailed down to some degree, but there's considerably more work to be done on that agreement. Our target, in main, with the city was to nail down with the officials of the city a report that would come back (a) to our Cabinet and then certainly I'm sure to the City Council either before the September official delegation meeting or shortly thereafter. It hasn't been completed yet.

**MR. J. ERNST:** The proposal then for this - maybe I can back up one step. Six or eight months ago when I was the Deputy Mayor and the Minister of Health was the Minister of Urban Affairs, he talked at that time

about a five-year capital funding program to tie with the city's capital funding program. Now I hear a six-year program. Is that the same thing?

**HON. G. DOER:** Mr. Chairman, it's one-year different, that program is, but it's not inconsistent with the city's projections. It is a \$90 million commitment over six years and it includes primarily renewal projects. If it doesn't make sense to renew something and it makes sense to build something newer, it's obviously much more expensive, I'd still like to hear what those projects and specifics are.

**MR. J. ERNST:** So given that this program is similar or will replace the one talked about previously by the Minister of Health, I'm hearing in the Minister's responses certain conditions that are going to be attached to this agreement now that may or may not have been present earlier. Is that correct? And if so, what are they?

**HON. G. DOER:** Mr. Chairman, negotiations mean that two parties sit down and try to hammer out their priorities as they both see it. It's obviously based on need, first of all, for the citizens of Winnipeg. It also involves, I guess, subjective judgment of what that need is. There are certain negotiations that have taken place. I've discussed it briefly - well, at some length with our people. It's taking place with the City of Winnipeg officials, but if two parties agreed to something that made sense for the citizens of Winnipeg, I'd certainly be willing to take that back to our colleagues in Cabinet.

**MR. J. ERNST:** Mr. Chairman, given that the provincial grants represent - and I could be out a few percentage points here, but I think somewhere between 15 percent and 20 percent of the city's budget, is it the intent of the Minister to attempt, by providing these grants, to significantly influence the city's direction in terms of its capital spending?

**HON. G. DOER:** We're prepared to negotiate with the City of Winnipeg. We believe that \$90 million that we account for in the Legislature should be accounted for in the Legislature. We haven't got an agreement with the City of Winnipeg on that \$90 million announced program. In terms of how that fits with other grants from the City of Winnipeg I've mentioned - and we can get into some detail about that - the province not only provides grants directly to the City of Winnipeg, but also provides transfers from departments to the City of Winnipeg and provides other sources to the City of Winnipeg, so I don't understand the connection.

We're negotiating the \$90 million project with the City of Winnipeg, as I've indicated to the Member for River East.

**MR. J. ERNST:** Mr. Chairman, you said that the province is negotiating, or wishes to negotiate a \$90 million capital funding agreement, one that has never been in place before and one that originally was attempted to be tied to the city's five-year capital budget.

There is a statutory requirement that the city produce a five-year capital budget, one which I might add is

very difficult to project in terms of a five-year time frame because it's extremely difficult to guess what's going to happen next year, let alone what's going to happen five years down the road.

Notwithstanding that, the province has now indicated a six-year program which the city hasn't agreed to; knows, I gather, very little about, although I haven't spoken with the Mayor or anybody there with respect to that. But I see I think the long arm of the province wanting to reach over and move the chess pieces as it were, Mr. Chairman, at the city, by virtue of this kind of a funding agreement to force the city into a position where provincial priorities now will become the priorities of the city, because without it there won't be any grants, or the grants will be significantly cut back or whatever.

That's happened before, Mr. Chairman. That's not something new with an NDP administration. That happened in the 1970's with the Schreyer Government, that the province wished to control and set its own priorities, providing some funding, I agree, some funding, but not without the mandate of the City Council virtually taking away the authority of the City of Winnipeg Council to deal with its own problems, to deal with its own capital budget because the province said, no, that our priority is different from yours. That's how Bishop Grandin Blvd. and the Fort Garry-St. Vital Bridge got built. It was not because it was the highest priority on the city's list; it was the least priority, because the province owned land on the south side of Bishop Grandin Blvd. in South St. Boniface.

