



Second Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

40 Elizabeth II

*Published under the
authority of
The Honourable Denis C. Rocan
Speaker*



VOL XL No. 90A - 1:30 p.m., MONDAY, JULY 22, 1991



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

LIB - Liberal; ND - New Democrat; PC - Progressive Conservative

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	LIB
ASHTON, Steve	Thompson	ND
BARRETT, Becky	Wellington	ND
CARR, James	Crescentwood	LIB
CARSTAIRS, Sharon	River Heights	LIB
CERILLI, Marianne	Radisson	ND
CHEEMA, Gulzar	The Maples	LIB
CHOMIAK, Dave	Kildonan	ND
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	ND
DOER, Gary	Concordia	ND
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	LIB
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	ND
EVANS, Leonard S.	Brandon East	ND
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	ND
GAUDRY, Neil	St. Boniface	LIB
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	ND
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	ND
LAMOUREUX, Kevin	Inkster	LIB
LATHLIN, Oscar	The Pas	ND
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	ND
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	ND
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	ND
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	ND
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	ND
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	ND
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	ND
WOWCHUK, Rosann	Swan River	ND

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, July 22, 1991

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Ms. Jean Friesen (Wolseley): Mr. Speaker, I beg to present the petition of Linda Hnatiw, Glen D. Walker, Neil Chambers and others, requesting withdrawal of funding and the prevention of construction of the Pines Project and to prevent projects similar in nature from destroying the community.

READING AND RECEIVING PETITIONS

Mr. Speaker: To the honourable member for Transcona (Mr. Reid), I have reviewed the petition of the honourable member, and it conforms to the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read?

Mr. Clerk (William Remnant): To the Legislature of the Province of Manitoba

The petition of the undersigned citizens, of the province of Manitoba, humbly sheweth:

THAT the Winnipeg International Airport is vital to the economic health of the city of Winnipeg, and the project known as "The Pines," in its current location, will jeopardize the future of Winnipeg International Airport.

THAT to risk the jobs of the hundreds of people who are employed at the airport is not in the best interests of the community.

THAT "The Pines" project will inhibit riverbank access to the general public.

THAT the strip mall portion of "The Pines" project will give a foothold to commercial development which is incompatible with the residential nature of the neighbourhood.

WHEREFORE your petitioners humbly pray that the Legislature of the Province of Manitoba may be pleased to respect the wishes of the neighbourhood by requesting the provincial government to withdraw provincial funding of "The Pines" project.

AND as in duty bound your petitioners will ever pray.

Mr. Speaker: I have reviewed the petition of the honourable member for Burrows (Mr. Martindale), and it complies with the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Mr. Clerk: To the Legislature of the Province of Manitoba

The petition of the undersigned citizens, of the province of Manitoba, humbly sheweth:

THAT the Winnipeg International Airport is vital to the economic health of the city of Winnipeg, and the project known as "The Pines," in its current location, will jeopardize the future of Winnipeg International Airport.

THAT to risk the jobs of the hundreds of people who are employed at the airport is not in the best interests of the community.

THAT "The Pines" project will inhibit riverbank access to the general public.

THAT the strip mall portion of "The Pines" project will give a foothold to commercial development which is incompatible with the residential nature of the neighbourhood.

WHEREFORE your petitioners humbly pray that the Legislature of the Province of Manitoba may be pleased to respect the wishes of the neighbourhood by requesting the provincial government to withdraw provincial funding of "The Pines" project.

AND as in duty bound your petitioners will ever pray.

Mr. Speaker: To the honourable member for Wellington (Ms. Barrett), I have reviewed the petition of the honourable member, and it conforms with the privileges and practices of the House and complies with the rules. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Mr. Clerk: To the Legislature of the Province of Manitoba

The petition of the undersigned citizens, of the province of Manitoba, humbly sheweth:

THAT the Winnipeg International Airport is vital to the economic health of the city of Winnipeg, and the project known as "The Pines," in its current location, will jeopardize the future of Winnipeg International Airport.

THAT to risk the jobs of the hundreds of people who are employed at the airport is not in the best interests of the community.

THAT "The Pines" project will inhibit riverbank access to the general public.

THAT the strip mall portion of "The Pines" project will give a foothold to commercial development which is incompatible with the residential nature of the neighbourhood.

WHEREFORE your petitioners humbly pray that the Legislature of the Province of Manitoba may be pleased to respect the wishes of the neighbourhood by requesting the provincial government to withdraw provincial funding of "The Pines" project.

AND as in duty bound your petitioners will ever pray.

* (1335)

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Mrs. Louise Dacquay (Chairman of the Standing Committee on Municipal Affairs): Mr. Speaker, I beg to present the Second Report of the Committee on Municipal Affairs.

Mr. Clerk (William Remnant): Your Standing Committee on Municipal Affairs presents the following as their Second Report.

Your committee met on Wednesday, July 17, 1991, at 7 p.m.; Thursday, July 18, 1991, at 10 a.m. and 7 p.m.; and Friday, July 19 at 1:30 p.m. in Room 255 of the Legislative Building to consider bills referred.

Prior to clause-by-clause consideration, your committee passed the following motion at its Friday, July 19, 1991, meeting:

THAT the committee hear those people who were listed yesterday, but who were not called a second time, that is Mr. Goldspink, Ms. Jean Miller-Usiskin

and Councillor Greg Selinger on the condition that they limit their presentation to 10 minutes, and that anyone else who had registered after the close of the meeting early this morning be not heard.

Your committee heard representation on bills as follows:

Bill 35—The City of Winnipeg Amendment Act; Loi modifiant la Loi sur la Ville de Winnipeg

Mr. Wally Rooke - Hardy B. B. T. Ltd.

Mr. Gary Wilton - Great-West Life Insurance Company

Mrs. Elizabeth Fleming - Winnipeg in the Nineties

Mr. Gordon Makie - Private Citizen

Mr. Ken Guilford - Private Citizen

Councillor Glen Murray - River-Osborne Ward (City of Winnipeg)

Ms. Susan Ek Dahl - Consumers Association of Canada (Winnipeg)

Councillor Mike O'Shaughnessy - Chairperson of the Riverbank Management Committee (City of Winnipeg)

Councillor Ernie Gilroy - Daniel McIntyre Ward (City of Winnipeg)

Ms. Jenny Hillard - Manitoba Environmental Council

Councillor Greg Selinger - Tache Ward (City of Winnipeg)

Councillor Shirley Timm-Rudolph - Springfield Heights Ward (City of Winnipeg)

Mr. Harold Taylor - Private Citizen

Written Presentation:

Mr. Gary Simonson - Winnipeg Real Estate Board

Bill 68—The City of Winnipeg Amendment Act (2); Loi no 2 modifiant la Loi sur la Ville de Winnipeg

Councillor Lillian Thomas - Elmwood Ward (City of Winnipeg)

Ms. Theresa Ducharme - PEP (People in Equal Participation)

Mr. Paul Moist and Mr. Greg Mandzuk - Canadian Union of Public Employees, Local 500

Mr. Brett Lockhart - Private Citizen

Mr. David Waytowich - Private Citizen

Mrs. Charlotte Hozumi - Private Citizen

Mr. Patrick Daly - Private Citizen

Ms. R. M. Goodman - Private Citizen
 Ms. Deborah Smith - CHOICES
 Mrs. Julia Boon - Private Citizen
 Mr. George Marshall - Private Citizen
 Mr. Doug McGiffin - Winnipeg in the Nineties
 Mr. Ken Gullford - Private Citizen
 Councillor Roger Young - Pembina-Riverview Ward (City of Winnipeg)
 Councillor George Fraser - Private Citizen
 Councillor Peter Diamant - University Ward (City of Winnipeg)
 Ms. Shirley Lord - Private Citizen
 Councillor Glen Murray - River-Osborne Ward (City of Winnipeg)
 Mr. John Harrison - Private Citizen
 Mr. David Brown - Private Citizen
 Councillor Mike O'Shaughnessy - Jefferson Ward (City of Winnipeg)
 Mr. Glen Hewitt - St. Boniface-St. Vital Residents Advisory Group
 Dr. Jim Shapiro - St. Germain Residents Association
 Mr. Kenneth Emberley - Private Citizen
 Councillor Shirley Timm-Rudolph - Springfield Heights Ward (City of Winnipeg)
 Councillor Allan Golden - Glenlawn Ward (City of Winnipeg)
 Councillor Greg Selinger - Tache Ward (City of Winnipeg)

Your committee has considered:

Bill 35—The City of Winnipeg Amendment Act;
 Loi modifiant la Loi sur la Ville de Winnipeg

and has agreed to report the same with the following amendments:

MOTION:

THAT the proposed section 195.1, as set out in section 11 of the Bill, be struck out and the following substituted:

Council may limit business tax increase

195.1 Notwithstanding a provision in this Act or any other Act to the contrary, council may by by-law limit the amount of increase in business tax that council determines has resulted from business re-assessment or the annual rate of business tax prescribed under subsection 180(2), and council may limit the amount of the increase for any year or years for a class of business or a group of

businesses, on such terms and conditions as council may set out in the by-law.

MOTION:

THAT the proposed subsection 488(7), as set out in section 16 of the Bill, be amended by adding "the city" after "described in the notice, and".

MOTION:

THAT the proposed subsection 492(4), as set out in section 16 of the Bill, be deleted and the following substituted:

Discharge of L.T.O. charge

492(4) On repayment to the city of an amount referred to in subsection (1), the city shall register a notice of discharge in the Winnipeg Land Titles Office in the form prescribed under The Real Property Act and, on application of the owner, the clerk of the city shall provide a certificate of repayment to the owner.

MOTION:

THAT the proposed clause 494.81(1)(a), as set out in section 17 of the Bill, be amended by adding "494.2(6) or" after "under subsection".

MOTION:

THAT the definition of "development" in the proposed section 574, as set out in section 18 of the Bill, be amended by adding "or material" after "stockpiling of soil".

MOTION:

THAT the proposed section 574, as set out in section 18 of the Bill, be amended

(a) by striking out the definition "Planning Appeal Board"; and

(b) by adding the following definition in alphabetical order within section 574:

"board of adjustment" means the board of adjustment established under section 650;

MOTION:

THAT the proposed subsection 589(3), as set out in section 18 of the Bill, be amended by striking out "After first reading and before second reading of a proposed development by-law, council shall refer the proposed development by-law" and substituting "A proposed development by-law shall be referred".

MOTION:

THAT the proposed clause 591(1)(f), as set out in section 18 of the Bill, be amended by striking out the

semicolon at the end of subclause (f)(ii), substituting a comma, and adding the following after subclause (f)(ii):

that are beneficial to or necessary for the development, or to serve the development;

MOTION:

THAT the proposed subsection 596(3), as set out in section 18 of the Bill, be amended by striking out "a committee of council or the Planning Appeal Board" and substituting "the board of adjustment or, on appeal, by the committee of council designated by by-law".

MOTION:

THAT the proposed section 597, as set out in section 18 of the Bill, be amended by striking out "the development permit and development by-laws" and substituting "a by-law passed or an order made under this Part".

MOTION:

THAT the proposed subclause 600(2)(c)(i), as set out in section 18 of the Bill be amended

- (a) by striking out "or secondary plan by-law";
- (b) by striking out "within the 90 days" and substituting "before the expiry of the 90 days".

THAT the proposed subsection 600(3), as set out in section 18 of the Bill, be amended by striking out "Where council passes a development by-law" and substituting "Where a Plan Winnipeg by-law, secondary plan by-law or development by-law comes into force".

MOTION:

THAT the proposed subsection 607(1), as set out in section 18 of the Bill, be amended by striking out ", a committee of council or the Planning Appeal Board" and substituting "or the board of adjustment".

THAT the proposed subsection 607(2), as set out in section 18 of the Bill, be amended by striking out "a committee of council or the Planning Appeal Board" and substituting "the board of adjustment".

THAT the proposed subsection 608(1), as set out in section 18 of the Bill, be amended by striking out ", the committee of council or the Planning Appeal Board determines that, in its opinion," and substituting "or the board of adjustment is of the opinion that".

THAT the proposed subsection 608(2), as set out in section 18 of the Bill, be struck out and the following substituted:

Conditions applied to variance

608(2) Subject to a by-law passed under subsection 607(1), the designated city administrator or the board of adjustment may approve an application for an order of variance subject to any condition that the designated city administrator or the board of adjustment considers necessary to ensure that the proposed development conforms with subsection (1).

MOTION:

THAT the proposed section 609, as set out in section 18 of the Bill, be struck out and the following substituted:

By-law on conditional uses

609 An application for a conditional use or to amend an approved conditional use shall be referred to the board of adjustment.

THAT the proposed section 610, as set out in section 18 of the Bill, be amended by striking out "committee of council or the Planning Appeal Board" and substituting "board of adjustment".

MOTION:

THAT the proposed section 611, as set out in section 18 of the Bill, be amended

- (a) by striking out "committee of council or the Planning Appeal Board" and substituting "board of adjustment";
- (b) by striking out "is not detrimental to" and substituting "does not create a substantial adverse effect on".

MOTION:

THAT the proposed section 612, as set out in section 18 of the Bill, be amended by striking out "The committee of council or Planning Appeal Board" and substituting "The board of adjustment".

MOTION:

THAT the proposed subsection 617(3), as set out in section 18 of the Bill, be amended

- (a) by striking out "Notwithstanding section 629" and substituting "Notwithstanding subsection 629(2);
- (b) by striking out "under section 629" and substituting "under subsection 629(1)".

MOTION:

THAT the proposed subsection 619(3), as set out in section 18 of the Bill, be amended by adding "619(1)(b) or" after "the condition relates to clause".

MOTION:

THAT the proposed subclause 620(1)(f)(iii), as set out in section 18 of the Bill, be amended by adding "at such rate as is agreed upon" after "including interest".

MOTION:

THAT the proposed section 622, as set out in section 18 of the Bill, be amended by striking out "within 180 days" and substituting "within one year of the day".

MOTION:

THAT the proposed section 628, as set out in section 18 of the Bill, be struck out.

MOTION:

THAT the proposed subsection 629(1), as set out in section 18 of the Bill, be amended

(a) by adding the following after clause (d):

(d.1) requirements for giving notice of a committee report or decision made under this Part, including giving notice where a written representation is made by or on behalf of more than one person;

(b) by striking out clause (j) and substituting the following:

(j) the right to appeal a decision, in addition to any right to appeal provided under this Part;

(j.1) procedure for appealing a decision, including time periods for appeal;

(j.2) procedure for hearing appeals;

MOTION:

THAT the proposed subsection 630(2), as set out in section 18 of the Bill, be amended by striking out "Planning Appeal Board" and substituting "board of adjustment".

MOTION:

THAT the proposed clause 633(2)(e), as set out in section 18 of the Bill, be struck out and the following substituted:

(e) in any other manner council considers necessary or advisable.

THAT the proposed subsection 633(4), in section 18 of the Bill, be struck out and the following substituted:

Exemption to newspaper notice

633(4) Where a designated employee determines that an application that is subject to a public hearing affects only a specific building or building site, a

notice of the application shall be posted in accordance with subsection 635(1), and the posting of a notice may, subject to a by-law passed under subsection 629(1), substitute for publication of the notice in a newspaper under clause (2)(b).

MOTION:

THAT the proposed section 634, as set out in section 18 of the Bill, be amended by striking out "Planning Appeal Board" and substituting "board of adjustment".

MOTION:

THAT the proposed clause 635(1)(b), as set out in section 18 of the Bill, be amended by striking out "not less than one metre from the lot line" and substituting "not more than one metre inside the lot line".

MOTION:

THAT the proposed section 637, as set out in section 18 of the Bill, be amended by striking out "Planning Appeal Board" and substituting "board of adjustment".

THAT the proposed subsection 641(1), as set out in section 18 of the Bill, be amended by striking out "Planning Appeal Board" and substituting "board of adjustment".

MOTION:

THAT the proposed section 642, as set out in section 18 of the Bill, be renumbered as subsection 642(1), and the following added after subsection 642(1):

Conduct of combined public hearing

642(2) A public hearing authorized under subsection (1) shall be conducted

(a) by the board of adjustment, where the public hearing is in respect of a variance and conditional use; and

(b) by a committee of council, in all other cases.

MOTION:

THAT the proposed subsection 643(4), as set out in section 18 of the Bill, be amended by striking out "in respect of the tie vote".

MOTION:

THAT the proposed subsection 644(1), as set out in section 18 of the Bill, be amended

(a) by adding "in accordance with a by-law passed under section 629," after "give notice by mail,;" and

(b) by striking out "and the right to file an objection to it, in accordance with a by-law passed under section 629,".

MOTION:

THAT the proposed subsection 644(2), as set out in section 18 of the Bill, be struck out and the following substituted:

Notice of decision by board of adjustment

644(2) Where the board of adjustment makes a decision respecting an application for a variance or conditional use, the secretary of the board of adjustment shall as soon as is practicable give notice by mail, in accordance with a by-law passed under section 629, to the applicant and any person who made representations at the public hearing, of the decision and the right to appeal the decision to the committee of council designated by by-law.

MOTION:

THAT the proposed subsection 644(3), as set out in section 18 of the Bill, be amended

(a) by striking out "Planning Appeal Board" and substituting "the committee of council designated by by-law";

(b) by striking out clause (b) and substituting the following:

(b) in the case of a variance granted under subsection 607(3), in addition to the notice requirements set out in a by-law passed under clause 629(1)(e), to the owners of land adjoining the property in respect of which the variance is granted, where the variance exceeds 5% of the requirement set out in the development by-law.

MOTION:

THAT section 18 of the Bill be amended by adding the following after the proposed subsection 644(3):

Referral of report to board of adjustment

644.1 Council may refer the report of a committee of council respecting a secondary plan by-law or development by-law, or an application for approval of a plan of subdivision, to the board of adjustment, which shall conduct a public hearing in accordance with a by-law passed under subsection 652(1), and submit a report and recommendations to council.

THAT the proposed subsection 645(1) of the Act, as set out in section 18 of the Bill, be amended

(a) by striking out ", any objection filed with respect to the report,";

(b) by striking out "subsection 647(2)" and substituting "section 644.1"; and

(c) by striking out the comma after "stated reasons".

THAT the proposed subsection 645(2) of the Act, as set out in section 18 of the Bill, be amended by striking out "or filed an objection under subsection 647(1)".

MOTION:

THAT the heading "OBJECTIONS AND APPEALS" preceding the proposed section 646 of the Act, as set out in section 18 of the Bill, be struck out and "APPEALS" be substituted.

THAT the proposed section 646, as set out in section 18 of the Bill, be amended by striking out "Planning Appeal Board" and substituting "board of adjustment".

THAT the proposed section 647 of the Act, as set out in section 18 of the Bill, be struck out.

MOTION:

THAT the proposed subsection 648(1), as set out in section 18 of the Bill, be amended

(a) by adding "conducted by the board" after "a public hearing"; and

(b) by striking out "the board" and substituting "the committee of council designated by by-law".

THAT the proposed subsection 648(2), as set out in section 18 of the Bill, be amended

(a) in the heading preceding it, by striking out "board" and substituting "committee";

(b) by striking out "Where the board" and substituting "Where the committee of council";

(c) by striking out "subsection 652(1)" and substituting "subsection 629(1)".

THAT the Bill be amended by adding the following after subsection 648(2):

Application of provisions to committee

648(3) Subsections 608(1) and (2), and sections 611 and 612 apply to a decision of a committee of council made under subsection (2).

THAT the proposed clause 649(f), as set out in section 18 of the Bill, be struck out and the following substituted:

(f) a decision of a committee of council under subsection 648(2).

MOTION:

THAT the heading "PLANNING APPEAL BOARD" preceding the proposed section 650, as set out in section 18 of the Bill, be struck out and "BOARD OF ADJUSTMENT" be substituted.

THAT the proposed section 650, as set out in section 18 of the Bill, be amended by striking out "Planning Appeal Board" and substituting "board of adjustment".

THAT the proposed subsection 651(1), as set out in section 18 of the Bill, be amended

(a) in clause (a), by adding "subject to a by-law passed under subsection 607(1)," after "(a)";

(b) by striking out clause (b) and renumbering clauses (c) and (d) as clauses (b) and (c), respectively.

MOTION:

THAT the proposed clause 652(1)(d), as set out in section 18 of the Bill, be struck out and the following substituted:

(d) rules of practice and procedure.

MOTION:

THAT section 21 of the Bill be struck out and the following substituted:

Section 688 rep. and sub.

21 Section 688 is repealed and the following is substituted:

Conditional approval of subdivision in additional zone

688 Where before the repeal of provisions of this Act respecting the additional zone by The City of Winnipeg Amendment Act (3), S.M. 1989-1990, chapter 52, council approved subject to conditions a proposed plan of subdivision in the additional zone, the approval is deemed for the purposes of a subdivision that was not completed by January 1, 1991 to be a conditional approval under clause 64(2)(a) of The Planning Act and is subject to the provisions of that Act.

MOTION:

THAT subsection 24(3) of the Bill be deleted, subsection 24(2) of the Bill be renumbered as subsection 24(3), and the following be added as subsection 24(2):

Subsection 95(1) amended

24(2) Subsection 95(1) is amended

(a) by adding "a municipality or" after "upon the application of"; and

(b) by striking out "clause 112(3)(g)" and substituting "clause 117(6)(g)".

MOTION:

THAT clause 27(6)(b) of the Bill be amended by striking out "(objections and appeals)" and substituting "(appeals)".

THAT the following be added after subsection 27(6) of the Bill:

Retroactive: section 21

27(6.1) Section 21 is retroactive and is deemed to have come into force on January 1, 1991.

MOTION:

THAT Legislative Counsel be authorized to change all section numbers and internal references necessary to carry out the amendments adopted by this committee.

Your committee has also considered:

Bill 68—The City of Winnipeg Amendment Act (2); Loi no 2 modifiant la Loi sur la Ville de Winnipeg and has agreed to report the same with the following amendments:

MOTION:

THAT subsection 3(3) of the Bill be renumbered as subsection 3(5), and the following added after subsection 3(2):

Subsection 5(5) amended

3(3) Subsection 5(5) is amended by striking out "Where," and substituting "Subject to subsection (6), where".

Subsection 5(6) rep. and sub.

3(4) Subsection 5(6) is repealed and the following is substituted:

L.G. in C. may appoint person to act

5(6) Where a person referred to in subsection (5) is unable for any reason to act in place of a member of the commission referred to in subsection (3), the Lieutenant Governor in Council may appoint a person to act in place of the member.

MOTION:

THAT the proposed subsection 63.1(1), as set out in section 17 of the Bill, be amended by striking out clause (a) and adding the following after "report to council on":

the annual financial statements of

(a) the city; or

THAT the proposed subsection 63.1(2), as set out in section 17 of the Bill, be amended

(a) in the heading preceding it, by striking out "Persons" and substituting "Accountants";

(b) by striking out "No person" and substituting "No accountant"; and

(c) by striking out "the person or a person in the partnership" and substituting "the accountant, or an accountant employed in or by the partnership."

All of which is respectfully submitted.

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

Motion agreed to.

ORAL QUESTION PERIOD

Garrison Diversion Project Premier's Discussions

Mr. Gary Doer (Leader of the Opposition): Mr. Speaker, we know the Premier (Mr. Filmon) is, of course, meeting with the Premier of Saskatchewan, other governors from the United States and allegedly people representing governments of states of Mexico in the central area of our continent. We hope the discussions go well in terms of the issues that are of importance to the province of Manitoba.

A couple of years ago and in subsequent questions in this Chamber, we have raised the issue of the Garrison Diversion Project coming back in different forms. One of the forms that we thought was curious with the U.S. Corps of Engineers providing some money a few years ago, 1988-89, was in a project called the Mid-Dakota Project.

We raised those questions with the former Minister of Natural Resources a couple of years ago, and we have raised with the Premier our concerns about the Garrison Diversion Project coming back under different terms but with the same potential impact on Manitobans, the effect of biota being transferred from the Missouri River basin to the Hudson Bay basin, the effect on quality of water and quantity of water to many communities in Manitoba that rely on the present water system.

Mr. Speaker, we note that the Premier has announced an environmental meeting in Manitoba. Yet we have heard of no discussions dealing with our water environment in the province of Manitoba. I would ask the acting Premier, has the Premier put

on the agenda the various alternatives to the Garrison project? Specifically, has he asked the governor of the State of North Dakota to cancel all plans dealing with water transfer to the Hudson Bay water transfer system and specifically the Mid-Dakota Project and its impact on Manitobans?

Hon. James Downey (Deputy Premier): Mr. Speaker, I will leave it for the Premier to report on his return from the Governors' and Western Premiers' Conference.

I want to make it—

An Honourable Member: Perfectly clear.

Mr. Downey: —perfectly clear—I thank the member for his coaching—the position of Manitoba has not changed. That is, we have not and never will support a transfer of the Missouri water from the Missouri water system into the Hudson Bay system. Our position has not changed.

* (1340)

Mr. Doer: Mr. Speaker, I recall last year when the western Premiers got together and they all went to Lloydminster for the New Realities meeting. The Premier (Mr. Filmon) came out of that session with a nice press release saying we had co-operation, peace in our time, with the other western Premiers.

At the same time they were at that meeting in Lloydminster, Grant Devine with this so-called co-operation was building the Rafferty-Alameda dam without any concern at all for Manitobans. I am not interested in the press releases that usually come out of these meetings. I am interested in what we are taking to the table and whether we are getting any results.

Has the Premier asked specifically that the governor and the government of the State of North Dakota, in light of the risk assessment material in the technical documents, which state the highest biological waiting factor was associated with the Mid-Dakota Reservoir, the lowest biological waiting factor was associated with the present Garrison Diversion, the system that is in place now—is the Premier placing that on the agenda? Will we get a decision from the governor of North Dakota, or will we get another press release talking about co-operation?

Mr. Downey: Mr. Speaker, I have a lot more confidence in our Premier meeting with the Premiers of western Canada than the Leader of the Opposition meeting with Audrey McLaughlin and

the Premier of Ontario, where they do not know what the realities of this country are. The people have been overtaxed, overburdened with taxation, with debt that has been put us in a financial situation that is hurting every Manitoban and every Canadian.

As far as the report from the Premier, Mr. Speaker, I will take that under advisement for him to report on his return.

Mr. Doer: Well, only the Deputy Premier can applaud a co-operation and peace in our time with Saskatchewan as they are building the dam that will affect the long-term water impact on the Rafferty-Alameda dam. No wonder we are in so much difficulty, Mr. Speaker.

Great Whale Project Government Position

Mr. Gary Doer (Leader of the Opposition): I have a final question to the Minister of Environment.

We took a very, very strong stand on the Oldman River, Mr. Speaker. We decided to intervene and we could not decide whose side we were on, the federal government or the provincial government, in terms of downstream water impact. We raised the issue of Conawapa. We raised the issue of sewage treatment plants. We raised all these issues, but we are not siding with the federal government or the Alberta government with the strong position the Manitoba government took in its intervention on the Oldman River.

I would ask the provincial government: Has it taken a similarly strong position on the Great Whale Project, the project before the courts now affecting the Cree in the province of Quebec and the federal government? Are we taking a position that we are in favour of federal jurisdiction here to look at the total impact on the total ecosystem of the Great Whale Project, or are we not taking a position as we did on the Oldman River?

Hon. James Downey (Deputy Premier): Mr. Speaker, I will have the Minister of Environment answer the specific questions. I just want the members opposite in this House and the people of Manitoba to know, when that member for Brandon East (Mr. Leonard Evans) was the Minister of Natural Resources, when the Rafferty-Alameda dam was started, what did he and his government do during that period of time when all the development plans were taking place? Absolutely nothing.

Workers Compensation Benefit Payment Changes

Mr. Steve Ashton (Thompson): The antiworker agenda of this government is becoming increasingly clear, first with Bill 70 and now with changes to The Workers Compensation Act, Mr. Speaker. Surprise, surprise—at committee hearings, the Chamber of Commerce supports the changes to the bill, but every employee organization, every organization representing injured workers and practising medical practitioners all said this would negatively hurt individual workers compensation claimants.

My question is to the Minister of Labour. Given the fact that for every \$1 in increased benefits, the minister by his own statistics today shows there will be a reduction of \$4 in benefits to injured workers and their families, how can this minister justify dealing with the books of the workers compensation system at the expense of injured workers and their families?

Hon. Darren Praznik (Minister of Labour): Mr. Speaker, the member for Thompson's comments about the change in payment of benefit package, I am not sure whether the member supports the principle of going to a payment on net or supports the continuation of the present method which is a payment on gross wages that results in considerable overpayment, up to 130 percent of take-home wages. I am not sure which side of the issue the member is on.

Mr. Ashton: Mr. Speaker, I know what side of the issue I am on. I am against this government cutting benefits to injured workers and their families.

* (1345)

Occupational Diseases Definition

Mr. Steve Ashton (Thompson): Mr. Speaker, it affects not only current workers but, in particular, future workers.

My question to the Minister of Labour is: Why has he ignored the presentations to the committee by practising medical practitioners and others who pointed out that his definition in the bill of occupational diseases and other sections of the bill will result in future claimants being denied workers compensation?

Hon. Darren Praznik (Minister of Labour): Mr. Speaker, again, the member for Thompson has not

indicated whether his party supports the principle of going to net payment on net wages as opposed to gross, and from what he says, one can only assume that the New Democrats believe in paying people more on compensation than what they take home, because that is the logical conclusion of his comments.

With respect to occupational disease, as the member knows, the definition put in our act enshrines the status quo, the current definition, anyone who has an occupational disease which the substantive cause—and the presenters at the committee indicated that occupational disease is the result of multifactors, many included in the person's lifestyle, the air we breathe, et cetera. The current definition enshrines the status quo, allows people to know what is and what is not covered, and the kind of definition that the member is supporting would indicate that the common cold obtained from someone at the workplace is an occupational disease.

I know it is a very difficult set of definitions to work with, but the member oversimplifies that whole issue.

Injured Workers Rights

Mr. Steve Ashton (Thompson): My final question to the minister, as well, is in regard to some of the other changes on the employers' wish list, all of which this minister has granted, that has a deterrent fee for appeals, that has contracting out to employers of the handling of cases and has medical records available now to employers for the first time.

My question, Mr. Speaker, of the minister is: Why has he gone so far? Why has he bent over backward to accede to every single one of the Chamber of Commerce's major, major requests at the expense of injured workers and their rights here in Manitoba?

Hon. Darren Praznik (Minister of Labour): Mr. Speaker, the member for Thompson, both at committee and in this House, continually tries to paint a picture in which that proposed package is somehow way out of line with (a) what the vast majority of other jurisdictions are doing in this country, or (b) that they do not represent substantially the kind of consensus that was arrived at at the King commission.

Mr. Speaker, of 178 recommendations made by the King commission under their administration, 140 have now been either totally or partially complied

with either administratively or in this act. If this type of legislation is so wrong, then I think they should raise it with their colleagues in Saskatchewan who brought in exactly the same type, or virtually the same type, of administrative scheme as this government is now bringing in along with six other provinces in this country—so get off their high horse.

Seech Gajadharsingh Government Representative

Mrs. Sharon Carstairs (Leader of the Second Opposition): My question is to the Deputy Premier.

Mr. Speaker, over the past few days, we have been in touch with a businessman, based in Los Angeles, by the name of Mr. Justin Ding. This individual attended a meeting in Winnipeg with Claro Paqueo and Seech Gajadharsingh to discuss the potential purchase of Wescott Fashions in this city. This person told us that Mr. Gajadharsingh introduced himself as a government official and distributed his government card which identified him as a special advisor to the Minister of Family Services (Mr. Gilleshammer).

Given that Mr. Gajadharsingh was clearly portraying himself as representing government at this meeting, can the Deputy Premier tell us exactly what role he played at this meeting? Did he also play this role at the meetings attended by Mike Bessey?

Hon. James Downey (Deputy Premier): Mr. Speaker, the member is well aware of the fact that there are two fully independent investigations being carried out, one with the Civil Service Commission, which I would invite the member opposite, if she has additional information, should be forwarded to the Civil Service commissioner in charge of the work being carried out. Number two, there is an RCMP investigation which, if there are illegal activities being carried out, I would invite her to provide that information to the RCMP directly.

Mrs. Carstairs: Mr. Speaker, as the minister knows, this area is not an RCMP-type investigation.

* (1350)

Seech Gajadharsingh Civil Service Walver

Mrs. Sharon Carstairs (Leader of the Second Opposition): I have a supplementary question to the minister for the Civil Service Commission.

In that Seech Gajadharsingh is a civil servant employed by the Province of Manitoba, and given that he was employed by Red River Community College all through the last academic school year, can the minister responsible for the Civil Service Commission tell us today if he received a waiver from the Civil Service Commission which would have made it possible for him to have collected the \$1,000?

Hon. Darren Praznik (Minister responsible for The Civil Service Act): Yes, Mr. Speaker, I would be pleased to take that as notice. I do not have that information for the member at this time.

Seech Gajadharsingh Civil Service Waiver

Mrs. Sharon Carstairs (Leader of the Second Opposition): Mr. Speaker, when it comes to enforcing The Civil Service Act, we seem to have a disagreement with regard to specific ministers. We know, for example, that Amarjeet Warraich has been asked to repay a double payment which he received. We have been told by the Minister of Energy and Mines (Mr. Neufeld) that Charlie Curtis will not be asked to repay, that he will be given a retroactive waiver.

My question to the minister responsible for the Civil Service Commission is: What will be their decision with regard to Seech Gajadharsingh? Will he be given a retroactive waiver as with Mr. Curtis, or will he be asked to pay it back like Amarjeet Warraich?

Point of Order

Hon. Clayton Manness (Government House Leader): The question is hypothetical and speculative. Indeed, the fact has not been established that a waiver has not been provided. I think the minister took the question as notice, and until the minister has an opportunity to determine the fact, I would say the question is out of order.

Mr. Speaker: On the point of order raised, I would ask the honourable Leader of the second opposition party to rephrase her question. It is hypothetical.

* * *

Mrs. Carstairs: Mr. Speaker, the question is very simple. What is the government policy with respect to double payments to members of the Civil Service? Are they to be asked to pay them back, or

are they to be given retroactive waivers? Surely there is a policy of government on this issue.

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, there is very much a policy of government and that is 12(4) of The Civil Service Act. That is put in place very clearly so that officials in one department will know fully well whether an individual who may be paid for some activity rendered within that department, whether or not they are also receiving pay in another department. That is put into place in a very literal translation to make sure that one department of government knows what the other department is doing in paying out double pay.

That is different from Section 12 of The Legislative Assembly Act which, of course, causes us as legislators to make sure that we do not take any more than one salary very specifically.

Thirdly, when it comes down to using their example, Mr. Curtis, in this case, the world knew as of June 1988 that Mr. Curtis was drawing two salaries. It was published in the Estimates. The Provincial Auditor was aware of the scene. In that case, indeed if the members wish to maintain their questions, the Minister of Energy and Mines (Mr. Neufeld) will more fully reply as to what is the case with respect to Mr. Curtis.

Port of Churchill Advisory Committee Mandate

Ms. Rosann Wowchuk (Swan River): Mr. Speaker, the old Port of Churchill Development Board, which had a broad mandate to deal with development of the Port of Churchill to attract business to the port had broad representation. This board has been replaced by a local advisory committee with a much narrower focus dealing basically as a Chamber of Commerce. The Port of Churchill is important to many people, particularly people in the agricultural industry in the central part of the province who could save a lot of money if this port was developed.

Will the minister responsible for the Port of Churchill renew his government's commitment, increase the level of support and broaden the mandate of the new board that has been put in place, so that we can have the service that we need from that port?

Hon. James Downey (Minister of Northern Affairs): Mr. Speaker, the member is somewhat

confused. Exactly the opposite has happened. The old Port of Churchill Development Board was very much specifically working on behalf of the port itself and the shipment of product, grain particularly, through the port.

In the establishment of the new Port of Churchill Development Board, it has been broadened to include tourism, to include all those economic benefits that can be added to Churchill, not just the shipment of grain but to broaden the range and, to be quite blunt, to have more local involvement rather than have the government so much involved. It is more local involvement with a broader mandate than under the previous administration.

Ms. Wowchuk: Yes, we have local involvement so that the government can wash their hands of it.

* (1355)

Advisory Committee Funding

Ms. Rosann Wowchuk (Swan River): When the announcement was made for the new board, included in the announcement was that Mr. Don Figurski would be appointed as an interim executive director. Can the minister responsible tell us whether funds have been put in place for Mr. Figurski to do his job, or is this just another empty announcement by this government?

Hon. James Downey (Minister of Northern Affairs): Mr. Speaker, first of all, there have not been any empty announcements made by this government, unlike the previous administration that, unfortunately, took this province into rack and ruin financially with the spending of some \$27 million in Saudi Arabia, with the building of a \$30-million bridge without a road to it—rack and ruin of the financial picture of this province.

There are funds for the Port of Churchill Development Board to operate to develop the Port of Churchill and all other economic activities in that region of the province.

Ms. Wowchuk: Well, at least the previous government could sign an \$83-million agreement for the Port of Churchill which this government has not been able to do.

Port of Churchill Promotion

Ms. Rosann Wowchuk (Swan River): My final question is for the Minister of Industry, Trade and Tourism.

This province has an office in Ottawa with three staffpeople who are supposed to promote Manitoba. Can the minister tell this House what instructions he has given to Mr. Blackwood that will help promote the Port of Churchill? Has this office attracted any business to the Port of Churchill?

Hon. Eric Stefanson (Minister of Industry, Trade and Tourism): Mr. Speaker, the Ottawa office actually employs four individuals, and it is Mr. Blackwood who is the manager of that operation. Certainly we have provided direction on a various range of fronts in terms of promoting Churchill, most recently the utilization of Churchill for activation of a rocket range.

Clearly, we are extremely concerned and interested in the future of Churchill, the opportunities that Churchill represents. Our Ottawa office is well aware of that. They are doing everything to promote Churchill to the federal government.

Churchill Rail Line Protection

Mr. Daryl Reid (Transcona): Mr. Speaker, last week I had the opportunity to ask the Minister of Highways and Transportation if he had discussions with his federal counterparts to have the bayline route to Churchill declared in the national interest. The minister replied that he had pursued that some two years ago.

I would like to ask the Minister of Highways and Transportation, now that some two years have passed, for this minister to tell the House today what success he has had in having the Churchill rail line declared in the national interest and to table any supporting documentation that he might have.

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Speaker, I have had no success.

Mr. Reid: That is an honest comment, Mr. Speaker, and I thank the minister for that.

Port of Churchill All-Party Committee

Mr. Daryl Reid (Transcona): Mr. Speaker, since every day waited is a day lost for Churchill's shipping season, how long does this Minister of Highways and Transportation plan on waiting for letters to cross in the mail before he takes this matter seriously and convenes face-to-face meetings

between an all-party Manitoba delegation and the federal minister responsible for the Wheat Board?

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Speaker, I am not sure whether the member was aware that the minister responsible for the Wheat Board was on the radio last weekend and made some comments which I do not necessarily agree with. He took exception to some of the comments that I have made regarding the movement of grain through the Port of Churchill.

Mr. Speaker, I indicated in this House before that we are pressing as hard as we know how in terms of getting a commitment out of the Wheat Board to have grain movement through the Port of Churchill. I am still hopeful that this will happen. I also indicated that if I could not get a positive response that I would come back to the members of the Legislature asking for their support. I am still hoping to meet with the federal minister somewhere in the very near future, hopefully, to continue discussions and to continue to press for action in grain movement through the Port of Churchill.

* (1400)

Promotion

Mr. Daryl Reid (Transcona): Mr. Speaker, the people of Manitoba want to know when these meetings are going to take place because as we wait, the shipping season is dwindling away in this province.

Since this provincial government has failed miserably in its weak efforts to have the Canadian grain shipped through the Port of Churchill, will they at least lend support to the efforts of The Pas-Port of Churchill Promotion Committee who are actively pursuing American wheat shipments for Manitoba's port?

Hon. Albert Driedger (Minister of Highways and Transportation): Mr. Speaker, I just want to indicate that I have always shown support for the Hudson Bay Route Association and all their activities. I have had the occasion to be out there with my colleagues at the same time and went down to Vegreville, taking members from both parties along down there.