Mr. Chairman, they owned two parcels of land. Leaf Rapids Corporation and MHRC owned parcels of land there as part of the great land bank scheme of the middle 1970's. The great land bank scheme was, of course, going to provide housing for people in the future at minimal cost, and therefore the Provincial Government and the city, who ultimately got sucked in at that point, were off tilting at windmills, buying land all over the place, of course and buying the wrong land, and resulted quite frankly, Mr. Chairman, in the whole thing being thrown up because it was a bad idea in the first place. Except that in order to get to the land that the province had bought, Leaf Rapids and MHRC, they had to have a road to get there. So they built Bishop Grandin Boulevard and the Fort Garry Bridge, designed as I can recall, Mr. Chairman, on the back of a cigarette package by a provincial bureaucrat in the Department of Urban Affairs.

So that, Mr. Chairman, I'm somewhat concerned that any agreement for capital funding into the future with the City of Winnipeg is going to contain conditions like that; is going to contain strings, as it were, attached to the kind of projects that the city's going to be able to carry out. Practice has been, Mr. Chairman, over that period of time that if in fact there are strings attached, very often the city is reluctant to proceed without provincial funding, and rather than seeing the provincial priority go ahead, the project gets scrapped and they go on to something else, which does not lead to good government, does not lead to a proper overall outlook, does not lead to proper planning, but leads rather to some compromises which really satisfy no one. It satisfies not the City Council, it satisfies not the Provincial Government and satisfies not the taxpayer. After all we are here as trustees. City Council is there as a trustee of the monies provided through taxation.

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When you have a situation where no one is satisfied, Mr. Chairman, then I think we have bad government all around.

So that I would hope that the Minister can assure me that there will be no great strings attached in this particular situation, that in fact the priorities will be allowed to be set by the city.

**HON. G. DOER:** We have a philosophical disagreement between us and that's fair ball. First of all, I'd like to say that the statement about the city knows very little about it - it was in the letter to City Council, delivered by my predecessor, I believe on March 26, in that range. It was discussed at the last official delegation meeting; all of us had some input on it, in terms of the \$90 million project. The response from City Councillors was generally very positive. There was certainly no objection on behalf of city councillors at that official delegation meeting that we shouldn't sit down and negotiate joint priorities with the province or the city. As I understand it, there's been three or four official meetings since then.

But I personally believe that if we are responsible to this Legislature for the sum of \$90 million over the next six years, that we are accountable and we are accountable in terms of how we see, in joint consultation with the city, the priorities for our joint constituency. I personally believe that just to walk away from that responsibility would be irresponsible.

I believe we should sit down and deal with the priorities and try to come to some mutual arrangement and mutual agreement, as we do in federal-provincial relations with numbers of other agreements. We may have disagreements about how high the money is going to be and where it is, but we would sit down, God, we'd like to sit down with more federal-provincial agreements. We'd like to get something like they have in Manicouagan, etc. and to be able to hammer out joint priorities with the Federal Government. I'm sure they would have some strings attached. The honourable member opposite has even gone to the Federal Government, I believe, in terms of the FCM studies.

So no, I believe that there should be joint negotiations on money that is going to be accounted for by elected members in this House.

**MR. J. ERNST:** Mr. Chairman, I appreciate the Minister's response. But the fact of the matter is, he wants to have joint consideration, I think were the words he used, joint negotiation, common initiatives, common priorities, but, Mr. Chairman, he's not paying half the bill. If he wants to have common or joint or 50 percent negotiations with the City of Winnipeg let him cough up 50 percent of the money, but he's not doing that. He's providing only maybe 15 or 20 percent of the money at best, and that's going down, as he indicated, over a period of time in terms of the overall expenditures of the City of Winnipeg; a decline of 1.1 percent over five years - when the Minister of Industry, Trade and Technology was the Minister of Finance - 1.1 percent decrease over five years.

**HON. V. SCHROEDER:** . . . complain about that and shut-up . . . what a hypocrite.

**A MEMBER:** Oh, you got him, Jim. You shook his cage.

**MR. J. ERNST:** That, Mr. Chairman, is a silly statement by the Minister. The fact of the matter is that he's trying to get it both ways. He, in fact, told the City of Winnipeg two years ago that the Federal Government was cutting back, when in fact it wasn't, and it was increasing his transfer payments. Mr. Chairman, that was a sleight of hand that should not have taken place.

**HON. V. SCHROEDER:** You're a bloody liar.

**A MEMBER:** Hey, talk about bloody liars.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. CHAIRMAN:** That is unparliamentary.

**HON. V. SCHROEDER:** . . . report last year, can you read?

**MR. J. ERNST:** Mr. Chairman, I believe it was an unparliamentary term. I'm not familiar with how it should be dealt with in terms of a committee, but I think the Minister should withdraw that statement.

**A MEMBER:** Bloody liar is what he said.

**MR. CHAIRMAN:** The rules of the House apply to the committee as well.

**MR. J. ERNST:** Mr. Chairman, the term I believe used was "bloody liar". Perhaps the Minister wishes to withdraw that statement.

**A MEMBER:** Do you deny you said that?

**A MEMBER:** He said it from his seat.

**MR. J. ERNST:** The Minister of Industry, Trade and Technology, Mr. Chairman.

**A MEMBER:** What about him?

**A MEMBER:** The word he used.

**A MEMBER:** He called the Member for Charleswood a bloody liar.

**MR. CHAIRMAN:** The Honourable Minister of Trade and Technology.

**HON. V. SCHROEDER:** Mr. Chairman, I'd refer the member to the Financial Report for the year ended March 31st, 1986, which shows that EPF and equalization payments by the Federal Government for the Province of Manitoba were less last year than the year before, and that is something that the member has never acknowledged, and in fact he is wrong again.

**MR. CHAIRMAN:** Order please. The Member for Brandon West on a point of order.

**MR. J. McCRAE:** These so-called clarifying comments of the Minister of Industry, Trade and Technology had nothing to do with the point of order raised by the Member for Charleswood, and we ask the Chair

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immediately to direct the Minister to withdraw his remarks about the Member for Charleswood being a bloody liar.

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

**HON. V. SCHROEDER:** Mr. Chairman, the Member for Charleswood again suggested in this House, as he has before, that the Federal Government had not reduced payments to the province and that is clearly wrong. Now if it happens that he didn't know better then I withdraw and say he simply doesn't know what the facts are.

**MR. CHAIRMAN:** The Member for Charleswood to the same point of order.

**MR. J. ERNST:** To the same point of order, Mr. Chairman, that is not a withdrawal.

**HON. V. SCHROEDER:** Yes, it is. It's as far as you'll get.

**MR. J. ERNST:** Mr. Chairman, the member used unparliamentary language. Unparliamentary language, as I understand it, should be withdrawn without condition and with an apology to the member.

**MR. CHAIRMAN:** Is the Minister willing to withdraw the unparliamentary language?

**HON. V. SCHROEDER:** Mr. Chairman, I have said that if the member didn't know better then clearly he wasn't lying and I will withdraw it.

**MR. CHAIRMAN:** The Honourable Member for Charleswood to the same point of order.

**MR. J. ERNST:** To the same point of order, Mr. Chairman. The Minister has not withdrawn the unparliamentary language, and Mr. Chairman, I ask that you make a ruling that he indicated that he should withdraw that unparliamentary language, failing which he should be ejected from the Chamber.

**MR. CHAIRMAN:** Is the Honourable Minister willing to withdraw the unparliamentary language without any condition?

**HON. V. SCHROEDER:** I went as far as I will.

**MR. CHAIRMAN:** The Honourable House Leader to the same point of order.

**HON. J. COWAN:** I believe there is a point of order before the House and before the committee, and speaking to the point of order is not to be construed as a challenge to the Chair for the information of members opposite. Perhaps there is a point of order before the House. Perhaps, as has happened in other circumstances, the Chairperson can take this matter under advisement, review Hansard to determine if in fact those comments were made, and if they were made can deal with it at the appropriate time. If they were

not made then I would consider that the matter be closed.

**MR. CHAIRMAN:** To the same point of order, relevant to the point of order.

**MR. H. ENNS:** Mr. Chairman, I don't pretend that I was here for the exchange, but I listened to the exchange over the provisions provided. My understanding is, Mr. Chairman, that you, Sir, had made a request. The request was that the Minister withdraw certain unparliamentary language used by a member of this House. It is not a question now of determining what was said or not.