Mr. Speaker, this is not a political issue among ourselves in this House. It is an issue that we have with the federal government, with the CN and with the Wheat Board. As far as the position is of all members of this House, I think we are all supportive

and would all like to see a firm long-time commitment for the Port of Churchill. That is what we are working for, and if there is any way that I can enhance, that will enhance the support of all members of this House, I certainly am not adverse to doing that.

At the present time, Mr. Speaker, I want to indicate that I am still hopeful that we are going to have grain moving through the Port of Churchill. I was encouraged by the comments by the minister responsible for the Wheat Board on the weekend that he is hopeful also that something will be happening. I can only at this present time do what I am doing, which is pushing hard, and be hopeful that a commitment will be made.

Deputy Minister of Finance Civil Service Waiver

Mr. James Carr (Crescentwood): Mr. Speaker, my question is either to the minister responsible for the Civil Service Commission or the Minister of Energy and Mines.

Last Friday in the House, we asked the Minister of Energy and Mines if Mr. Charles Curtis, the Deputy Minister of Finance, had received a waiver allowing him to receive remuneration paid out of the Consolidated Fund for his work as chief executive officer of the Manitoba Energy Authority.

On Friday, the minister was not sure of an answer. We wonder if he can enlighten the House today.

Hon. Harold Neufeld (Minister of Energy and Mines): Mr. Speaker, on November 30, 1988, we received a legal opinion that a waiver would not be necessary, and the waiver therefore was not received.

Pension Benefits

Mr. James Carr (Crescentwood): Well, we would like to know what the argument was that was passed on to the minister, because it is very clear in The Civil Service Act, Section 12(4), that you cannot receive two incomes from the government unless you receive a waiver from the Civil Service Commission, which was not done in this case.

We had a difficult time looking at the press release and the Order-in-Council of June 1, 1988, determining exactly the salary paid to Mr. Curtis. We would also like to know if there are any pension benefits which go along with the responsibility of the

chief executive officer of the Manitoba Energy Authority.

Hon. Harold Neufeld (Minister of Energy and Mines): Mr. Speaker, the only benefits the Deputy Minister of Finance received as the executive director of the Manitoba Energy Authority was a parking stall at the Energy Authority offices. He did get pension payments the same as any other employee would get but no other benefits.

Civil Service Commission Waiver Policy

Mr. James Carr (Crescentwood): Mr. Speaker, we are left wondering what the policy of the government is. It is clear that there is a section of The Civil Service Act that requires a waiver. We now have at least three examples where the government is treating its employees differently.

Let me ask the minister responsible for the Civil Service Commission, what is the government's policy?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, just to clarify this matter, the Provincial Auditor, who looked at the June 1 order in '88 and who called it into question, not because of Section 12(4) of The Civil Service Act, but because it did not spell out a level of remuneration, and who also took into account that the government was not trying to hide anything, was laying out clearly for the people of Manitoba that Mr. Curtis would be drawing salary from two sources, sensed that the intent of Section 12(4) was in no way violated.

We have legal opinion as a result of the Provincial Auditor wondering why there was not a remuneration amount spelled out in the June 1 order. We have a legal opinion from legal counsel which clearly spells out that 12(4), the intent of that, was not in any way violated since the government first of all publicly stated that Mr. Curtis was receiving payment from two sources. Secondly, Mr. Speaker, and then the amount in the January '89 order laid out clearly how much Mr. Curtis was to receive, that 12(4) in no way was violated, because, again, even our Supplementary Estimates that come down in two departments clearly lay out that fact.

I do not know on what course the Liberals are bent on following. It seems to be they are trying to besmirch the background and, indeed Mr. Curtis, by way of this continuing question. Everything that the

government has done is within the intent of Section 12(4), and furthermore, we have legal opinion to support that. I say to them, shame.

Oakville, Manitoba Water Quality

Ms. Marianne Cerilli (Radlsson): Mr. Speaker, I attended a meeting in Oakville on Friday night where the residents there who are concerned about the potential hog operation had a number of guests from other areas of the province, and it showed that it is not a local issue. It is a provincial issue.

I saw some pretty frightening things there. I saw photographs from one area of the province where dead pigs had been allowed to go into a river where people get their drinking water. I saw photographs where lagoon effluent was being sprayed into the air in high wind. I heard one woman describe her fight to not allow effluent to pass down a municipal ditch and go into her yard, and one other resident described how residents in Whitemouth had gotten kidney disease from drinking contaminated water. My response was, how can this happen?

I would ask the Minister of Environment to explain to the House how can this happen.

Hon. Glen Cummings (Minister of Environment): That is a pretty wide-ranging question, Mr. Speaker. First of all, if the member has evidence of the allegations that she just made, then she better give them to this department so we can prosecute.

The question regarding the meeting that the member went to is a proposed hog lagoon. The question that was raised last week by the concerned citizens in the area is whether or not the human effluent lagoon is in fact leaking. There are a number of reasons that could explain the problems, if there are problems, with that lagoon. There is no evidence of problems. There are only suspicions.

We said we would investigate to confirm if that lagoon was, in fact, intact. We would investigate to make sure that there was no pollution. Allegations do not make the parties guilty.

Ms. Cerilli: Mr. Speaker, I wish the minister or one of his staff had been at the meeting, and he would have the evidence he is asking me to provide him with.

Sewage Lagoons Regulations

Ms. Marianne Cerilli (Radisson): My supplementary question deals with the obvious fact that there is a need for more regulations to deal with waste lagoon proximity to drinking water, to deal with pumping of lagoons and to deal with the spread of livestock waste.

What is this government doing to deal with those regulations as well as the enforcement of those regulations?

Hon. Glen Cummings (Minister of Environment): Mr. Speaker, if the member is asking if they need additional regulations to control agriculture, let her put that on the record. Perhaps she should look at the regulatory controls that are there today. There is no way that effluent from livestock operations could be allowed, should be allowed or will be allowed to flow into water courses. If she has evidence of dead animals that have been dumped into a water course, then let us have that evidence and we will prosecute.

I am concerned that the member, in good standing, such as this member, would bring allegations like that to this Chamber and suggest that in any way there is a desire on her part to have additional regulation to control this when, in fact, what it takes is evidence, not allegations.

Agriculture Land Designation

Ms. Marianne Cerilli (Radisson): Mr. Speaker, since this issue is not only an environment issue, but is also a zoning issue for agricultural land, my third question is to the minister of municipal affairs.

Will he make the necessary changes in designation of agricultural land for specific purposes like an intensive hog operation to ensure that the land and the environment in the surrounding area can sustain the size and the type of the agricultural proposal that is being made?

Hon. James Downey (Minister of Rural Development): Mr. Speaker, the member should be made aware of the fact that there is a process which has to be followed before there is the establishment of livestock concentrated operations. There is a planning act, planning districts for which regulations apply. There is a process that all municipalities—not all, but the majority of them where they are in heavily concentrated areas—are

part of. I would invite her to make a presentation when, in fact, there are hearings taking place to express her objections to the development of livestock operation. There is a process which has to be followed.

* (1410)

Economic Growth Provincial Comparisons

Mr. Leonard Evans (Brandon East): I have a question for the Minister of Finance.

Statistics Canada has just released figures on the retail trade for May, Mr. Speaker. This report shows that Manitoba's retail sales are down by 5.7 percent from last May on a seasonally adjusted basis, ranking us nine out of 10 provinces. Even P.E.I. is better than us.

Also, after three consecutive years of decline in urban housing starts, Manitoba is experiencing a phenomenal 65.5 percent decline in the first half of this year compared with the same period in 1990, and as such, we are ranking 10 out of 10.

I want to ask this Minister of Finance who has given us four budgets: Why is Manitoba's economy performing so poorly?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, I categorically reject the member's conclusion of his summation of his facts. I do not deny that our retail sales are anything but robust, but I can indicate to the member that the sales tax revenue, which directly mirrors the activity in sales, certainly does not show a 5 percent reduction.

They are not increasing, but they certainly are not decreasing either for that month, so I would say to him that the more accurate measurement still would be the tax revenue generated, and at this point, we are more or less flat with last year.

I say the hypothesis to his whole question is entirely wrong, and I think then he should go back to his statistics and recompile them.

Mr. Leonard Evans: Mr. Speaker, I was quoting a report issued by Statistics Canada today, showing us nine out of 10, and as I said, and the minister did not respond to this one. In our housing industry, after years of decline, we are still 10 out of 10.

Manufacturing Industry Provincial Comparisons

Mr. Leonard Evans (Brandon East): Mr. Speaker, my other question to the minister deals with manufacturing.

I want to know from the minister: Why is Manitoba's manufacturing industry continuing to shrink?

In the first five months of this year, our manufacturing shipments declined by 17.9 percent over the same period last year, the largest decline of any province, ranking us 10 out of 10. I note employment is now averaging 55,000, the first half of 1991, but in 1988, when this government took office, it was 63,000.

My question then to the minister is: Why is manufacturing in Manitoba doing so poorly relative to the rest of Canada?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, the member is well aware, I believe, that there are basically only three or four provinces that have a high manufacturing sector in Canada. We are one of those. Recession obviously hits those provinces with a manufacturing sector the hardest. It is without question then that Manitoba, because it has a large manufacturing sector, will be hit harder than some other provinces.

We know, Mr. Speaker, that there seems to be a stability now taking place within that sector, and furthermore, we do not expect to reach the all-time low in terms of jobs within the manufacturing sector, which it seems to me was in 1987, in January, when it dropped to 51,000. We do not expect to attain that in this present recession, and we would have to drop another 4,000 jobs to hit that. I would think that right now we are setting a new base. We are hoping and expecting that we are through the recession. We expect we are on a gentle incline. We know the growth out of this will not be incredibly strong, but it is better to be at a moderate rate than to jump up quickly and then fall off again.

That is the great fear now for the economists to whom I speak, is that this may or may not be a false start. I am talking in Canada, and I am not talking about Manitoba, because again, 70 percent of our well-being as a province—the members know this fully well, particularly the member for Brandon East—is as the nation does, Mr. Speaker. Right now, the nation seems to be slowly coming out of the recession. I would think the member would be

happy to hear that Manitoba also is sharing in that. Thank you.

Weekly Wages Provincial Comparisons

Mr. Leonard Evans (Brandon East): We have been doing poorly on retail trade, urban housing, manufacturing. Can the minister explain why Manitoba ranks 10 out of 10 in terms of increases in average weekly wages?

In the first four months of this year, we are the lowest in Canada. Even Prince Edward Island has a greater average increase in average weekly wages. Prince Edward Island was 5 percent; Manitoba was 3.5 percent.

Why, Mr. Speaker, are we at the bottom of the heap?

Hon. Clayton Manness (Minister of Finance): Mr. Speaker, you know, that is the member's way. He likes to zero in, focus in, on very selective statistics. I know that we have the sixth or seventh highest average industrial wage across Canada, as is our economic wealth as a province. I do not think the member would find anything untoward in that statement.

It would seem to me that the numbers he would point out today, which focus into a month, would not have us changing our rank at all. Let me say, Mr. Speaker, if we are to become competitive as a province in the North American context, certainly in the U.S.-Canada context, it would say that we—and the government is doing a great job in holding back inflationary trends in this province, and that bodes well for economic prosperity in the future. I would think he should be congratulating us.

Decentralization Status Report

Mrs. Sharon Carstairs (Leader of the Second Opposition): Mr. Speaker, during the Estimates of the Minister of Rural Development, we were told that 146 positions, Civil Service positions, had been moved from Winnipeg to rural Manitoba. During the Estimates of other departments, however, we were told of a number of layoffs of Civil Service people living and working in rural Manitoba.

Can the minister tell the House today how many new jobs are in rural Manitoba under this government when he subtracts all the layoffs from the now newly decentralized positions?

Hon. James Downey (Minister of Rural Development): Mr. Speaker, I will take that question as notice.

Mrs. Carstairs: Well, Mr. Speaker, the Minister of Natural Resources (Mr. Enns) has told us in Estimates that there will be 61 fewer positions in rural Manitoba as a result of the government's budget. The Minister of Agriculture (Mr. Findlay) told us that there were eight fewer jobs. The Minister of Rural Development told us there were 13 fewer jobs, for a total of 82 fewer positions.

Can the minister tell us what the number is for all of the other departments, excluding those three?

Mr. Downey: Mr. Speaker, for a member who just about a week ago to two weeks ago indicated that there were not enough people in rural Manitoba to carry out a bond development program, new initiatives, has made an about-turn and is now showing some interest in rural Manitoba in what one would consider a positive way, I will provide that information for her, but I am extremely disappointed in the member and her attitude towards rural Manitoba in saying no one is capable there to carry out the kind of work activity under a rural bond development program.

Mr. Speaker: Time for Oral Questions has expired.

Committee Changes

Mr. Edward Helwer (Gimli): Mr. Speaker, I move, seconded by the member for St. Vital (Mrs. Render), that the composition of the Standing Committee on Private Bills be amended as follows: Portage La Prairie (Mr. Connery) for St. Norbert (Mr. Laurendeau), Pembina (Mr. Orchard) for Morris (Mr. Manness) and St. Vital (Mrs. Render) for La Verendrye (Mr. Sveinson).

Mr. Speaker: Agreed? Agreed.

Mr. George Hickes (Point Douglas): Mr. Speaker, the following changes were moved by leave during the July 19 meeting of the Standing Committee on Municipal Affairs, and as was agreed to at that meeting, the same changes are now moved in the House.

Moved at 1:40 p.m., Friday, July 19, 1991, by leave, the composition of the Standing Committee on Municipal Affairs, Wellington (Ms. Barrett) for Elmwood (Mr. Maloway).

Mr. Speaker, the following were also agreed to in committee. Industrial Relations, The Pas (Mr.

Lathlin) for Point Douglas (Mr. Hickes), Wellington (Mrs. Barrett) for Radisson (Ms. Cerilli), in accordance with the changes made during the July 22, 1991, meeting of the Standing Committee on Industrial Relations.

* (1420)

Mr. Speaker: Agreed? Agreed.

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, with a committee change, I move, seconded by the member for The Maples (Mr. Cheema), that the composition of Standing Committee on Private Bills be amended as follows: St. James (Mr. Edwards) for Inkster (Mr. Lamoureux).

Mr. Speaker: Agreed? Agreed.

House Business

Hon. Clayton Manness (Government House Leader): Mr. Speaker, the parties may also want to change their members on committees because I intend to call also, committee on Statute Law Amendments to consider just one bill, that is Bill 65—I am sorry—Law Amendments—to consider Bill 65. I would like to do that at roughly 3:30 or right after -(interjection)- Right after Private Bills.

Mr. Speaker, I will get back on that one. That is not an official—that is not an announcement.

Mr. Speaker: Okay.

Mr. Manness: Mr. Speaker, the Standing Committee on Private Bills will, though, sit at three o'clock this afternoon.

Mr. Speaker, I propose to call Report Stage on the bills listed. Would you begin on Bill 2.

ORDERS OF THE DAY

REPORT STAGE

Bill 2—The Amusements Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Culture, Heritage and Citizenship (Mrs. Mitchelson), that Bill 2, The Amusements Amendment Act (Loi modifiant la Loi sur les divertissements), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 4—The Health Services Insurance Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Highways and Transportation (Mr. Driedger), that Bill 4, The Health Services Insurance Amendment Act (Loi modifiant la Loi sur l'assurance-maladie), as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 35—The City of Winnipeg Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Urban Affairs (Mr. Ernst), that Bill 35, The City of Winnipeg Amendment Act (Loi modifiant la Loi sur la Ville de Winnipeg), as amended and reported from the Standing Committee on Municipal Affairs, be concurred in.

Mr. Speaker: It has been moved by the honourable government House leader (Mr. Manness), seconded by the Minister of Urban Affairs (Mr. Ernst), that bill number—

An Honourable Member: Thirty-five, with the leave of the house, Mr. Speaker. Sorry.

Mr. Speaker: Oh, okay, that is it.

Does the honourable Minister of Finance (Mr. Manness) have leave that Bill 35, the City of Winnipeg Amendment Act; Loi modifiant la Loi sur la Ville de Winnipeg, be reported in? Is there leave?

Some Honourable Members: Leave.

Mr. Speaker: Leave. It is agreed.

Motion agreed to.

Committee Changes

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, I move, seconded by the member for Osborne (Mr. Alcock), that the composition of the Standing Committee on Law Amendments be amended as follows: St. James (Mr. Edwards) for The Maples (Mr. Cheema); Inkster (Mr. Lamoureux) for St. Boniface (Mr. Gaudry).

Mr. Speaker: Agreed? Agreed and so ordered.

Mr. George Hickeys (Point Douglas): Mr. Speaker, I move, seconded by the member for Wellington (Ms. Barrett), that the composition of the

Standing Committee on Private Bills be amended as follows: St. Johns (Wasylycia-Leis) for Wellington (Ms. Barrett); Thompson (Mr. Ashton) for Radisson (Ms. Cerilli); Swan River (Ms. Wowchuk) for Burrows (Mr. Martindale) for July 22, 1991 at 3 p.m.

Mr. Speaker: Agreed? Agreed.

Mr. Lamoureux: Mr. Speaker, I move, seconded by the member for Osborne (Mr. Alcock), that the composition of the Standing Committee on Law Amendments be amended as follows: St. James (Mr. Edwards) for The Maples (Mr. Cheema), Inkster (Mr. Lamoureux) for St. Boniface (Mr. Gaudry).

Mr. Speaker: Agreed? Agreed and so ordered.

Mr. Hickeys: Mr. Speaker, I move, seconded by the member for Wellington (Ms. Barrett), that the composition of the Standing Committee on Private Bills be amended as follows: St. Johns (Ms. Wasylycia-Leis) for Wellington (Ms. Barrett), Thompson (Mr. Ashton) for Radisson (Ms. Cerilli), Swan River (Ms. Wowchuk) for Burrows (Mr. Martindale), for July 22, 1991, at 3 p.m.

Mr. Speaker: Agreed? Agreed.

Mr. Helwer: Mr. Speaker, I move, seconded by the member for Fort Garry (Mrs. Vodrey), that the composition of the Standing Committee on Law Amendments be amended as follows: Gimli (Mr. Helwer) for Minnedosa (Mr. Gillieshammer); Sturgeon Creek (Mr. McAlpine) for Assiniboia (Mrs. McIntosh); Lac du Bonnet (Mr. Praznik) for Pembina (Mr. Orchard); Fort Garry (Mrs. Vodrey) for Niakwa (Mr. Reimer).

Mr. Speaker: Agreed? Agreed.

Bill 45—The Securities Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Co-operative, Consumer and Corporate Affairs (Mrs. McIntosh), that Bill 45, The Securities Amendment Act; Loi modifiant la Loi sur les valeurs mobilières, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 47—The Highway Traffic Amendment and Consequential Amendments Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Highways and Transportation (Mr.

Driedger), that Bill 47, The Highway Traffic Amendment and Consequential Amendments Act; Loi modifiant le Code de la route et d'autres dispositions législatives, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 50—The Liquor Control Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Co-operative, Consumer and Corporate Affairs (Mrs. McIntosh), that Bill 50, The Liquor Control Amendment Act; Loi modifiant la Loi sur la réglementation des alcools, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 51—The Pharmaceutical Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Health (Mr. Orchard), that Bill 51, The Pharmaceutical Act; Loi sur les pharmacies, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 61—The Communities Economic Development Fund Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Rural Development (Mr. Downey), that Bill 61, The Communities Economic Development Fund Amendment Act; Loi modifiant la Loi sur le Fonds de développement économique local, reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 63—The Northern Affairs Amendment Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Rural Development (Mr. Downey), that Bill 63, The Northern Affairs Amendment Act; Loi modifiant la Loi sur les Affaires du Nord, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Committee Change

Mr. Edward Helwer (Gimli): I move, seconded by the member for Fort Garry (Mrs. Vodrey), that the composition of the Standing Committee on Law Amendments be amended as follows: Brandon West (Mr. McCrae) for Lac Du Bonnet (Mr. Praznik).

Mr. Speaker: Agreed and so ordered.