To this extent, Mr. Chairman, the comments of my House Leader are not appropriate. They would have been appropriate, Mr. Chairman, because I understand exchanges like this have happened before, but the Government House Leader now does constitute a reflection on a ruling that you, the Chairman had made. You sir, a few moments ago, and I was in the Chamber, asked the Minister to withdraw certain remarks. Having made that decision, Mr. Chairman, you obviously heard the offensive unparliamentary remarks being made. Now it does become a question of whether or not somebody is challenging the Chair.

**MR. CHAIRMAN:** The Chairman of the Committee of the Whole has no power to suspend. I will have to report this matter to the House.

The Honourable Minister.

**HON. J. COWAN:** As often happens in these particular instances, and I have to admit that in the period of time from hearing what was being said on the monitor in my office to coming down here, there was a lapse of time that I was not aware of what was happening in the House; however, I believe that if there is a difference of opinion as to whether or not an official request was made, or whether or not an official statement was made, it would be in the best interests of this House to obtain the fullest of information as to exactly what was said, what shows up on the record, by whom and when.

It is not uncommon when a Speaker or a Chairperson of a committee is dealing with items such as this for that person, that Speaker or that Chairperson, to take under advisement the issue so that they can review the Hansard, which is the official transcript of the proceedings of this committee to determine whether or not those comments were in fact made.

When members of this side, particularly myself, stand up and indicate that we had heard something that had been shouted from a person's seat, we request the Speaker to review Hansard to determine if in fact those comments show up on the transcript. If they show up on the transcript, then I believe - and I think members opposite would agree, I'd seek some affirmation from them - that if the comments show up on the transcript, that member should take the honourable action of withdrawing those comments if they are determined to be unparliamentary. If they do not show up on the transcript then in the past we have indicated that there is nothing on the record to cause that individual to withdraw remarks which were not found to be a matter of the public record.

In this particular instance, Mr. Chairperson, I would ask that you take under advisement the whole matter of firstly, were there comments; secondly, was there an official request, a ruling made, and report back to the House at its earliest opportunity after having had the opportunity to review the entire transcript. I think that would allow us to make the decision based on the best possible information.

**MR. CHAIRMAN:** To the same point of order, the Member for Emerson.

**MR. A. DRIEDGER:** When I entered the Chamber, I distinctly heard you request the Minister to withdraw those remarks. I don't know how the Government House Leader can now get up and start arguing, let's look at Hansard. The Chairman asked the Minister to withdraw his remarks. How can you reverse that? That is on the record. We don't have to look at Hansard to establish the fact that the Chairman has asked the Minister to withdraw. What the Government House Leader is now doing is challenging the ruling and request. If we can't honour that and it can't be dealt with now, then what is the sense of having a Chairman?

Mr. Chairman, I distinctly heard you make the request for the Minister to withdraw his remarks. That is on Hansard, there's no sense in studying Hansard. You made the request and that was a ruling on the Chair's behalf. I think the Minister should now get up, with some dignity in this House and apologize and withdraw those remarks. Never mind the argument about looking at Hansard and dealing with it in the House tomorrow.

**A MEMBER:** Do the right thing. He didn't call you a bloody liar, did he?

**HON. J. COWAN:** Mr. Chairperson, what is being said by members opposite . . .

**A MEMBER:** Did Frank call you that?

**HON. J. COWAN:** . . . what is being said by members opposite is that we should proceed now without the benefit of information which will be available to us shortly. It can be a matter of reviewing the tapes as well as a matter of reviewing the Hansard to find out if in fact the events did transpire and were on the record as is interpreted by the members opposite. I see nothing wrong in asking for that sort of information to be made available to us so that the appropriate action can be taken. We're not - I'm not saying at least - that the matter is closed, I'm saying we need a bit of review of the official transcript to determine exactly what did transpire.

I also reject categorically any suggestion by members opposite that I am challenging your ruling or reflecting upon your ruling. I'm asking for you to take the opportunity which Chairpersons and Speakers normally take under these circumstances to review the Hansard. It's a standard practice, one that is well established and it's well established because it is the most effective way of dealing with disputes of this nature.

**MR. CHAIRMAN:** The Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I would like to offer the Government House Leader some good advice because

I believe that the course that he is suggesting would only find the government more embarrassed. Mr. Chairman, those of us in the Chamber distinctly heard the Chairman make a ruling, make a request.