Bill 64—The Energy Rate Stabilization Repeal Act

Hon. Jim Ernst (Minister of Urban Affairs): I move, seconded by the Minister of Natural Resources (Mr. Enns), that Bill 64, The Energy Rate Stabilization Repeal Act (Loi abrogeant la Loi sur la stabilisation des emprunts d'Hydro-Manitoba à l'étranger), reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 68—The City of Winnipeg Amendment Act (2)

Hon. Clayton Manness (Government House Leader): Mr. Speaker, to stay in order, I would ask for leave of the House to move, seconded by the Minister of Urban Affairs (Mr. Ernst), that Bill 68, The City of Winnipeg Amendment Act (2) (Loi no 2 modifiant la Loi sur la Ville de Winnipeg), as amended and reported in the Standing Committee on Municipal Affairs, be concurred in.

Motion presented.

Mr. John Plohman (Acting Opposition House Leader): Mr. Speaker, this was done—request is being made by the government House leader for leave to do this. I would like some time before leave is granted on this bill until I have had an opportunity to discuss this with our House leader.

Mr. Speaker: Okay. We will not even bother putting the question. We will wait till we give this back to the government House leader.

Bill 69—The Manitoba Medical Association Fees Repeal Act

Hon. Clayton Manness (Government House Leader): Mr. Speaker, I move, seconded by the Minister of Health (Mr. Orchard), that Bill 69, The Manitoba Medical Association Fees Repeal Act (Loi abrogeant la Loi sur les droits de l'Association

médicale du Manitoba), reported from the Standing Committee on Law Amendments, be concurred in.

Mr. Speaker: It has been moved by the honourable government House leader, seconded by the honourable Minister of Health (Mr. Orchard), that Bill 69, The Manitoba Medical Association Fees Repeal Act; Loi abrogeant la Loi sur les droits de l'Association médicale du Manitoba, reported from the Standing Committee on Law Amendments, be concurred in. Agreed?

Some Honourable Members: No.

Mr. Speaker: The question before the House is that Bill 69, The Manitoba Medical Association Fees Repeal Act; Loi abrogeant la Loi sur les droits de l'Association médicale du Manitoba, reported from the Standing Committee on Law Amendments, be concurred in.

All those in favour will please say yea.

Some Honourable Members: Yea.

Mr. Speaker: All those opposed, please say nay.

Some Honourable Members: Nay.

* (1430)

Mr. Speaker: In my opinion, the Yeas have it.

Ms. Judy Wasylycia-Lels (St. Johns): On division, Mr. Speaker.

Mr. Speaker: On division.

Bill 71—The Mineral Exploration Incentive Program Act

Hon. Clayton Manness (Government House Leader): I move, seconded by the Minister of Urban Affairs (Mr. Ernst), that Bill 71, The Mineral Exploration Incentive Program Act; Loi sur le Programme d'encouragement à l'exploration minière, reported from the Standing Committee on Law Amendments be concurred in.

Motion agreed to.

Bill 73—The Rural Development Bonds Act

Hon. Clayton Manness (Government House Leader): I move, seconded by the Minister of Rural Development (Mr. Downey), that Bill 73, The Rural Development Bonds Act; Loi sur les obligations de développement rural, reported from the Standing Committee on Law Amendments be concurred in.

Motion agreed to.

Bill 75—The Manitoba Employee Ownership Fund Corporation and Consequential Amendments Act

Hon. Clayton Manness (Government House Leader): I move, seconded by the Minister of Urban Affairs (Mr. Ernst), that Bill 75, The Manitoba Employee Ownership Fund Corporation and Consequential Amendments Act; Loi constituant en corporation le Fonds de participation des travailleurs du Manitoba et modifiant diverses dispositions législatives, as amended and reported from the Standing Committee on Law Amendments, be concurred in.

Motion agreed to.

Bill 68—The City of Winnipeg Amendment Act (2)

Hon. Clayton Manness (Government House Leader): Mr. Speaker, again I ask you to ask the House whether or not there is a willingness, with leave, to call for Report Stage Bill 68.

Mr. Speaker: Is there leave of the House to have Bill 68 reported?

Some Honourable Members: Agreed.

Mr. Speaker: Yes, it is agreed.

Mr. Manness: Mr. Speaker, I move, seconded by the Minister of Urban Affairs (Mr. Ernst), that Bill 68, The City of Winnipeg Amendment Act (2); Loi no. 2 modifiant la Loi de la Ville de Winnipeg, as amended and reported from the Standing Committee on Municipal Affairs, be concurred in.

Motion agreed to.

Committee Change

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, I have to first rescind the Private Bills committee where I had moved St. James (Mr. Edwards) for Inkster (Mr. Lamoureux), and in its place, I move, seconded by the member for St. James, that the composition of the Standing Committee on Private Bills be amended as follows: St. James (Mr. Edwards) for St. Boniface (Mr. Gaudry).

Mr. Speaker: Agreed? Agreed and so ordered.

House Business

Mr. Manness: Mr. Speaker, before I call the motion of Estimates, I would like to indicate that we—well, first of all, ask whether or not there is a willingness to waive private members' hour.

Mr. Speaker: Is it the will of the House to waive private members' hour?

Some Honourable Members: Agreed.

Mr. Speaker: It is agreed? Leave has been granted.

Mr. Manness: Mr. Speaker, it is the intention of the House to resume Estimates at eight o'clock tonight. I would ask leave of the House that the committees decide at some hour, whatever time it is appropriate, that they not close off the sitting of the House, that indeed we recess Committee of Supply until some time tomorrow morning, as determined by the House leaders and the Chairman of those committees, so in essence, today's sitting will stay open until tomorrow some time before one o'clock, with the leave of the House.

Mr. John Plohman (Acting Opposition House Leader): Mr. Speaker, on the matter of House Business, I understood that the House leader for the opposition had agreed that since the committees would be starting tomorrow morning at nine o'clock, I believe, there would be no need to go after twelve o'clock tonight. That is my understanding.

Mr. Speaker: Is there leave of the House to allow the Committee of Supply to, by some determined hour this evening, come back and sit tomorrow morning at a predetermined time? Is there leave of the House simply to recess this evening until tomorrow morning?

Some Honourable Members: Agreed.

Mr. Speaker: It is okay? That is agreed.

Mr. Manness: Mr. Speaker, there is only one other bill of the House that has not had committee set for it. That is Bill 65. Tomorrow then, at the sitting of the new House, we will indicate then some time tomorrow afternoon at which time Bill 65 will be heard by the Statute Law Amendments Committee.

Mr. Speaker, Committee of the Whole tomorrow afternoon will consider the Finance bills and any other new bills that are brought forward. I am thinking mainly Appropriation Act and Loan Act which will be introduced mostly likely tomorrow.

Mr. Speaker: I would like to thank the honourable government House leader for that information.

Mr. Manness: Of course, the Amendments Taxation bill will also be considered in Committee of the Whole tomorrow.

Mr. Speaker, with that understanding, I move, seconded by the Minister of Highways and

Transportation (Mr. Driedger), that Mr. Speaker do now leave the Chair and the House resolve into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to, and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty with the honourable member for St. Norbert (Mr. Laurendeau) in the Chair for the Department of Family Services; and the honourable member for Seine River (Mrs. Dacquay) in the Chair for the Department of Environment.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY—FAMILY SERVICES

Mr. Deputy Chairman (Marcel Laurendeau): Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will be considering the Estimates of the Department of Family Services.

Does the honourable Minister of Family Services have an opening statement?

Hon. Harold Gillieshammer (Minister of Family Services): Mr. Deputy Chairman, I do have an opening statement and I have copies for my friends in the opposition.

I am pleased to present to this committee the 1991-1992 spending Estimates of the Department of Family Services. In our government's budget previously tabled, the department's allocation for the 1991-1992 fiscal year is a total of \$571,118,800. That is an increase of nearly \$37 million or a 6.9 percent increase over the 1990-91 Adjusted Vote.

From this the Department of Family Services will provide for the funding and delivery of vital social services and income security measures to strengthen and support Manitoba families. This funding represents the largest increase of all government departments and, during a time of zero growth in provincial revenue, demonstrates the priority our government places on Family Services.

Largely because of the economic recession and federal cutbacks, the Department of Family Services programs are facing increasing caseloads and demands for service. As a consequence, we have redirected or refocused our limited resources to ensure that services are maintained for individuals and families most in need. We are confident this approach is the best possible method

for protecting and assisting needy and vulnerable Manitobans during tough economic times.

This budget reaffirms the fact that strengthening and supporting Manitoba families and helping Manitobans help themselves are among our government's highest priorities. With this commitment in mind, we have increased the budget allocation for income maintenance programs in 1991-92 by \$30.5 million or 12.2 percent. This large increase is required to ensure social assistance is available for Manitobans unemployed as a result of the national economic recession.

At the same time, we will be introducing a more timely and effective method of payment of annual tax credits to social allowance recipients. Starting January 1992, social allowances rates will be increased to include a regular monthly payment of tax credits. This will also provide a deterrence to income tax discounters who will no longer have access to those tax credits.

Our government has also restructured daycare funding to reflect a continuing commitment to child daycare with a 2 percent funding increase and a refocusing of our priorities from funding spaces and centres to assisting Manitoba families who can least afford daycare.

The department's funding for community living and vocational rehabilitation programs will increase by \$2 million or 5.4 percent in this fiscal year.

We have initiated consultation on a new act for the mentally handicapped to replace Part 2 of The Mental Health Act. This action will provide interested individuals and organizations with an opportunity to make their views known before a bill is finalized for introduction in the Legislature next session.

We will take steps to increase the number of spaces for Manitobans with mental handicaps in supervised apartments, community residences and day programs. Funding for the department's Child and Family Services Division will increase by \$8.9 million or 8 percent this fiscal year over the 1990-91 adjusted vote.

As previously announced, we have restructured Winnipeg's Child and Family Services agencies as part of a broad strategy of system reform. We are confident that the steps we have recently undertaken and the future initiatives we are considering will improve the services available to Manitoba's vulnerable children and families.

* (1450)

The department will develop a Manitoba program for three deaf, blind rubella victims during 1991-92. In addition, we are finalizing our review of funding models for wife abuse shelters supported by this department.

The Department of Family Services is very aware of the tough economic times currently facing Manitobans and the zero growth in revenues. However, we have been able to maintain and actually expand by 6.9 percent our support for social assistance and social services through what we believe to be a realistic recognition of priorities and allocation of resources.

This department has also launched several major reforms in a variety of areas, including daycare and Child and Family Services. These fundamental changes will address problems in the existing services and ensure that our tax dollars are focused to providing the best service possible. This budget and its proposals demonstrate our government's commitment to sustain and protect those Manitobans most in need.

Mr. Deputy Chairman, I look forward to any questions and comments from other members.

Mr. Deputy Chairman: We thank the honourable Minister of Family Services for those comments.

Does the critic from the official opposition party, the honourable member for Wellington, have any opening comments?

Ms. Becky Barrett (Wellington): Yes, Mr. Deputy Chair, I most certainly do.

I thank the minister for his introductory remarks. I think that, by the time we have completed our discussion of the Estimates for his department, we will have addressed, at least in one form or another, most of the issues and the areas that he has talked about in his opening remarks.

I do have a fair number of comments that I want to make at the beginning of this Estimates process. I beg the indulgence of the Estimates committee, the minister and the other critic while I make those comments.

At the end of the last Estimates period early in December, when we figured we would be back here fairly quickly, I, in my closing comments, made what I believe are several, in retrospect, prophetic statements, and I would like to, for the record, read them into Hansard.

The first one: "I anticipate that this department, which I think of as a living thing, will continue to change and evolve over time and would anticipate there might even be some changes between now and the next time we meet."

The second statement that I made at the end of my remarks at the end of the last Estimates was: "... the next budget Estimate process will probably be different than this one."

I would suggest the actions that the government has taken in several major areas this session—actually the actions, the planning for, which probably was underway as we spoke last time, certainly reflect major changes in this department. I think they will form the basis certainly of the issues that are most important in this department for me at this time.

I would like to start again by saying that this department, as I stated late last fall, is in many ways the most important department in the government. There will be people who would disagree with me, and I am sure every single department would have its sponsors for that role.

The reason I say that is that it deals with issues, people and problems that are, by definition, the most intractable that we as society have to face. It deals with these issues, problems and people when they have become the most problematic. We have tried to work—I am speaking of all governments over the past years—certainly talk about prevention and talk about helping people with problems before they become really difficult problems, but in reality we are still dealing with, in this department more than any other one I believe, those situations when they have become critical and crisis.

Much as we would like to make a change in that regard, the reality is that we are still dealing at that part, at that point, in the process very far along, and I am including all governments in that context. I think that in the last six months that has become even more clear that, not only the department, by definition, at least at this point in our society's history, deals with critical situations, but also the government's actions in the last six months have made that even more so the case than was before. I will get into that later on in my comments.

I think that we would all agree—well, I would assume that we would all agree—that the two areas this department deals with that have had the largest changes in them since last December have been the

areas of Child and Family Services and the areas of daycare. The minister talked about both of those changes—I refuse to call them reforms as he does—having taken place since the last Estimates process.

I am going to talk in my opening remarks about those two areas. Not that I say that the other areas in the department are not important and vital in their own way, but given the actions of the government and the process that the government has undertaken since last December, I believe those are the two major areas to be dealt with.

To get a little philosophical here, if I may, when I started to think about what I wanted to say today and what I wanted to put on the record as this very important Estimates process begins, I started to think about the fact that humankind is a social animal. We, generally speaking, function best when we function in groups, when we work together as a unit, either a dyad or a family or a cultural group or an ethnic group or a community of interest or a club or a political group such as a province or a city or a nation.

I think that one of the things that we do as a social animal is that we give up some of our individual rights for the collective greater good, so that we agree that when a red light appears on the street corner that we stop. Most of us agree to that. Sometimes it does not happen, but we have agreed to give up our individual right to just carom down the street for the greater collective good of being able to have traffic flow more or less expeditiously. That is a very small example of the kind of thing that we as social animals have worked on.

We also interact. We spend most of our time interacting or thinking about interacting or trying to deal with the positive or negative outcomes of interactions. Because we are social animals, we live together, sometimes well and sometimes not so well. A couple of things that I think are very important in that regard are a couple of concepts that facilitate our ability to work, live and play together—our trust in communications. I think what trust is, is when one partner in the social interaction says something, there is a basic underlying trust that what they say will actually happen, that what they are talking about is true. If a statement is made that something will happen, it will happen to the best of everybody's ability, and if something is not stated, then it is not part of the interaction.

The other thing is communication, and that is when the two partners or two parties to an interaction say a word or use a word that there is agreement, tacit or explicit, that the words mean the same thing to both parties. Those two basic elements, I believe, hold true or need to be followed if social interaction on any level, individual group or societal, is to function properly.

They are even more important. They are important in any kind of relationship, but I think they are even more important when you are dealing with an unequal relationship, when one party to the partnership, if you will, has more authority and power than the other party does, then it is even more important that communication and trust be clear, that they be followed and that they be understood, especially by the partner that has the influence and the authority.

* (1500)

We all know about power differentials and power problems in personal interactions, in business interactions and in interactions between parents and children. Every relationship that we as humans enter into has that basic power differential in it. There are very few relationships that are completely equal, where the parties are completely equal. We can try and work toward that, but there usually is always an inequality. I would suggest—I think the minister probably knows where I am leading—that in both the cases of the Child and Family Services and the daycare, the government, in its role of superior in power position, has misused, undermined and completely gone against those two basic concepts that we need as social animals in order to function in our society, and that is communication and trust.

The things that the minister said in Estimates and in Question Period last fall and up to as recently as three weeks ago, as far as Child and Family Services are concerned, have been proven to be inaccurate and knowingly inaccurate. The situation is the same for the daycare concept, that there was an interaction that took place where there was trust and a sense of good will and an understanding on the part of one part of the equation that was not followed through on the part of the government.

In those cases, if I may have some time, I would like to put on the record some of the government's statements in this regard. First of all, I would like to talk a little bit also about something that has been

mentioned before and that is the change in the government's actions from the time, the two and a half years, when they were a minority government to the behaviour on the part of the government once they became a majority not quite a year ago.

In the area of daycare, the government instituted, in response to the day of protest, a working group in 1989 to hopefully work together with the government and the various components of the daycare community in Manitoba to try and figure out how best, in a co-operative effort, to make the daycare system or continue to have the daycare system be a model for North America, as it had been up to this point.

The short-term recommendations of the working group, which were made public again while the government was still in a minority situation, have been very much followed. However, once the government no longer required the assistance of the two opposition parties, the child care working group communication and trust had a sea change. There was a major switch.

In particular, I would suggest that the whole concept of communication has been completely turned on its head when it comes to the long-term recommendations brought forward by the working group, and I will get into that in a few moments. The meanings have been twisted. The concept of the long-term recommendations that the minister, in his announcement of the major changes to the child care system, made public on April 18 deliberately, in my mind, misconstrued what the working group felt that they were in all good conscience all about.

I do not think it is coincidental that this happened after the government had a majority, that it would not have happened had the government been required to work with the opposition parties.

Just one example—there are several, actually, examples that I could quote from in the press. The Free Press editorial of April 20, shortly after the announcement was made, that the government, when it was in a minority, stated their commitment to affordable, accessible quality child care. They worked with a working group on fee increases. They worked on salary enhancement grants. They worked on all of these issues as a minority government. Even the Free Press states that clearly that changed in April, quote: The message is clear. The government does not regard the cost

of good care for young children as much of the taxpayers' business.

It goes on to talk about the impact that the child care rate increases and fee increases would have for families. We will, I am sure, get into that in much greater detail later.

On February 27—this is prior to the changes announced on April 18—the Manitoba Child Care Association issued a press release that was headed: Considered cuts to child care unacceptable. Based on a budget document that was made available to the media and the Child Care Association and the opposition parties, looking towards decreased funding and major changes to the system.

The Manitoba Child Care Association at that point was beginning or maybe continuing to feel that since the government had a majority things were not as they had been earlier in a minority situation. The Child Care Association and others have been very consistent in their comments and their concerns about the child care program in the province of Manitoba and the need for a commitment on the part of the government to continued quality daycare. It became more and more obvious as the time wore on that the government, while continuing to say they were committed to quality daycare, their actions gave the lie to those statements.

The actions of the government in daycare are certainly not reflective of either of the working groups recommendations nor of the government-appointed child care task force, the recommendations in that document as well. I would like to quote the executive director of the Manitoba Child Care Association in the June 28 edition of the Free Press. She stated: "We bargained in good faith and the government turned against us and ignored us."

That is a very good example, to my way of thinking, of the communication and trust elements that I was speaking of earlier, how the government in a position of superiority, as far as power is concerned, once they had that position of superiority in a majority government did not communicate properly, did not communicate in good faith. Certainly their actions would not give anyone a sense that in the child care situation that they could trust the government to do what they said they could do.

Far from continuing to support accessibility and quality child care, which the government still states its objectives are, it appears that the government is determined to fundamentally alter the child care system. Instead of making it accessible, it will be more costly. Instead of making it affordable, it will be less accessible. Instead of having it be largely delivered out of nonprofit centres and family homes, it is going to be driven by the profit motive. The quality of care is, I would suggest, not even gradually but rapidly going to deteriorate.

In this case, as is often the case with actions taken by this government, the people who will suffer are the people who can least afford to suffer, and that will be the children and families of our province. In the child care situation, I think this is a good example of the lack of trust and the lack of honest communication that has taken place by this government.

The second major area of concern in this department is, of course, the Child and Family Services debacle, if I can use that word. I would like to put on record a bit of discussion about my sense and my feeling of the context of what has happened in the last month.

* (1510

The Children's Aid Society in the early '80s had some major problems, and I do not think anybody in this room who was around or who knows any of the history would disagree with that. The government of the day understood that there were major problems and spent over two years working with the agency, where it could, working with workers, publicly consulting, publicly discussing the problems and what could be done about it and finally made a decision after years of open public consultations to decentralize, based, I might add, on a lot of studies, theory and work that had been done that showed that decentralization was a legitimate and probably the best way to go for the Child and Family Services agencies in this context.

The decentralized Child and Family Services agencies, the six of them, which by the way went from three to six, the Child and Family West was an independent agency, Child and Family Services of Eastern, as we all know, is an 86-year-old independent agency and CAS—those three agencies became six.