Mr. Chairman, the other day none other than the Attorney-General challenged him when he was in the role of the Speaker, in the Speaker's chair. Mr. Chairman, I know it's against the rules to imply motive. I don't know whether these motives or these actions taken by government members are directed at you as a person fulfilling the role, the onerous role of being Chairman of Committees and in acting as Deputy Speaker from time to time. But on that occasion, the same Government House Leader was at least astute enough to immediately demand from the Attorney-General an instant withdrawal.

Mr. Chairman, the record is very clear. Rightly or wrongly, the Chairman has made a request and our system operates that way.

**HON. J. COWAN:** A request for a ruling.

**A MEMBER:** He made a ruling.

**MR. H. ENNS:** No, he made a request for an action.

**HON. J. COWAN:** Okay, that's not a ruling.

**MR. H. ENNS:** He made a request for an action and he asked a member of this House to withdraw certain statements that he considered to be unparliamentary.

I would suggest to you, Mr. Chairman, that the Government House Leader would be well advised to accept my advice in this instance and ask his colleague, the Minister of Energy and Mines, to withdraw and comply with the Chair's ruling or else, Mr. Chairman, this incident could become much more serious than it is right now.

**MR. CHAIRMAN:** I'd like to see the exact wording that I uttered in the Chamber in the Hansard. Because of the difference of opinion on both sides of the House, I thank all the honourable members, I'm taking the matter under advisement.

The Honourable Minister of Urban Affairs.

**HON. G. DOER:** Thank you, Mr. Chairman, I'd like to discuss some of the points raised by the Member opposite from Charleswood. The statement has been made . . .

**MR. CHAIRMAN:** Order please.

**HON. G. DOER:** . . . statement has been made that the social assistance can't be considered as part of the grants to the City of Winnipeg. I want to advise the member opposite that the money in the budget that's reflected here does not contain the social assistance payments to the City of Winnipeg; that is flowed by another department. As I mentioned before, the transfer from other departments to the City of Winnipeg is over 5 percent. In fact it's over \$2 million in terms of programs that we're delivering through other departments directly and indirectly through the City of Winnipeg departments.

The member opposite has mentioned the payroll tax can't be considered as part of the grants of the City of Winnipeg. I should also point out that the payroll tax does not contain 1.5 for the health and post-secondary education levy; is not contained within the 34.544 million. The member opposite has mentioned the water rental rebates. That too is not contained within the 34.544 million.

As I've mentioned before, we have not included - and I have stated in my introduction - that the 7 percent tax transfer is not mentioned as part of the grants to the City of Winnipeg, notwithstanding the fact that the Minister of Finance has mentioned the whole issue in terms of we can't count tax transfers. I believe the Minister of Finance is right, we can't count tax transfers as part of the transfer of money, both in grants and other departments in the City of Winnipeg.

The member opposite has mentioned the whole comparison between ourselves and the Federal Government. I can assure the member opposite that the legislation promising \$70 million increase in the EPF and other transfer payments with the Federal and Provincial Governments - the proposal of \$70 million that was cut down to \$50 million - will not take place when we're dealing with the transfer and negotiations of the capital expenditures with the City of Winnipeg, with the \$90 million that we have announced. I promise the member opposite that; we will not renege on our \$90 million commitment, as we feel we have been renege by the Federal Government in terms of the \$72 million. I think that's very important to mention in terms of the relationship between ourselves and the city; versus ourselves and the City of Winnipeg.

We would agree that the money the city raises through taxation and the money the city plans on spending, whether it's through borrowing or through taxation in the City of Winnipeg, as provided by City Council, they should have 100 percent say in how that money is spent in the City of Winnipeg. But the money that the province raises and pledges, the \$90 million that we pledged to the City of Winnipeg for the capital projects and the capital renewal projects that we are accountable for, that \$90 million should be jointly negotiated between the city and the province, Mr. Chairman. We should not abdicate our responsibilities. We should not abdicate the responsibility in terms of the \$90 million.

The member opposite talked about the taxation issue in the City of Winnipeg. We cannot talk about taxation without talking about the other taxation situation in the province. I notice the Minister of Finance has already reported from a very unusual source for a New Democratic Government, the Fraser Institute Study, which indicates the Province of Manitoba taxation is the second lowest in Canada when you add all things up - the second lowest in Canada, Mr. Chairman - in terms of all taxation in this province and indeed, for the City of Winnipeg. So I think we must remember those things when we discuss taxation.