Since the decentralization took place, I think everyone would also agree that there have been a

number of creative tensions that have arisen, areas where the agencies and the government, the agencies and staff, the agencies between themselves did not always agree, had very different views of the problems and how to make the changes. Much of that, we believe, was due to an underfunding of the new system from the very beginning. That was, I think, largely based on the fact that it was a new system and people were not sure what we were going to find. What we found out was the system actually ended up being a victim of its own success, that because of the decentralization, because people were community based, because the service delivery was very localized, because the boards were brought in from their own community, because people in the community felt more at ease with dealing with the agency than they had the old CAS, the caseloads and the problems just mushroomed. The funding, under either of the last two governments, did not keep pace—a question about that.

Again, a major difference between what the government of the day did in its first two and a half years when it was a minority government and what it has currently done. The government up until early this year even was talking about maintaining the decentralized system, working with the agencies. I would like to put on the record, in one spot here, several comments and quotes from the minister in that regard.

The first quote is October 17, 1990, from Question Period, when I asked the Minister of Family Services (Mr. Gilleshammer) to provide a list of mandated services to the children of Manitoba that should be cut as a result of the inadequate funding allocations. The minister's response was: "Mr. Speaker, the department is actively working with Child and Family Services agencies on their programs and budgets and service agreements, and there should be no reason to cut any services. The agencies are working with the department to work within a balanced budget." Co-operation, the order of the day. Communication and basic trust were still present one would assume.

On November 8, again, in Question Period, in response to a question of mine about debt payments on the bank loans that the agencies have been forced to take out, the minister responded: "Mr. Speaker, the agency boards are responsible for making numerous decisions. At the present time they are working with the department to set these

priorities, and the funding will be forthcoming as the service and funding agreements are signed.

Again later, in response to a question from the member for Osborne (Mr. Alcock), the minister states, the agencies " . . . are working in concert with the department to set these priorities at this time," again working with, working between the agencies and the government.

On November 16 in Estimates, the last time we were here in Estimates, the minister: "I would hasten to point out that we are working in a facilitative manner." Again: "I can tell you that we are working with the agencies. I met with the agency presidents and their director some two weeks ago. We had a very good meeting in terms of working out some partnerships. I think that the Member has to know that there is a lot of work going on behind the scenes between the department and the agencies to resolve this problem."

I would suggest from the first part of that, " . . . that there is a lot of work going on behind the scenes," was more than accurate and that the second phrase, "between the department and the agencies," was less than the full truth.

November 20, again in Estimates last year, quote, Mr. Gilleshammer: " . . . the Agency Relations Bureau and, more appropriately, the branch that deals with Child and Family Services agencies is right now in the process of examining the workload and working with budgets for the coming year with the prospect of putting in place service and funding agreements that both the Government, as the funder, and the agency, as the delivery vehicle of the service, can both live with." Again, we are working together with the agencies.

Finally, on November 20, the minister, in response to a comment from Mr. Alcock, said, and I quote: "So I would ask him to continue to be patient as we put more of these service and funding agreements into place, and I think you will find that they indeed will be successful."

November 20, yet again, the minister: "We feel that part of the service and funding agreements that is going to make this department more accountable to the public and more successful in the long run is to ensure that balanced budgets come forward . . . and that we sign appropriate service and funding agreements . . . based on the budgets that will be discussed between this department and the agencies."

Finally, in Estimates on November 27, quote, from the minister again, and this is one of my favourite quotes: "I think again that if you give the department and the agencies an opportunity to work together on these service and funding agreements over the next few weeks and months, we will be able to have these put in place."

I would like to -(interjection)- I am sorry, I did not realize there was a time limit.

Mr. Deputy Chairman: There is a 30-minute time limit.

Ms. Barrett: I am sure I will have ample opportunity to put more comments on the record.

We all know what happened on June 24 of this year with the Child and Family Services agencies. I would just suggest that in the areas of communication and trust that this government, the Minister of Family Services and his cabinet colleagues, knew in November that they were not going to sign the service and funding agreements, that they had no intention of signing the service and funding agreements, that work had already begun on the restructuring and the recentralization of the Child and Family Services agencies.

* (1520)

The minister, when he stated in the media as late as mid-May that we will look at various options, by that time certainly knew that he had no intention of looking at various options, that it was a done deed by that time, and I would just close my opening remarks with the statement that in both of these cases the majority government of the day has proven itself to be nontrustworthy and not caring about the people whom it works with and is supposed to provide services for and that the government will sooner or later be held accountable for its actions. Thank you, Mr. Deputy Chair.

Mr. Deputy Chairman: We thank the honourable member for Wellington for those comments. Does the critic from the second opposition party, the honourable member for Osborne, have any opening comments?

Mr. Reg Alcock (Osborne): Mr. Deputy Chairman, I will just put a few brief comments on the record just to frame the discussion that we are going to have this Estimates. I am a little disappointed that Family Services has arisen so late in the Estimates period and that we have so little time to deal with the many important questions that arise from this department.

I think, though, I want to frame the discussion I want to have in a couple of ways. In part, the feelings that I have about this minister and about his stewardship of this department are, in some ways, summed up in the speaking notes which he distributed at the beginning of this session, in which he points out that the department has received nearly \$37 million in financial support in the most recent budget and then goes on to detail \$41.4 million in increases. It is that kind of deception and duplicity that we have come to expect from this department under the stewardship of this minister.

That is something that I hope we can use the time available to us in this Estimates period to sort out, that we can perhaps, although given the constraints of time and the difficulty in extracting quality information from this department, I expect that it is going to be a difficult and less than fruitful process.

I want to start by saying, I think that in many ways I have been naive and too trusting with this government in the area of Family Services, that I have suffered under the belief that this, with the possible exception of the Housing department, is the only service of government, the only department of government, that really reaches out to provide something to a relatively small portion of the population who need something from the entire community. It is the only department where we say we are going to allocate a portion of our provincial wealth to support some people differently than we support other people.

I think that is a feeling that most Manitobans hold very strongly. I know when I surveyed on the budget, despite the fact that the majority of people who I surveyed received no services from Family Services, they were very strongly supportive of the department and very much wanted to see the department receive the kind of resources necessary to provide the supports that it delivers.

I have suffered from the belief that the issues that confront this department should not be political, that they really should not be driven by political philosophy. I suspect that I am too trusting and too naive when I do that because any time you are allocating scarce resources, political considerations arise. I am surprised, frankly, at how clearly they have arisen, how quickly they have arisen and how stark they are with this particular government, this particular government which seems to have—and I have to tell you, I did not hold this—I welcomed the arrival of this minister.

In fact, I welcomed the arrival of this minister in the House, in the Estimates and in the community, and felt that we had a minister in charge of the department who was prepared to work with the community to make decisions about services that were based not on some kind of political ideological position but were based on some kind of analysis, some understanding of what was really occurring with people in the community and that therefore we would get program decisions that reflected an intelligent solution to the very complex and difficult problems that confront people.

What we received are a series of decisions that seem to suggest that women should be at home raising kids, children should be at 4-H and people who are on income support are the authors of their own misfortune, that we have taken a system—now, I am not one to suggest that previous governments have been completely apolitical in their approach to the services. I think it is something that all governments should strive to be, but the previous government, as the member for Wellington (Ms. Barrett) mentioned in her opening remarks, did strive to base its decision on extensive consultation and interaction with the affected community and broad public debate. That is something this government seems completely committed to avoiding, that rather than discuss these extremely important issues in public, they are doing everything they can to quiet debate, to reduce dissent, to shut off the access of the people who provide these services to those organs that allow people to have some discussion in this community.

I really feel very badly about that. I think it is because we are dealing with such a relatively small portion of the population that it is necessary we debate these things publicly, that it is necessary we have that discussion, that if we run into the kinds of problems we have run into in Family Services, the community should be faced with the fact that child abuse is increasing at a tremendous rate and, yes, we want to get involved with those cases, and, yes, we want to intervene, and we want to take responsibility. The community has asked us to do that. We should confront the community with those decisions, not try to pretend it is not happening, not hide it, yet every action this minister has taken, across all of the services he provides, has been to stifle dissent and to cut off legitimate criticism of government policies.

I think, in framing the discussion, I want to try to lay out some things for the minister and for the department so that perhaps we can move more expeditiously through some of the divisions this department encompasses, and perhaps we can have some of the information available to us as we start the debate. You know, there are a series of broad questions that come up here, and there are some pieces of information, such as the grants list, with reference to the previous and the current budget year that would be useful to have before us when we begin the discussion. It would be very useful to have a specific breakdown of the \$36,874,600 that makes up the increase, to know where that money goes to.

It would be useful to have a breakdown of the budgetary changes. As this government has attempted to hide what it is doing, it, of course, has realigned some of the lines within the Estimates in order to make it difficult to look back at a previous year and to determine where increases are occurring. It would be interesting to have that breakout so that we could deal with real information and real issues rather than speculating on what is happening.

I would also like to have some answers to questions on the changes that are occurring in Income Security with the 55-Plus, with the Special Needs funding. I would like to know why it has taken a year—I guess it is not a year, it is a little less than a year, about 10 months—to get a policy manual into the library, as was committed in the last Estimates, so that any Manitoban who is on Income Security can know what the policies are that affect them.

I would like to know why, when we talked at great length about rehab and community services, about how it dealt with some of the most vulnerable people in this province who were the most ignored, because we tend not to be very forgiving toward dependent adults, that division has a decrease. I would like to have some detailed explanation of where that decrease has come from and who will be affected.

I would also like to know, and I have been through the Annual Report several times trying to sort this one question out: How many individuals does this department serve? How many people, not people who are served and counted many times through different services that are provided to them, but how many individuals, adults and children, does this department serve in total? I think that would be interesting.

I am going to be fascinated to listen to the discussion on Child Day Care. Here is one that I have to ask the minister a series of questions on. One is, certainly, why was this announced at three o'clock in the afternoon if you are so proud of the incredible improvements in services that this has made?

Why is it that you sneak these things in at a time when you think you can avoid some of the early criticism that you inevitably face? I am going to want to hear why this change, this change that the minister holds so close to him and puts forward as an example of the progressive improvements the services at his stewardship have led to in this department, why this has resulted in net decreases to the financial support available to centres, why it has caused tremendous disruption among the staff, and put boards in a very difficult decision about the trading off of their own ability to allocate resources against the legitimate needs of their staff for support.

I am going to want to know what his intentions are as we come towards the end of this year, because I am so tired of these surprises that occur once we are out of the House, and I am very interested in finding out what was meant by what has euphemistically become known as Phase II, as we see the ability to charge fees unrestricted, placing ever increasing pressure on individuals.

* (1530)

I mean, we have gone back—and I am sure the minister has more letters than I have, but certainly I have a very thick file of letters from all over the province of people who are faced with a very tough decision, and that is to leave their kids in either questionable quality care or at home alone if their kids are at any age when they can do that. I do not mean a legal age. I do not mean the age of 12. I am talking about the thing that we so often refer to as the latchkey kids and the kids that were at home before and after school.

These are not improvements, so the question that comes out—and it is philosophical; I did not think it was a political question, but it may be—is if the intention is to improve things, if your intention is to make something better, if your intention is each year we take a big or a small step forward, what I am going to want to hear from this minister is how his policies reflect an improvement in the quality of services, or how people are going to be better off as a result of his stewardship, because I certainly do

not see it. In fact, if anything, I have to make the observation that I see people being much worse off.

Now, I would be remiss if I did not mention a few small changes such as the nonincorporation of the GST tax credits into income security allowances and the references that are made on rebating and the like, which I think are significant albeit small changes that will have a positive benefit, but in a general sense, I am going to want this minister to tell us step by step how the decisions he has made are going to make the people who receive these services better off, because I, for the life of me, do not see much of that.

I want to talk at some length about this question of dependent adults also, and to look carefully at the functioning of the Society for Manitobans with Disabilities among other departments and other agencies of this government that have a mandate with providing direct support to vulnerable people. I am hoping the minister will be prepared to have a discussion on that.

I think that there is a question—and I have some correspondence that I will be dealing with when we approach that line, not just from an individual family, but a file that includes correspondence from the minister's office and the department, which suggests that this department, instead of being more caring, more concerned about providing support to very difficult cases, is in fact stepping back from a role that it has traditionally assumed and that is stepping in where no other support is available. So I am going to want to try to understand the policy changes in the support for adults that this minister seems to have made and as yet not announced.

In Family Services, I am going to want to know, as I have wanted to know for this last year—I have to say one thing, and it is perhaps a gratuitous personal comment, but some three weeks before the take over—I guess a little more than that; maybe it is four weeks before the takeover—I met with a series of administrators from Child and Family Services agencies, and they asked me the question: Does this minister intend to centralize services? I said no. I said this minister, I think, while he may represent a different political philosophy, is nonetheless interested in seeing services improved, not hurt, and I think that holds true of the members of the department.

I do not believe that any more. I do not believe that. What I feel, I think, is the same sense of betrayal that the people in the daycare community must have felt when they saw this minister standing up and purporting to speak on their behalf when he announced all these changes to daycare. I feel that same sense of abuse of a trust because I think I believe, and I am prepared, unlike the minister, to support my beliefs with a considerable amount of analysis, that this change that he has made is a regressive step. It is a step backward. It is going to hurt children; it is going to hurt families. It is going to increase the numbers of kids that are in the correction system, and it is going to mean that significant numbers of abused kids are not going to get their cases picked up on in a timely fashion. It is not going to solve any of the problems the minister has identified publicly.

It is going to support the one problem that drives this minister, and that is the need to quiet dissent. It will do that in the short term. It will not do it in the long term, but it will for the next few months while the system sorts out what is going on and recovers from the shock of it. It will reduce the amount of criticism, but it will not in the long run, because this is a department that allocates very scarce resources among very difficult services. So ultimately you can never quiet that dissent, and you should not.

You should not quiet that dissent because that is how our community that supports these services becomes informed. They should know that daycare is not a service, some sort of service aimed at the destruction of the family. They should know that daycare is a reflection of changing circumstances in the community. They should know that child protection is not an attempt to increase the amount of abuse but an attempt to intervene with abuse and ultimately educate the community and reduce it. The community should know those things. They should not have to feed on the rather inane and extremely narrow perspectives that this minister and now this department gives out.

I am very saddened as I approach these Estimates. I think we have taken a gigantic step backward, and I think we have leadership in this department that both does not understand that it is a step backward and certainly is not capable of taking a step forward.

Mr. Deputy Chairman: We thank the honourable member for those remarks. Under Manitoba practice, debate of the minister's salary is

traditionally the last item considered for the Estimates of the department. Accordingly, we shall defer consideration of this item and now proceed with consideration of the next line.

At this time, we invite the minister's staff to join us at the table, and we ask the minister to introduce the staff members present.

Mr. Gilleshammer: Mr. Deputy Chairman, joining me at the table is: Roxy Freedman, Deputy Minister; Winston Hodgins, Associate Deputy Minister; and Mr. Gordon Clarke from our Policy and Planning branch.

Mr. Deputy Chairman: Item 1. Administration and Finance (b) Executive Support: (1) Salaries, 379,300.

Ms. Barrett: Mr. Deputy Chairman, I am not sure if this is the exact area to ask this question, but I will begin and see if it is accepted. I am particularly interested in the policy discussion and the decision that was made regarding the daycare funding changes, and I am wondering if the minister could explain the process that was involved in making the decisions that had a major impact on the policy and the implementation of the child care system in Manitoba.

Mr. Gilleshammer: Mr. Deputy Chairman, there have been a number of groups within the child care community who have provided background information for the department over a number of years and, as was referenced by yourself I believe, that there were short term recommendations that came forward from the working group. Perhaps I could provide you with some of the background on the working groups, if we can just get that for you in a few minutes.

* (1540)

As you had indicated, the short-term recommendations were brought forward by this working group as it reported to the previous minister, and those short-term recommendations were implemented, I believe, in late 1989-1990. In September of 1990, the working group submitted its long-term recommendations to the Minister of Family Services. There were a number of recommendations there that were brought forward from the community that were discussed within the Department of Family Services and with the staff involved. While we were not able to incorporate and accept all of those recommendations, and I maybe

give you some examples, we agreed that we should identify a daily cost of care.

We have announced that daily cost of care in some of the documents that were put forth when this announcement was made. It enables us to show and to agree that there is a difference in the cost of care depending on the age of the child and depending on the type of service that is provided. For instance, for a preschool centre space, the daily cost of care is some \$23 per day. That works out to an annual amount of \$5,980. With an infant centre space, this is deemed to be the most expensive cost of care to people. You have very, very young children in the centre, and the daily cost of care was determined to be \$34.25. Based on the annual cost, the cost for taking care of that child is \$8,905.

I can go through the others if you like, or I can provide it for you so that you understand the difference between the cost of care in daycare homes and daycare centres. We did determine a daily cost of care, and there was the potential within the restructuring to show some increase of 2 percent in revenue through the cost of care that was determined, and taking into account, too, the shift from the government grants to the parent fees.

We did increase the parent fee and reduced the gap between the actual daily cost of care and the existing parent fee. This was a recommendation that was brought forward by the working group. We consolidated the existing grants into one operating grant. If you will recall, previously there was quite a lengthy list of grants that were in existence at that time, and a recommendation was that we consolidate these. This we did, and no longer have that myriad of grants that existed before.

We also agreed that we would provide a subsidy at the cost of care to private facilities up to 25 percent of their spaces. I believe another recommendation was to look at the nursery school grants. There are a number of nursery schools throughout the province of Manitoba. Some were receiving grants and some were not. What we did there was to provide a level playing field. You could either take the nursery school grants out of existence or we could level it, and we have done that so that all of those nursery schools are treated the same.

Now, we readily admit that we did not proceed with all of the recommendations. We were asked to identify a regional cost of care. We were not in a

position to be able to do that, so we took the recommendations that were brought forward from the community. Basically, our decision in restructuring reflected two themes, that in this year, where government was facing a situation of zero growth in revenue, we have increased potential revenue to facilities by 2 percent; the other basic tenet is that we believe parents who can afford to, should pay more for the cost of care. Through the identifying of the daily cost of care, we have proceeded with that.

I would point out to the members as well, that in daycare our government has made a significant commitment over the past four budgets where we have increased the spending in this area by some 60 percent. That was recognized, I believe, by many as a significant increase over the previous budgets as a commitment to the daycare community. What we have done, of course, is redirected some of the resources from funding centres and spaces to funding families who require financial assistance for daycare. We do have an elaborate subsidy system within the Manitoba daycare branch of our department.

We have expanded the ceiling on our partial subsidies to enable more Manitoba families to qualify for financial assistance. These changes came about as the result of some input from the daycare community in a variety of ways and, in the end, it is government that has to make a decision based on that information.

You had indicated in earlier comments that you were concerned, I believe, about the deterioration of daycare in Manitoba. I would point out to you that the regulations and the standards that are governing daycare in Manitoba have not been altered, that those standards and regulations are regarded as being amongst the highest in North America. Those standards are still in existence, and we fund to those standards. I do not think that the member should be reading into some changes and some restructuring the demise of daycare, because we believe those standards and regulations are there to provide the quality that the member speaks about.

* (1550)

I would just end with that, that provision for quality daycare is still in place. We think that we do have a fine daycare system in the province of Manitoba. It is a result of the hard work and dedication of a lot

of people within the community and within government to attain those standards.

Ms. Barrett: Yes, I particularly enjoyed, if that is the proper phrase to use, the minister's statement that there was some input from the child care community. I would suggest that there was not nearly the amount of input from the child care community that the child care community expected legitimately to have in this regard, seeing as how they are the experts. They are the ones who actually deliver the service. They are the ones with the overview about the needs and the requirements.

For one, the Manitoba Child Care Association has made it very clear that they are unable to continue in the working group, largely, I think, because the government has chosen not to abide by the consultative and co-operative elements of the working group. In a way, the way it has worked out—it was a way for the government to bring the elements of the child care community together, and they certainly trusted that the working group would have an impact. When they found out that it did not, that it was only used to, and these are my words, keep them quiet, they were legitimately and quite accurately very unhappy, and I believe made the right decision to divorce themselves from any future work of the working group.