The taxation level in the City of Winnipeg has gone up. In the City of Winnipeg a comparison - the member opposite has mentioned the increase in taxation in Winnipeg relative to other cities. In Edmonton, the taxation on an annual basis between 1980 and 1985 has gone up 9 percent; in Calgary, with all the resources and advantages in Alberta, the taxation increases have been on an average of 10.6 percent between 1980 and

1985; in Red Deer, the average increases in taxation have gone up 8 percent; in Medicine Hat, the average annual increase in taxation has been 9 percent; in Vancouver, the average annual increase in taxation with the former Bennett Government between 1980 and 1985 has been 10.6 percent; in Victoria, the average increase in taxation on an annual basis between 1980 and 1985 has been 16.2 percent; in Regina, between the years 1980 and 1985, the average annual increase in taxation has been 15.1 percent; in Saskatoon, with the average annual increase being 12.8 percent; in the City of Hamilton, the average increase between 1980 and 1985 on an annual basis has been 7.9 percent; in the City of Halifax, the average annual increase between 1980 and 1985 has been 7.5 percent; in Ottawa, the average annual increase of taxation has been 12.9 percent; and in the City of Winnipeg, the annual increase, year over year, on an average basis has been 9.4 percent, right in the middle.

The member opposite talks about the increase in funding relative to the City of Winnipeg's cost going down 1.1 percent. As I mentioned before, Mr. Chairman, if the city decides to increase its senior staff wages by X percent and it decides to build 100 bridges that we have no control over, if it decides to spend money in places that we have no say over, we don't feel guilty by the relative percentage in spending.

What we do feel accountable to, Mr. Chairman, is the level of grants and payments to the City of Winnipeg in terms of the departments directly, the Urban Affairs Department directly and other sources, such as tax transfers and other departments. I'm happy to report in the last five years the increase in level of grants to the City of Winnipeg has been 56 percent, not something that we are embarrassed about on this side.

I also mentioned to the member opposite, the money that is flowing from the \$90 million capital project will only flow at some \$13 million this year when we look at the Estimates book, but that does not mean to say that our commitment to the City of Winnipeg does not remain to be the six-year \$90 million capital renewal project. So I think it's very important to mention those things.

In addition to the member opposite, the level of grant funding and other funding to the City of Winnipeg is between 15 and 20 percent. Well, Mr. Chairman, I'm happy to report that the City of Winnipeg review, the Cherniack Committee, had initially reported that the funding level to the City of Winnipeg was at 19 percent compared to 46 percent across the country, has revised their assessment because they were relying on City of Winnipeg statistics, not that the City of Winnipeg statistics were wrong, Mr. Chairman - and I want to point that out - but they were relying on material that had been provided by the City of Winnipeg and not comparing apples to apples.

The Cherniack Committee has since written to us in June of this year and I'll provide a copy to the member opposite. I have provided a copy to the Mayor; I have provided a copy to the Chairman of the Finance Committee of the City of Winnipeg. The City of Winnipeg Review has since written to us, both the city and the province, that they want to comment on the paragraph dealing with the 19 percent versus 45 percent. The committee is concerned at the paragraph, since it's been printed, contains misleading figures, Mr. Chairman.

**Thursday, 7 August, 1986**

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The committee welcomes the opportunity to correct the record.

The 19 percent represents a portion of provincial and some federal funding to the City of Winnipeg total operating of revenues. It excludes provincial funding to utilities and all other capital projects. The figure was derived from 1984 figures. A 45 percent figure represents the proportion of total government revenue including school divisions and hospitals and utilities.

So I think, Mr. Chairman, in discussing the financing to the City of Winnipeg, I think it's important that the member opposite have a copy of this letter. It doesn't solve the funding friction between the city and the

province - some of it legitimate and some of it otherwise - but I'm sure we'll carry that on as we carry on with the Estimates this evening, Mr. Chairman.

**MR. J. ERNST:** Mr. Chairman, one question. Before we adjourn, perhaps the Minister could provide me with a copy of the breakdown of the \$34 million grants.

**HON. G. DOER:** I've got it written on notes, I'll provide them. Do you want it now or at eight o'clock? Okay.

**MR. CHAIRMAN:** The hour being 5:30, I am leaving the Chair. The committee shall resume at 8:00 p.m.