You stated that the standards and regulations have not been altered. That may very well be the case, and the government funds to those standards, but I would remind the minister that up until this funding change, until all the grants were rolled into one, the government funded, as an acknowledgement that the salary scales that daycare providers were able to give their child care workers, professionally trained child care workers, were really not adequate and that really did not reflect the education that these workers had attained, nor did they reflect the responsibility that these individuals had for the children and the programming. There was a salary enhancement grant which is no longer part of the grant formula.

I think one of the things that bothers me most about the restructuring of the funding for child care spaces in the province is the fact that unlike in the past when the regulations were seen, particularly in the area of trained Child Care Workers II and III, as a floor upon which to build the requirement that there be two-thirds Child Care Worker II's and III's in each centre, that up until now was always seen, as I said, the floor, the minimum standards.

Up until this April 18 change, daycares were encouraged by the salary enhancement grant to hire trained Child Care Workers II and III up to—in many cases and centres did—100 percent of their staff were II's and III's. The salary enhancement grant was there to provide centres with that ability, for the boards to make those decisions that they wanted the highest quality of care.

Now the government has said that we will fund, as a ceiling, two-thirds, that, yes, we will follow the regulations and we will follow the standards for now, but we will not fund them. We will not give centres, we will not give the boards of these centres the autonomy that they have had in the past to be able to make those determinations. We are going to say that all we are going to fund is the two-thirds. So, in effect, this becomes the ceiling not the floor, and it is one of the major concerns that the Manitoba Child Care Association, that daycare boards, daycare staffs, parents have.

One of the major concerns is the effect on quality child care that this change will have. Yes, technically you are still following the standards and regulations, but you have made a major step backwards when it comes to the ability of daycares to be able to provide quality trained personnel at even the ridiculously low salary that centres are able to provide these workers. Centres are losing between \$10,000 to \$20,000 and even in some cases \$30,000 a year because of the change that you have made in the granting structure. Those decreases are based on an assumption that there will be 100 percent attendance for children throughout the entire year, which of course is not ever going to happen.

So I would suggest, Mr. Minister, that far from maintaining standards, you have in this particular area done a major disservice to the child care profession, to the volunteer boards and to the children as well.

(Mr. Jack Reimer, Acting Chairman, in the Chair)

I would like to ask a general question if I can, because you made major changes in the child care system on April 18 and you must have made these changes based on something. I am wondering if you can tell me what studies were done if any, what background was provided if any, to state the impact that these changes were going to have on families and centres, on staff, on boards, on special needs children, on all the participants in the daycare

community? Was there anything done? Can you share with us any kind of studies that you undertook or statistics that you compiled to provide the background for these changes that you undertook on April 18?

Mr. Gilleshammer: Mr. Acting Chairman, I would like to respond to a number of the comments that the member has made. First of all, you talked about the input that people have had over the last while in terms of assisting government in making a decision, and I can tell you there have been many meetings that have taken place with the working group and with others who have brought forward information to the department and to the minister.

I recognize that when you make structural changes like that, you do not please everyone, and we were not able to accede to all of the changes that were suggested in the working group, but we have also had a task force on daycare and an advisory committee on daycare which brings forward information.

I would refer you to some of the press releases that were issued following the announcement on daycare back in April, and there are diverse groups who represent the daycare community and the Family Day Care Association of Manitoba indicated that they were pleased that all licensed family daycare homes will now be eligible for funding, and that daily parent fees have remained affordable for parents choosing to use family daycare.

* (1600)

The government has acted on the need for school-age in-service rate to increase and meet the cost of full day school-age daycare. They saw some positives and they also recognized and they say they are concerned about the elimination of the salary enhancement grant. Again, I said earlier and I would say again that the ability to access income is there with the 2 percent increase in funding.

Another group that we recognize speaks for the daycare community is the Manitoba Child Care Association and they recognize that they had mixed feelings about this and stated so in the first line of their press release. While there are some positives on the surface, there are also some unanswered questions. We accept that. Another group that spoke that day in April was Manitobans for Quality Child Care and they indicated that they were pleased with some of the changes that were made.

So I do recognize that there are a number of diverse groups that speak for the child care community, and I would reiterate that we have maintained those standards and regulations which are recognized to be the highest in North America and we fund to those standards.

I recently had the opportunity to meet in Toronto with my colleagues from across the country. While the focus of the conference was not daycare, there were a number of other issues. We did have an opportunity to talk about that. I am talking about ministers who are politicians from various political parties. I am sure that you are aware of that, and all of them were interested in the daycare program in Manitoba and recognized that it was one that set a very high standard for the rest of Canada.

I met recently one of my colleagues, who was amazed at the amount of dollars that is put into daycare in Manitoba compared to the amount of money allotted for that area in his province.

So in some of the most recent statistics that I have, the ranking of Manitoba based on spaces per capita, we are number one. We have more spaces per capita than the other provincial departments are able to fund. The spending per capita—we are ranked number two in Manitoba behind Ontario, who of course is able to put with their massive budget and their access to financial resources, whether it be through taxation or through deficit spending, they are able to outrank us in the spending per capita.

So I say to you, Manitoba compares very favourably with other provinces as far as daycare is concerned, and we have not altered those standards and regulations at all. Again, I would reiterate that we fund to those standards.

Now the member brought up the question of grants and subsidies. Essentially, the shift that we have made from the universal grants has been moved over to the subsidy area. I think it reflects a philosophical difference between the member's point of view and our government's point of view that the grant, basically, was a subsidy to everyone irrespective of what their financial circumstances were. Our thrust in doing this is to provide the subsidies for those that have children in care, the single-parent families. We have moved the dollars from the grant side to the subsidy side, and I can tell you that we, as this comes into effect earlier this month, will be monitoring very closely the changes

that have taken place and the uptake in the subsidies. Probably July and August sometimes is not the most accurate picture as a lot of families take holidays at this time of the year, but we will be monitoring the implementation of these changes and studying very carefully the changes that we see, particularly in the accessing of subsidies.

Now the member recognizes that the previous grant system which has been described as a maze or myriad of grants that existed in this province really were well received and accepted by centres. I guess I had some concern that we were not allowing parents and families the choice. In shifting the money from grants to subsidies, that freedom of choice is there with families to access the type of service that they decide is best for them.

The member mentioned that salaries in Manitoba were not adequate and that, in her mind, salaries needed to be improved and increased. We have not by this change indicated that those salaries could not be maintained or that centres would have to make decisions on salaries. Often that decision was based on the level of workers that were in that centre. We, through this change, have added another 2 percent to the daycare budget, and again I come back to that budget of somewhere in the area of \$43 or \$44 million.

I say to you, that budget for daycare overshadows budgets that we give to whole departments. You have the Estimates book in front of you, but it is more money than we put into departments like Energy and Mines, or the Environment, Industry, Trade and Tourism, or the Department of Labour. All of those access fewer dollars. In this time when provincial revenues are neutral, we have increased the daycare budget by some 2 percent.

Again, the member talked about special needs. We have provided additional funding for special needs and some of the people in the daycare community have indicated a problem with special needs. We have gone back to make some changes and some corrections.

I recall the member prior to the budget talking about the fact that the special needs budget was going to disappear. In fact, it has not disappeared; it has been enhanced by some \$376,000, and we are making other adjustments in terms of being able to accommodate those children and families within the system. So we have announced these changes back in April, and we have started the

implementation of them. While we recognize that there is some criticism, we welcome the input of the groups who provided information before. Many of them have agreed that they are going to continue to provide that sort of information for government, and we welcome it.

* (1610)

Ms. Barrett: You were talking earlier, Mr. Minister, about having met with your counterparts from across the country, and you talked specifically about Ontario. I would like to ask you a question about the daycare system in Ontario, which—my understanding of the daycare funding structure in the daycare structure in Ontario is that it is today what your fee restructuring will lead Manitoba to be tomorrow. It is a convoluted way of saying it. What you have put into place today here in Manitoba is going to make our daycare system look like Ontario's system tomorrow, and there are some major, major problems with the daycare system in Ontario.

One of the most major ones is that it is, in effect, a two-tier system. Because the fees for child care in Ontario are so high, what has happened is that the children who are eligible for subsidy can access the system, and children who are from wealthy families can access the system. It has effectively frozen out, in many cases, that large, amorphous mass called the middle class, the people who are very concerned about the fee restructuring here in Manitoba, the people who are two-income families who are middle-income, both working parents, who are now being asked to pay, in one major increase, between 20 and almost 50 percent more for their children, each child in daycare. I am wondering if you or your staff or your cabinet colleagues looked at the Ontario experience, and if you did, did it cause you any—obviously it did not cause you to pause because you went ahead and made these enormous fee increases without, it would appear, any concern for the impact that it would have on the middle income family, but did you have access to the Ontario experience, and were you concerned about it, and what use did you put that information to?

Mr. Gilleshammer: Well, I can tell you the department does have access to information on this subject from across the country.

The Ontario minister speaks very, very highly of the social programs that exist in Ontario, and she is

an extremely articulate proponent of all of the programs that Ontario is able to offer. She spoke proudly of the need to serve the social allowance recipients, the child welfare cases and the daycare community, and while we were not able to get into a lot of detail about the Ontario budget, we did have an extremely good overview of it in her opening remarks.

At those conferences, of course, you do not challenge your fellow ministers to say are there some weaknesses in the system, but I left with the feeling that Ontario was extremely well served, that they were accessing a good deal of new money for social allowances in particular, and the offer that if there was information we wanted about the way they did business there, that we could certainly access that.

I would point out to you that there are some subtle differences between the Manitoba situation and Ontario. One is that Ontario does not regulate fees, and that in our situation here there are some guarantees of what daycare facilities will be able to access. Also, in our restructuring in daycare, we not only maintain the subsidies, but also enhance them so that people who were accessing a subsidy before would not be negatively impacted by this change.

I would point out that even though Ontario has announced a very substantial deficit of \$10 billion to carry out programming, there were promises and directions that they were going to go into daycare that they now find that they are unable to follow through on. I can recall seeing that in the news last spring some time that some of the restructuring and reform the government there was going to put forward there, they have had to back away from now.

I am also told that in Ontario there is a long waiting list for people who want to access subsidies, and we here have provided substantial new funding for subsidies. We will be monitoring very carefully, as I have indicated in an earlier answer, the uptake of those subsidies, and again would reiterate that people who were accessing subsidies before will continue to be eligible for the subsidies.

I guess we come back to a fundamental difference in the philosophy that the member expounds and government. Under the system, where grants were such a large portion of government spending, that, in effect, was a subsidy to every child in the system. There are families who do access, in terms of

income, tremendous dollars, and there is a feeling that we should not be subsidizing them through the grant system.

Now we still have maintained grants to the daycare delivery system but, by shifting from the grants to the subsidies, we feel that those who have the ability to pay can pay, and that those who are in lower income brackets will access the subsidy system. Again, we have not changed the standards and the guidelines. We have put into the system a tremendous amount of new money over the last four budgets, and I believe that we still have and will continue to have a system of quality, affordable daycare and to allow the public to make the choices that they want to make.

Ms. Barrett: I would like to ask a few questions now about the fees and the whole concept of decreasing the gap between the cost of care and the parent fees. I understand that was a recommendation of the working group. I think this was also one of the main concerns of at least a portion of the working group members when faced with what the government had made of that recommendation and what they had actually come up with, which was, in the case of infant spaces, a 48 percent increase in the cost of parent fees; an 18 percent increase for preschool.

What data or studies or principles or pieces of information did the minister have when he decided that decreasing the gap between parent fees and cost of care meant or should mean, between June 30 and July 7, a 48 percent increase in the infant care? What was the rationale behind that decision?

* (1620)

Mr. Gilleshammer: The member is referencing a change in fees. You are right, the working group did recommend that parent fees be increased to reduce the gap between the actual daily cost of care and the existing parent fee, a recognition that parent fees were too low and that parents should be responsible for a higher cost of the care.

I think that, in determining the daily cost of care, it was something that the committee and the department worked on and recognized very suddenly in their discussions, that there was a differential in the cost of care, that a preschool centre space was less than an infant centre space and a school age centre space was less than the other two, and homes used for daycares, the cost of care was less.

We also looked at the annual cost of care and realized, as you compare it to the education system and other systems, that we had a very rich daycare system here in Manitoba, but we did agree to the increase in parent fees and I can maybe read you the recommendation. It was the first recommendation that parent fees should increase over the next three years to reduce the gap between the actual daily cost of child care and the existing parent fee, and the partnership approach continue with government paying the adjusted increase on behalf of subsidized children.

I know the member wants to refer to the infant centre spaces in terms of using that as an example, and it is true that is where the highest increase was mandated in that there was an increase of \$8.75 a day. The preschool space, by comparison, increased by \$2.65; the school-age centre space by \$1.12; the preschool home space by 35 cents; the infant home space by \$1.30, and the school-age home space by 52 cents, so all of those, in shifting and identifying the cost of care and by increasing the parent fees, all of those are increased.

The one that the member constantly refers to is the infant centre space where there was in excess of a 40 percent increase and, as it turns out, in the analysis done by the working group and the department, it was determined that this was the most costly form of daycare that exists in the system. The annual cost for an infant centre space is almost \$9,000, and so that is the reason why, as the parent fees were adjusted, the people most impacted would be the families that have children in that area.

I would point out that about half of the infant centre spaces are subsidized spaces and people who are fully subsidized. I am not unaware of the fact that there will be an impact on the 200 or so families that are paying the parent fee, and recognize that there is an increase larger there than in the other forms of daycare. These numbers for the cost of care, whether it is a daily cost of care or an annual cost of care, came out of the information provided by the working group and others and working with the department.

I think a step forward in being able to fully analyze the daycare system we have in Manitoba is being able to identify the costs that are there in the centres and in the homes and the costs to the parents. As a result of this recommendation, whereby we have increased the parent fees, it does impact to a greater

extent on the families that are accessing the infant centre spaces, and I recognize that.

Ms. Barrett: I have no quarrel with the fact that infant space is more costly to provide than preschool. I have no quarrel with that at all. First of all, I am not an expert and I do not have the information upon which these figures were based. That is not my concern, nor was it really my question.

I guess—and I also understand that the number of spaces that are affected by the infant care increase is far smaller than the number of spaces in any of the other forms of child care. Frankly, I do not think, from my point of view, that how many people are impacted is the operative concern here. It is the principle in that each family that is forced to deal with this situation is important in and of itself and, particularly, that the manner in which the increases were put forward and the amounts are the problem here.

The long-term recommendation that you are ostensibly following from the working group was that the gap between cost and parent fee should be decreased over the next three years. Now in the case of infant space, I am assuming that if you are saying that you are following this recommendation, that this is year one of a three-year increase, and that we can expect additional increases next year. If you are following the long-term recommendation of the working group which said that the gap should be decreased over the next three years, logically that would mean that there is another increase that will be happening for all of these areas next year. Am I correct in that assumption, or am I missing something here?

Mr. Gilleshammer: Well, I would point out, just further to the previous question, that parent fees for infant care were recommended to be increased by a substantially greater amount—that is, the parent fees for infant care be increased by a substantially greater amount in order to reflect the same proportion of the actual cost of care paid by parents for preschoolers.

* (1630)

There was a recommendation for that group, that the parent fee be increased more than the other areas. I know that the member is anxious for me to answer her last question, and there have been those who have been saying that we are going to make changes in the schedule for next year. As I said

earlier, we are committed at this point to monitoring the manner in which these changes take place and to see, particularly, the uptake of the subsidy system and the adequacy of the subsidy system. We continue to get information and welcome comments from the various groups within the child care community. Again, I recognize that there are diverse opinions out there, but we have been waiting to get through this budget.

I am certainly looking forward to our chance to get into Estimates to talk about this. I am pleased that we have that opportunity today, but it is not time for the department or government to be looking ahead to next year until later in the fall as we get into another round of consultation and discussion internally on the department, and looking at our abilities within the budget, so I think the member is going to have to wait.

We have no preconceived idea or plan at this time about how the next budget and any changes are going to come about. We would like to take the next four or five or six months to have a chance to study and analyze the changes that have been implemented and hear from people to see how it is affecting them.

We do hear from parents on many occasions about their particular circumstances. We do hear from the union. We had a daycare rally that you and I were at. I guess that was all the MLAs who had time to be there, but there are various sources where we get information. I would ask that you allow us, in the next four to six months, to have a chance to analyze the changes and meet with various groups. I think it is premature to say that this or that is going to happen.

Ms. Barrett: Actually, what I was getting at with my earlier question was what I hoped would be a recognition on the part of the minister that he certainly did not abide by the underlying sense of what I think was happening with the long-term recommendation on closing the gap, particularly in the infant spaces, and was hoping that perhaps he would say, well, we made a decision that we would not implement that closing of gap over three years, we would do it all at once.

Clearly, the minister is still leaving open the option of additional increases in parent fees, and I think that it follows very logically when you understand the philosophical basis upon which these decisions are made. I am disappointed from both points of view,

and I think I am a bit frightened actually by the comments that the minister—well, what the minister is saying might happen.

I mean, he is definitely leaving open—that puts the possibility of additional fee increases. He has never been able to show, as far as I can tell, he has certainly been asked for, studies or details that led him to make the decision to raise this particular fee 48 percent and others to smaller amounts. The rationale behind that, he has only stated because it is closing the gap—well, that is one side of it. I do not see and have not seen the reasoning behind those particular percentages which fly in the face of the underlying theory and thinking behind the long-term recommendation of the working group.

Has the minister any data on the family incomes of families utilizing the child care system in Manitoba who are not subsidized?

Mr. Gilleshammer: Just, you know, going back to some of the terms the member is using, I would reiterate that we have to get through this budget before we table another one next spring. What the member is asking is not, what have you done in this budget but, what are you going to do in the next one, and clearly that is information that we do not have. To say that she is frightened, I think, is an attempt to create an impression that she wants to leave in the minds of the daycare community.

We have had a long Session, and unfortunately this budget exercise is late in the Session. It was determined by House leaders from all the parties that this is where it should appear.

I say very clearly that we have to be able to finalize our deliberations and discussions on this budget before we start talking about future ones. So I do not want the member to leave the impression that those decisions and details have already been made and that it is just a matter of announcing them. I would hope that that choice of words was not anything other than a poor choice of words and not an attempt to create in the minds of people that there is a decision already made.

(Mr. Deputy Chairman in the Chair)

You ask about the fact that the fee increase for the infant centres increased more than others, and we have recognized that. I believe that the report of the daycare working group to—well, it was to the Human Services Committee of cabinet, and the daycare advisory committee specifically said that parent fees for infant care be increased by a

substantially greater amount in order to reflect the same proportion of the actual cost of care paid by parents for preschoolers.

There was a recognition there that that was a more expensive cost of care, and that parents who choose to have their children in that care should pay more, and as a result those fees were raised to a higher amount. Again it reflects the daily cost of care that was worked out by the department and the working group and others, and it clearly shows that there is a difference as children are cared for, whether it be in a centre, whether it be in a home and dependent on the age of the child. It reflects the enhancements that centres have in their program with a greater number of staff and the professional expertise that they can call on. As a result, we were following the recommendations that were brought forward here to increase that parent fee at a greater rate than others.

So again, I think I have to say, do not put words on the record that there are decisions made for the future. We are committed as a department to analyze and study and see what impacts the new restructuring has, and we will listen as we did before to the community before decisions are made that revolve around the next budget. We hope that people who have provided assistance and information in the past will continue to do so, and some have already committed themselves to doing that.

* (1640)

You know, when you bring a recommendation that you reduce the gap between the actual daily cost of child care and the existing parent fee, there is room there, I suppose, to interpret where that appropriate level is, and the appropriateness may vary depending on who is doing the interpretation. Clearly, there was a recommendation that over the next period of time the gap that exists between the daily cost of child care and the parent fee be reduced.

Ms. Barrett: Mr. Deputy Chair, I chose the word "afraid" in my earlier comment very carefully, and I am not going to recant that word. I am afraid, and I am not for one moment trying to create an impression in the daycare community. I do not have to do that, Mr. Minister. That impression was created by you. That impression is being created by the government and by the minister.

The long-term recommendation—I am going to get back to this long-term recommendation—of the working group to close the gap between the actual cost of care, et cetera, over the next three years. What I am suggesting, and what the minister has stated and sort of agreed to in his, I think, in his last answer, was that the government had the authority and the responsibility to take those recommendations and implement them or not implement them and to decide at what level and what rate they were going to implement them.

What I am suggesting is that they have chosen to not pay attention to one of the underlying philosophies about the working group, which my understanding is that child care should be accessible and affordable, and instead chose to say, all right, the recommendation was close the gap and to prorate it based on the cost of care.

There is no argument that infant spaces are more expensive—no question about that. I am just suggesting that the government made a decision to make this enormous increase in one portion of the child care thing. Not to say for one moment that an 18 percent increase is not an enormous increase as well, but it pales in light of the 48 percent increase, although it will have an incredible impact on families.

Could the minister answer a question of what now, given the new fee structure, what is the gap? Maybe I should—I know the answer to this, but what is the gap between the cost of an infant space and the parent cost?

Mr. Gilleshammer: You are talking about an infant centre space. The daily cost of care is \$34.25 and the parent fee is \$26.45. Maybe I could just give you some other examples, too. The preschool centre space, the daily cost of care was determined to be \$23.00, and the parent is paying \$17.40 if the parent is paying the full cost. The school age centre space, the daily cost of care is \$14.95, and the parent fee is \$10.95. Preschool home space, the determined daily cost of care was \$16.85, and the parent was paying \$15.10. The infant home space, the daily cost of care was \$22.20. The infant home space, parent fee was \$19.00. The school age home space was \$12.10, and the parent fee, \$10.35. We have also factored in the annual cost, which is based on 260 days. For a preschool centre space, the annual cost is \$5,980. For an infant centre space, the annual cost is \$8,905. For the school-age centre space, the annual cost is \$3,887. For the preschool home space, the annual cost is \$4,381.

The infant home space, the annual cost is \$5,772; and the school-age home space, the annual cost is \$3,146.

I think that a lot of very important work was done to establish the daily cost of care and to rationalize the system whereby parents who cannot afford the cost of daycare can access an enhanced subsidy system. For those parents who can, because of their higher level of income, afford to pay for child care, they will be paying more.

Ms. Barrett: Mr. Deputy Chair, I ask again a question that I asked several questions ago, and I do not believe I got an answer. Is there information in the system as to the income levels of parents who access the child care system in Manitoba who are not eligible for subsidies?

Mr. Gilleshammer: A lot of that information does not exist at this time, and we are in the department starting a process whereby the department and the associations will gather that information. We do have information on the subsidies and the subsidy levels, and we have been working to put that in a form which is readily understandable.

The subsidies and the subsidy system is a very complex one, because it does relate to family income and to family circumstances. Clearly, this change in the system is going to benefit those families who can ill afford the full cost of daycare, and the money that was formerly in the grants, as we have indicated, will be shifted to the subsidy side to enable those particularly single-parent families the ability to access the quality daycare of their choice.

You have spoken much today about the infant centre spaces, and I recognize why you do that, and the ability of many of those families who are subsidized. To access the care of their choice is there. You know from the numbers that I have given you on the daily cost of care and the annual cost of care that the care of children is very, very important, but it is also, through this system, costly.

This restructuring will allow the lower income families to access that care of their choice at full subsidy and by the shift from the grants to the subsidies. There are substantial new resources on the subsidy side and at the same time we are going to ask those parents who can afford to pay the full parent fee to do so. We will be monitoring and studying the effects of these changes, and we will take that time over the next four to six months. As

we get into the fall of the year, we will be able to talk with a better bank of knowledge as to how the system is being received.

I can give you some more information on subsidies, and I know the member is quite interested in this because she probably has been the one person who has consistently asked questions on this topic. I know the member's interest is genuine. I would point out that there are 5,734 subsidy recipients in the child daycare program. This is as of earlier this month. Approximately 50 percent of subsidy recipients have a gross annual income of less than \$15,000. Only 5 percent of subsidy recipients have a gross annual income in excess of \$35,000, so it gives you some understanding of the range.

* (1650)

I will give you some more information. The percentage of subsidy recipients with a gross annual income in excess of \$50,000 is less than 1 percent, so there are families with a gross income of \$50,000 who are a part and parcel of the subsidy system. The percentage of subsidy recipients with a gross annual income in excess of \$45,000 is less than 2 percent and the same applies for a gross income of \$40,000 is less than 3 percent.

When I talk about these subsidy recipients, approximately 76 percent, that equates to somewhere around \$4,370, of these families are single parents. So clearly the subsidy system as we have it is targeted to single-parent families who could well use the assistance because of their family income level whereby they are able to continue with their education or training or their job situation or even, I believe, those who are seeking employment can access the subsidy system.

So I have some other information if the member wants it at this time, I can read it into the record, or we can wait for another question.

Ms. Barrett: I am not stating, nor have I ever stated, that the families who receive the subsidies are not entitled to them, nor am I commenting on the incomes of the families who do receive subsidies, partial or full. The whole problem is not so much with the families that are able to receive the subsidy. The problem is the lack of information, the lack of statistical data. My understanding is there is virtually no information of a historical nature or even just from this last year of the half of the families in the child care system currently who are not

subsidized at all. These are the families for whom the increases in parent fees are going to have the most impact on.

I have asked the minister and, yes, of course there is information on the income levels of the subsidized parents because they must provide that information in order to access the subsidy.

My understanding is there is to this date—nor has there been, there has been no gathering of data on the 50 percent of the families in the system currently who are not eligible for subsidies. We do not know. The government does not know. The minister does not know whether 75 percent of the families over the subsidy level have incomes that are in the next \$5,000. The minister does not know as far as I am concerned, as far as I know, the range of income that those nonsubsidized families reflect.

I would suggest to the minister that a study of the system in Ontario has shown that there are many daycares in Ontario that have many vacancies, not in the subsidized spots but in the nonsubsidized spots, because the middle-income family cannot afford the fees that are being charged in the Ontario child care system. The middle-income family cannot afford \$900 or \$1,500 a month in daycare fees.

For two children in Ontario, I believe the system in a nonsubsidized space is upwards of \$1,500 a month. Now if you have a gross income of \$100,000 that is one thing, but I would suggest to the minister that the majority of the families who are nonsubsidized in the child care system are middle income. I would also suggest that it is not good fiscal management to make assumptions that state that a family that was not subsidized under the old fee structure can afford a 20 percent or a 30 percent or a 50 percent increase from one month to the next in the daycare fees that they are paying, and that they will be able to access.

The minister talks about choice. Well, the families in the child care system as it has been restructured are going to have less choice, not more choice. The choices they are going to have are not based on quality child care. They are based on economics only, and that is not the way the system was developed. That was not the thinking behind the system. It certainly was not the thinking, I would suggest, behind the working group recommendations. I am sure the working group had no idea that the minister was going to implement

their recommendation on closing the gap in such a Draconian fashion in one year.

Again, I ask the minister: Is there any data on the gross or net annual income of parents using the daycare system who are not subsidized? If there is not, or if it is incomplete, is this part of the monitoring process that is being undertaken in the next four or five months?

* (1700)

Mr. Gilleshammer: Mr. Deputy Chairman, I agree with the member on the issue of identifying the recipients of the subsidies and the people in the system. We do not have that information readily available. I think at one time, if my memory serves me correctly, the working group was going to do a survey and it was something that for whatever reason did not happen.

The gathering of personal financial circumstances by people who are accessing the system is often a very difficult thing. I think you can appreciate that people do not always want to share that information with government or with service providers, but we are committed to trying to bring forth as much information, and certainly more information than we have now, on the people receiving subsidies, to do it in the least intrusive manner that we can, and recognize that there are families who simply do not want to share that information with anyone.

At the same time, you know, you are correct in saying that it gives us a better understanding of the system and the subsidies and the parent fees if we can gather that greater amount of information. We would be pleased to work with the groups that speak for the daycare community in getting the most accurate information about that that we can.

You know, it is important in decision making that you work on the basis of accurate information and make decisions based on that. So it is something that the department is going to be continuing to work on and would hope to have the support and the co-operation of everyone in gathering data that we can make informed decisions on.

I would give you some more information on the subsidies and the subsidy levels that existed before and these are—again, I was just talking about gross income and this chart is based on net income, so sometimes you have to take that into account to understand that there is a difference. I think that as

a department we either have to talk in one language or another for these to make some sense.

Under the previous system, and I have indicated that it depends on the personal circumstances of the family, a single parent would get a full subsidy if the net family income was \$13,787 and then a partial subsidy up to \$23,374. I said that we have enhanced and made some changes in the restructured system as of July of this year. The full subsidy is available at the same level of \$13,787 and a partial subsidy has been extended up to an income of \$25,097 so that families in that circumstance of a single parent with one child are able to access a partial subsidy at a higher level.

Then, looking at a single parent with two children, previously the full subsidy level was at \$16,341 with partial subsidy on a net income up to \$35,515 and that has increased now for that single parent with two children from a full subsidy at the existing level of \$16,341 up to an expanded partial subsidy of \$38,961. So, again, there are families who will be able to access the subsidy system because the partial subsidy ceiling has been raised.

Maybe just a couple of other examples to show how there is some diversity in the system, and it is very complex. I do recognize that we do not have all of the documentation and information that we would like to have, but we are committed to working on that and getting the information as we can. For instance, two parents with two children—

Mr. Deputy Chairman: Order, please. Those honourable members wishing to carry on a conversation, if you could do it quietly or out in the hall we would appreciate it.

Mr. Gilleshammer: Thank you, Mr. Deputy Chairman, I will proceed to finishing my answer. On the subsidies then, with two parents and two children a full subsidy was available at a net income of \$18,895 and a partial subsidy for that family up to an income level of \$38,069. Under the new system, the full subsidy is still available at \$18,895; the partial subsidy is now available at a net family income of \$41,515, so that has increased from around \$38,000 to \$41,500, net income. The last example I would give you is a two-parent family with three children that got a full subsidy at \$21,449. That level is still there at the full subsidy. The partial subsidy for that family, which was at \$50,210, has now been expanded to \$55,379, so there is an expansion upward of the subsidy system.

I recognize that the member is saying, take a look at the subsidies and how you spend the subsidy dollars. You are making a case for the middle income, because I think the member feels that the lower income and the higher income are well served by the system, and the target of your concerns has been the middle income. I would point out in the case of two parents with three children, they can access a partial subsidy up to a net income—again, I would stress that is the net income—of \$55,379.

So you get into this discussion, I suppose, of what is middle income and where the subsidy should end, whether it be a full subsidy or a partial subsidy. We will work within the branch of the department to gather this information and analyze it, and we would welcome the input of the various groups that speak for the child care community to provide the best quality information that we can get and have the ability to analyze that.

If we have to and if the recommendation is that subsidy guidelines have to change, then we have to look at that. I say that in the context that we have some limits on the amount of dollars that we can access, even though we have increased funding by some 60 percent over the last four budgets. I know the previous minister was very proud of the fact that there was recognition in the child care community that the last increase in the previous budget that she formulated was the largest increase ever to child care in Manitoba. Any changes we make in the system are governed by the type of dollars that we can access.

This department, of course, was a priority with the government in budgeting this past year, where we had an increase of some 6.9 percent. I know colleagues, some of whom are present, did not see increases of that nature, and there had to be major changes in some of the staffing patterns and the grants that were given out to groups. I notice that there are representatives of factions that would want us to decrease grants even further. We were able to maintain and increase our funding in this department, and we also have to look at the vulnerable people that both the critics spoke of earlier.

Given the fact that we are not able to access large sums of money, we are committed to keeping taxes down and making the best decisions we can. I am proud that this department got the largest increase across government. It is premature to speculate on what kind of budget will be brought down next time.

I know the member wants to get into discussing next year's budget. We simply are not in a position to do that. We will continue within the department to monitor the changes in the subsidy system. I know I am encouraged by the member's colleagues to monitor and to see how the subsidies impact. We will be trying to bring forward the data that the member is asking for.

Ms. Barrett: Mr. Deputy Chair, I just have a couple of questions in this area and then I will turn the questioning over to the member for Osborne (Mr. Alcock).

The minister has stated basically that there is virtually no information or statistical data on the families who up to now were unsubsidized in the system. He has said that he is starting an information-gathering process to help make decisions for next year's budget four to six months from now, the implications of the new system. I find it passing strange that the government made this major change in the funding formula of the child care system without information on the financial background of half of the users of the system. However, I have belaboured that point, I am sure, more than enough.

I would like to ask how the minister feels this information-gathering process, which I take is only beginning—how he can get enough information in the next four to six months to make an accurate determination about the impact of the new fee structure when he does not have a base line of past information to start from, and when he accepts that there is at least two months in this new fee structure that is during the summer when he has said that fewer people access the system. I just have some concerns about the accuracy and the validity of information that will be gathered in a very short time frame. I do not know who is going to do that information gathering or the extent of it, but I am a bit concerned about that.

* (1710)

Mr. Gilleshammer: I am sure the member is not meaning to say that the daycare office staff is not capable of analyzing this information that comes in on the subsidy forms. Clearly, the information that is available is based on the subsidy application. The member says she wants me to talk about the ones that are not on subsidy. I will get to that in a minute. We have not had them fill out forms when they access the system. Only the subsidized ones

give the detailed and documented information about their financial circumstances and the circumstances of their family.

If the member is asking us to provide the same type of documentation for anyone else who is accessing the system, it may be regarded as rather intrusive with many families who simply want to purchase the daycare service of their choice. It may be rather intrusive to say, yes, you can access this daycare centre or this daycare home or this daycare service, but you have to give us the financial circumstances of your particular situation, even if you do not want a subsidy. That becomes a rather tricky question, and I would think probably a question in law, whether we can demand and determine from those families just what their financial circumstances are at that time.

I know that the working group was going to attempt to gather this information when they were working on the information they brought forward to the Human Services Committee of cabinet and to the Minister of Family Services but unfortunately, it did not proceed. I would guess it did not proceed partially because of time, but also because it is a difficult piece of information to access from people.

I would suggest to the member that the collection of data of a financial sort from unsubsidized parents will have to be done on a voluntary basis. You know, I know the member's party has a history of being great regulators and wanting to get involved in all manner of society with rules, regulations, forms and so forth but to approach people who simply are there to purchase a service and want to do so and pay for it because they have the ability to do so and their intention to do so, to gather this type of information which often is given only on their income tax form and which other government departments cannot access—I know from specific cases I have dealt with, with families and children in my responsibilities as an MLA where perhaps a child has applied for a student loan, many people in the part of the province that I come from are very cautious about supplying government or anybody else with information on family income and savings and other very personal data.

So if the member is suggesting that this sort of information is readily available, it just has to be asked for, I think perhaps she has not fully thought that out, that there will be a reluctance on the part of some people within the system to provide that sort of information and will want some guarantees as to

how that information is going to be used, where it is going to go, whether it is going to appear in the House, in the Legislature if some critic happens to get that sort of information. They are going to be concerned about how widespread the access to that information is. So I say to you, it is not an easy thing to determine, and people have very strong feelings about whether they should provide that sort of information.

To make judgments and decisions on the subsidies, we have to have good information. Our best information comes from those who are subsidized, and who have filled the forms and provided the documentation and accessed the subsidy, but we will attempt to get the type of profile that the member is asking for. We will look very carefully at the enrollment and the changes in the enrollment of all children in the restructured system. We will determine if the use by unsubsidized families is dropping. We have the capacity to do that, and we are just a matter of a couple weeks or less—I am not sure what the date is today—into the new system. We will be able to gather that information.

You have already recognized that the time period is short. We will monitor the subsidy system and we will have the capacity to see how many families are coming into the system and at what level and how many are graduating. I know from talking to some centre directors, that they do an exit interview and compile some information on children and families as they leave the system and comments about it. We will be continuing to monitor and gather that information. To make changes in the subsidy levels we will have to bring forward the best information that we possibly can before we make those decisions.

Ms. Barrett: Mr. Deputy Chairman, a couple of comments and then, hopefully, a final question. First of all, I think the philosophical difference between my party and our view of what the child care system should be and the minister's view and his government's view of child care is when he talks about people purchasing a service. I think that the daycare system in Manitoba is far more than involving a purchasing of a service. It is a system that has grown and evolved into what has, as we have all stated, a model. I just wanted to put on record the fact that I think the phrase "purchasing a service" is a good indicator of the place that this government is coming from.

* (1720)

I also wanted to say that I agree that it is much more difficult to get information from families who are not subsidized, particularly income figures. I would suggest to the minister that many families today would have been far more open to voluntarily giving that information to the system than they would have been three weeks ago, that they, the centres and the parents, understand what has happened and that they would be much more open to sharing that information. Even if we got only a percentage of the parents responding, it would be more than the information we have to date.

(Mrs. Shirley Render, Acting Chairman, in the Chair)

I also want to put on the record the fact the minister knows full well that I am not, for a moment, suggesting that the staff of the department are incapable or unwilling to do that data collection. I know the minister knows that I know that, so I just wanted to put that on the record.

One final question in this area and it goes back to timing again. I would just like to know if the minister can explain why the date of April 18 was chosen to announce the new fee structures and three weeks into the new budget when daycares have their budgets set, their programs set, and their staffing set, based on the old structure, and three weeks into the new fiscal year the announcement is made and there are six weeks only for the centres to take into account the implications of these radical changes on programming, on salaries, on staffing levels. The whole range of a daycare's services has been heavily impacted by these changes. It was an interesting timetable and I am wondering if the minister can explain that to us.

Mr. Gilleshammer: Madam Acting Chairperson, I guess one answer to your question is the legislative year and the way it has evolved over the last two or three years whereby sessions, and with those sessions, throne speeches and budgets have not coincided with the start of a fiscal year.

We have often talked about getting back on schedule again whereby a budget can be introduced early in the year prior to the end of the fiscal year and people notified of those changes. government does not always have the luxury of determining when a session ends. For example, it would be good if we had ended this session at a point where we could start planning for the next one to get back

on a more typical legislative year. Then these budget decisions could be announced in a more timely fashion, so that groups who depend on financing and grants and subsidies and so forth could make their plans. I refer to schools and hospitals and many of the groups who access funding from this department.

So part of the answer is a fault, I think, of the fact that the legislative year has been sort of out of sync for a number of years now. We wanted to announce these changes as early as we possibly could in the fiscal year. We were able to do that in April, but a lot of meetings and discussions had to take place in arriving at a decision on daycare, and we wanted to announce them as early as we could. I recognize that the ideal way of making these announcements is prior to the commencement of the budget year, but that is not always possible. As a result, the changes were not implemented immediately, but at the end of the first quarter.

You know, from the member's point of view, I would suggest from her comments that possibly there was no good timing for the changes, because she does not agree with them. I think that is a stance and an attitude that the member will take on a number of issues. If we make an announcement that she favours, she would say it is about time, why did you not do this sooner? If it is an announcement that she wants to make negative comment on, then she will say, why did you not wait another year, or why did you not wait longer?

I reference comments made earlier by herself and the critic for the Liberal Party. One time we were criticized for making an announcement at three o'clock in the afternoon and another time for making it at eleven o'clock in the morning, so I am not just sure what the optimum time is. Hopefully, in the many hours we have ahead of us you will be able to clarify that for me.

Getting back to the volunteering of information, the member, I do not think, is serious or perhaps has not thought it out that we should make decisions on partial information, and her suggestion that, if we had a little bit of information on those who were part of the system but did not access subsidies, that would be sufficient to make a decision.

I say to you, I think we need a great deal of information on those who are paying the entire parent fee, and we are going to endeavour to work with the people in the daycare office, the daycare

community to try and access a good snapshot of those people who are using the system but who either are not eligible for subsidies or choose not to have a subsidy. To base any decisions on partial statistics, I think, would be a mistake, unless we had a great deal of comfort that that was a very representative group in the daycare community and that we could take a partial statistic like that and say this is an exact average and this represents a true picture. I just have some concerns about her recommendation that a few statistics could be gathered, and this would be representative of those in the system who are not subsidized.

The member took issue with a phrase I used of purchasing a service. I in no way mean that to belittle the service provided by very dedicated daycare providers who have taken considerable training and want to provide the best service possible for the children in their care. I was referencing that in relation to those who have substantial income and who pay the full cost of daycare. They have choices that they make about the type of care that they want. The choice may revolve around geography. It may revolve around convenience. We talked last year at some length about workplace daycare and the access to daycare in the workplace as being a good choice for many, and recognize that there were limits to the availability of workplace daycare.

So parents do have a choice, and they have a choice of whether they want to access a daycare home or a daycare centre or a workplace daycare. They have to budget. They have to examine the cost. They also have to examine the type of care that they want.

In some cases, they may readily see the benefits of a centre and all the accoutrements of a good centre, the expertise that is available simply because you have more people available there. I can tell you from my experience as an educator that, when you hire staff to a school, and I think daycare people will look at it in a similar vein, there are times when you look for specific talents in the staff that you can bring forward. The parent who is making that decision will look at the type of care and the type of centre. I know the member would readily admit that all centres are not the same. Parents will examine the benefits and the service that can be provided.

To others, there may be a daycare home next door that is convenient because it does not involve a lot of driving and it does not extend the day of the

parents. I think we agree that the parents should have that choice. They may choose to have their child in a smaller setting. I know from the school system that smaller groups are often considered to be better because the individual attention a child can have. Then the parent will rely on their own experience and make that decision.

All I am saying is, when I use that phrase, that they have choices to make and decisions to make. We never lose sight of the fact that the parent is the most important component in this decision making and deciding what type of care the family wants for their child.

Again, I suppose, we go back to the philosophical difference that the member talked about, that the grant system that was in place is a subsidy for all who access the system. The true subsidy is targeted to those families of low income who want quality child care as they pursue their careers and pursue their work or their education. They have the right to make that choice.

We will continue, I think, to have a philosophical difference there, whether the emphasis should be placed on grants or on subsidies, and our decision, as government, was to enhance the subsidy system, and to offset that, there was a reduction in the grants.

Ms. Barrett: I promise this will be my last question. Two comments and then a question. I think it is interesting that the minister says he does not want to make decisions based on partial information, but he is certainly willing to make decisions based on no statistical data whatsoever, and secondly, I will be speaking later on the whole issue of choice as it regards child care.

I would just ask again, I think—I can remember back that far—my question was a two-part question. The second part was the six-week time frame given to centres, between April 18 and July 1. Can the minister explain why six weeks was seen to be an adequate time for centres who had already, in good faith, established their budgets, their staffing and other items based on the previous funding formula, why it was determined by the department or the minister that six weeks was adequate notice to give to these centres to make these major changes?

* (1730)

Mr. Gilleshammer: I am a little reluctant to always disagree with the member, but I think that you are factually incorrect when you say six weeks. The

announcement was made in April, and the implementation was on July 7, so there were two full months, probably closer to 10 weeks, but I do not think we need to get into that disagreement.

(Mr. Deputy Chairman in the Chair)

What you are saying is, it should have been a longer period of time. I recognize that part of the problem was we were in the midst of a budget year. We wanted to, in going forward with the announcement, time it for the commencement of the second quarter.

The daycare office, I believe, has worked very hard and very diligently to work with the daycare providers, and I appreciate your positive comments about the efforts of the staff in working with the system. I think that you are correct. They did have an awful number of meetings and provided a great deal of information for those who access the system. They met with daycare centre management and others with the daycare homes, and also, in some cases, with individual parents who communicated with the daycare office either by letter or by telephone and I think did a tremendous job in explaining a very complex system. The system is complex because of the variety of circumstances that exist with families, whether it is single parent or two parents and a number of children. We do have good information on the subsidies, and we are continuing to gather.

Now, the member indicated we had no statistical data. I want to take a bit of issue with that, because I think the working group and the various groups that brought information forward did bring good statistical data forward, that we were able to make some tremendous strides, I think, in terms of identifying a daily cost of care. We were able to identify a daily cost of care and bring greater understanding to where the money in the system was being spent. It is through information like a daily cost of care and an annual cost of care that the department is able to analyze the expenditures and the use of money within the system and have a better understanding in decision making.

I really think that the member is off base when she says that the data that was used was not good, sound statistical data. We applaud the working group and others who have provided information for the department and the department staff in doing an extremely thorough job of compiling that information and assisting government in the decision-making

process. We do have good information on the subsidies, and I have provided some of that information for the member today.

I can give her some more information on subsidies if she likes because it is not an easy thing to understand. The subsidies change as the individual circumstances of the family change as well. There are times when the family will access additional income, and when there are additions to the family, it would change the subsidy levels that they are able to access.

That information is there. It can change on a daily and weekly basis with some who access the system, and the branch of the department that is intimately involved in this does a tremendous job of keeping up to date on that, and with the assistance of parents and families update that information as quickly as possible so that the subsidies can be changed where necessary.

* (1740)

We have good statistical data there. We had good statistical data from the working group, and, as a result, we did embark on some changes. I do not want the member to leave on the record or leave the impression that the data provided by the department, by the working group and by others was not good information because it was. It is complex and it is not easy to understand. We did provide some information for the member, and we can continue to do so, so that we all have a thorough understanding of it and a better feel for the decisions that have been made.

Mr. Alcock: Actually, I am very pleased with the statements the minister just made about the quality of the information that he has. It may make the few questions that I have to ask a little easier to answer.

Leaving aside for a moment the philosophical implications of what the minister has done, let us just try and understand the reality of it. The minister has said that they were able to, as a result of the input from the working group, arrive at a cost-of-care figure.

I guess what I would like to ask the minister—maybe in three parts. The first thing, I would like to know whether the minister is prepared to table the working documents that were supplied by the working group that assisted the department in arriving at a daily cost of care. That is the first question. The second one is, when one runs a business one usually looks at one's costs, comes

up with a concept of what one's annual operating costs are, and then from that one derives the fees that one will have to charge in order to provide that service. Either for profit or not for profit, the process is much the same. I would like to know what impact the consideration of potential revenue or government-supported revenue had on the determining of costs.

The third question, and I think it sort of highlights the problem that we are facing when we are trying to sort this out—I think the only thing that is constant in life is change. I mean, the only thing that we know for certain is going to happen is that systems are going to change. So changes can be good or they can be bad. I mean the change in and of itself is not inherently bad. So the minister has brought about a change based upon a belief that he is improving the system, and there was a time when I would have believed he was sincere in that. Assuming for a moment that were the case, you would think that if he created a change that did in fact produce positive benefit to people, that would become apparent to the people upon whom that benefit was to be visited.

I have just a quote that I would like to read him from a letter I got from one daycare, and I can tell him that while the figures change slightly, the comments are identical: It is our understanding that under this new funding formula daycares were to receive a 2 percent increase in funding. The board understands that in these economically tough times any increase at all is a welcome relief. However, upon completion of our six month supplementary budget schedule, we discovered that the 2 percent increase translated into a deficit of approximately \$10,000.

That is the problem you get faced with as you walk around from daycare to daycare. The people who are trying to deliver this service are not anxious to spend a great deal of time down here at the Legislature. They are not anxious to be contesting the government on things. What they want to do is run quality child care. Yet when they translate the statements of the minister into their own realities, what they find out is that there is not enough money to do the business that they are currently doing despite statements about it being based on costs supplied by the working group and there is to be a 2 percent increase.

My only question is, how can this be? How can there be such a variance between the minister's

statements and the realities as presented by the daycare community?

Mr. Gilleshammer: Mr. Deputy Chairperson, the member started by saying he has no philosophical concerns about the stance of the government on daycare, and I recognize that the—

Mr. Deputy Chairman: Order, please.

Point of Order

Mr. Alcock: I made no such statement. I said I was not going to get into a philosophical debate right now. What I was going to do was talk about the nuts and bolts. We have had two and a half hours of philosophy. Let us deal with some of the realities.

Mr. Deputy Chairman: The honourable member for Osborne did not have a point of order. It is a dispute over the facts.

* * *

Mr. Gilleshammer: I mean, I am very interested in where the critic stands on daycare. I am trying to recall how many questions have come forward from him and his party on the changes, and I dare say I cannot remember any. I would be very interested in hearing where he stands and where his party stands on daycare.

I assume that we do have a philosophical agreement on daycare, and I reference a comment made by his Leader in May of 1987, May 20, 1987, where she says, "my position has always been that it is the child that I would like to see the subsidy go to, not the daycare centre."

That is really the basis of one of the member's questions, and I assume that maybe Liberal policy has changed on the funding of daycare, because I would have expected some strong support from the member, the critic of the Second Opposition Party, because it seems to me that philosophically we are on the same page. That we have provided funding for the child and the family and not for the centre.

So, if there has been a change, I am sure over the next seven or eight hours, or whatever we have left in Estimates, we will be able to sort of home in on that and get a better understanding of the position of the third party on daycare. I again am very conscious that this is the first time that the member has raised a concern.

The member is asking us to table the documents and the background papers that the working group on daycare and the department used in identifying

the daily cost of care. I would simply make a commitment to give our best efforts to provide some information so he can understand how the daily cost of care was arrived at.

I think there was a feeling with the working group and the department that a lot of excellent co-operative work went into this. This was a major breakthrough in identifying where the cost of care was, and how that there was a differential in the cost of care between homes and centres, and most importantly, the cost of care differs with the age of the child.

We will make every effort in coming days to provide the member with some information that was used by the working group and the department in arriving at those figures. I think the member would appreciate that they have come forward with some very exact figures, and decisions were made on the best information available on that.

Now the member says that he is disputing the potential revenue that centres can access, and on visiting one is of the mind that there was going to be a shortfall for that particular centre. I say to the member, one of the possibilities—and without knowing a great deal about the centre and having the daycare office statistics available on that centre, sometimes centres may have been running with a lot of vacant spaces. Where there was daycare funding allotted per space and the daycare may have only been partially full, this would impact on their revenue, but the ability to raise their revenue through increased subsidies and increased parent fees was there so that a 2 percent increase in funding was achievable. I am assuming that if a centre, for instance, had 40 spaces, and just to use round numbers, but only had 30 children in it. If they were staffed for 40 spaces, then the shortfall in income would have an effect on them. That particular centre that the member visited could certainly access the expertise of the daycare office to look at their specific circumstances.

* (1750)

The third comment that the member made was about the change and whether there was support for the change or whether there was not anybody out there who saw some benefits. I can just maybe read to you a bit from the press releases from some of the components of the daycare community after the announcement was made. I would refer first to the Family Day Care Association of Manitoba, who

said: We are pleased that all licenced family daycare homes will now be eligible for funding. The daily parent fees have remained affordable for parents choosing to use family daycare. The government has acted on the need for school-age in-service rate to increase to meet the cost of full-day, school-age care. They did recognize a concern about the elimination of the salary enhancement grants. Basically we are in favour.

The Manitoba Child Care Association indicated in the lead sentence that they had mixed feelings about the announcements and recognizing that there are some positives and that there are also some unanswered questions.

The third press release that was sent on that day was from Manitobans for Quality Child Care, and they basically were pleased in these tough economic times that this government has taken a considerable tax burden off ordinary citizens, that they put back the responsibility to parents who can afford to pay a more equal share of their child care.

I say to the member, and I do not know whether he had access to these press releases, but I am sure they were widely circulated, that there were mixed feelings. There was support; there were people who had questions, people who saw some of the benefits. Maybe I could just read another short quote from the Manitoba Family Daycare Connection. I believe it is their newsletter. It is written by their president, who says: We have not heard a loud cry from any family daycare providers, so must assume that most of you are able to live with the changes and are happy you got any increase in daily fees at all.

We could certainly provide copies of this for the member, and he would get some understanding of where the groups that speak for daycare are coming from. We will maybe try and do that for you for later today, if we have the time.

Mr. Alcock: Just to review quickly, the minister has said then that the cost of care arrived at was arrived at based on data supplied by the working group.

Mr. Gilleshammer: The final figures that were arrived at were done by the department based on statistical data brought forward by the working group, and the department was able to use information and figures brought forward, and the final figures that you see were arrived at by the department to indicate the daily cost of care and the annual cost of care.

Mr. Alcock: So the intention in creating this daily and annual cost of care, which was based on information provided by the working group, was to fund centres at a level where they would be able to meet their annual operating costs for the spaces they were providing plus a 2 percent increase.

Mr. Gilleshammer: The parent fees were determined by government on the recommendation that these would also increase to reduce the gap between the actual daily cost of child care and the existing parent fee. In order to do this, we had to come forward with a daily cost of care, and as far as I know, the daily cost of care has not been disputed by anyone, and there was a recognition that the cost of care, I believe, would vary, depending on the age of the child.

This goes back to the standards and regulations whereby very specific staffing levels are indicated. We are maintaining the standards and the regulations as they existed before and we will fund to those levels. The new cost of care and the parent fees were structured such that given the enrollment of a centre, that they had the ability to increase their income, recognizing that the grants would be decreased but that subsidies would increase and that parent fees would increase. I recognize one of the variables is whether a centre is full to capacity or not, but the ability to increase the income with the restructure was there.

Mr. Alcock: So if I understood the minister correctly, he is saying that there is, in the cost analysis that they did and the subsequent recommendations in fee structure that they created, sufficient depth in the support for a daycare to operate, assuming that it is fully occupied. My question then, though—the minister references a daycare, and I quoted to him from a letter. I have an analyses from a number, and the deficit figure varies from a low in one case of \$7,000 to a high in another case of \$33,000—some odd, but in every circumstance, daycares who are taking the minister and the department at his word and doing the analysis of what the impact will be on their bottom line, daycares that have run successfully for a very long time and have provided good service are coming back and saying we are now in deficit. How does the minister reconcile that fact with his belief that the operating costs which the working group came up with are adequate to the task?

Mr. Gilleshammer: I believe what the member is doing is questioning whether the daily cost of care

and the annual cost of care is accurate. Following through what the member is saying then is that the figures that we have established for the daily cost of care and the annual cost of care—the member is saying are too low, that the actual cost of care is higher.

We will endeavour to provide or make the best effort to provide that background for the member but, as far as I know, no one has indicated that those figures are badly out of whack. It was based on information brought forward that the department was able to analyze. I think if centres can demonstrate that the cost of care is actually higher and, as a result, parent fees would have to be increased and subsidies would have to be increased, then we would like to have an opportunity to look at that information.

I would commit that staff would meet with centres to assist, but I do point out that the ability to access increased funding is there. The centres are operated by a board and management and no doubt make management decisions on staffing and on other expenditures. I recognize that probably about 80 percent of their costs are staffing. I know that one example we were looking at that was having some trouble, 85 percent to 90 percent of their cost was staffing. It may relate to the levels of staffing.

I would reiterate that the guidelines for the daycare have not changed. If centres have fewer enrolled in it, fewer children, and are staffed to a maximum, there may have to be some adjustments there. The daycare office would be pleased to work with those centres in analyzing their situation.

Mr. Deputy Chairman: The hour being 6 p.m., I am interrupting proceedings in accordance with Rule 22. The Committee of Supply will resume sitting this evening at 8 p.m.

SUPPLY—ENVIRONMENT

Madam Chairman: Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply is dealing with the Environmental Innovations Fund, page 162 in the Estimates book. Would the minister's staff please enter the Chamber.

Mr. Paul Edwards (St. James): Madam Chairperson, I want to start by asking the minister, if he could, to give us the details of what is in the fund, what was spent in the last fiscal year and what the rate of accrual of new funds into the

Environmental Innovations Fund is predicted to be for the coming year and was in the last year.

Hon. Glen Cummings (Minister of Environment): As the member is aware, the funds that will accrue to the Environmental Innovations Fund are directly related to the sale of Manitoba Liquor Control Commission deposits, or a fee that is applied against them. About \$1.3 million is our best estimate. Out of that, last year we spent \$1.23.

Mr. Edwards: The \$1.23 million, is there a list of expenditures that the minister has or could make available to us which would outline what expenditures were made?

Mr. Cummings: Yes, I am prepared to table that. Do you want it now? We can give you our copy and then get a copy made.

Mr. Edwards: That is very useful, and thank the minister for that. I will take a look at it in a minute when it comes back.

With respect to the fund itself, can the minister also table or indicate orally what the criteria are for participation in the fund, because I must say, it seems fairly broad given some of the projects which have been sanctioned for payments out of this fund.

Mr. Cummings: Yes, in fact the criteria are reasonably broad. One of the criteria, and we might as well face this question up front, because one of the criteria that gives us some grief in terms of communication to the public and in terms of comments from my critics is that we will not, except under exception, fund something that has a year-over-year continuing expenditure. In other words, this fund is not meant to be a source of ongoing revenue for a particular organization, if you will.

There were a lot of people, mistakenly, when they saw this fund, saw it as perhaps a fund that would provide resources, if you will, an annual grant, that sort of thing. The province, this government as a matter of policy, says that any department that wants to fund organizations on a regular grant basis should have them as part of their grants listing and up front every year say what that will be as part of departmental expenditures.

EIF is not part of departmental expenditures and therefore is handled in a different manner. The reporting mechanism for the Innovations Fund, while I and the minister reporting, as you will see—the staff I have with me today, and I should have introduced them, is Mr. Bob Sopuck, who is

the head of our Sustainable Development Secretariat, but he acts as a co-ordinator between various departments and acts as secretary to the Sustainable Development Committee of Cabinet where we receive the recommendations on the various projects after they have been screened by the relevant departments where a project might logically emanate from. By that, I say, not all the projects emanate out of Environment. Some of them could come from Agriculture; some of them could come from IT&T. In fact, they do. So that is the general and quick sense, the manner in which it operates.

Mr. Edwards: Is there a criteria document which is used internally which the minister would be prepared to table?

* (1450)

Mr. Cummings: In fact, there was criteria tabled at our waste minimization conference last spring which is readily available, and I will make sure the members get a copy of it—I think I have some notes on this one or I would give it to him—but there are some general criteria that we have been following. We have recently adopted a Treasury Board presentation that follows this general outline: Projects must be unique and innovative and contribute to the protection and enhancement of Manitoba's environment. The project shall further the understanding and implementation of the principles of sustainable development in both public and private sectors.

One-time assistance could be considered for community groups and organizations, service clubs, youth groups, business, and working with local government combined with the Province of Manitoba. There must be a demonstrated need for the project and should include a high degree of either/or both community and stake-holder involvement. The applications should include level and source of partner funding or in kind of support which would make up the balance of the project cost.

Mr. Edwards: Can the minister indicate, looking specifically to the grant given under Order-in-Council dated March 20 of this year to the Assiniboine Delta Aquifer Management Advisory Board, what specifically this \$25,000 grant was for?

Mr. Cummings: That was to provide some additional information, because there was a portion of that aquifer—that is, there is some considerable

debate between the residents on it and regulatory authorities, in this case, Water Resources and municipal governments, which in this case would be the municipalities of that area, the community of Plumas and communities of Carberry.

One of the main sources of concern has been the supporting evidence for the ability to draw water from that aquifer, and the local people had indicated that they wanted more localized information about what the capacity might be or whether there were intervening factors that had not been considered beyond the drought that we were experiencing, whether or not there were clay ridges or whether in fact the water moved faster through the aquifer than previously anticipated. So this money was to help with a study do gather additional information and provide either proof that the department was wrong or, conversely, that the objectors were correct in their concerns about the potential impacts on that aquifer. Frankly, it was a small effort towards trying to provide the type of information that people in those communities wanted which was of a very local nature.

Mr. Edwards: Madam Chairperson, perhaps the minister can indicate how the fund came to set a \$40,000 cap, how that figure was arrived at, as opposed to a lower figure or a higher figure, and what the criteria are for exceptions to that rule. I look specifically, of course, to the Recycling Business Development program, which received \$170,000; the Sioux-MacDonald seedling contract, which received \$250,000; the City of Winnipeg tree replacement, which received \$174,000; and Endangered Species, which received \$60,000. As the minister knows, I have spoken against the \$40,000 cap. I think it is not necessary. I think there are going to be exceptions, probably quite worthwhile exceptions, and we want to build in some flexibility. How did that cap get set, and in what circumstances is it bypassed?

Mr. Cummings: Madam Chairman, as I said before in response to questions of this nature, the \$40,000 was an arbitrary cap, and obviously exceptions to it then were possible. It was a decision primarily of the recommending departments and the committee as to whether or not there were exceptions that could be made, and the criteria upon which that could be done would have to be based on whether or not going to a larger figure would provide additional benefit. I point out one point of the information that the member put on the

record, and that is that I think he is referring to year-old information that he is referencing. Where the other departments are involved, the money is not necessarily all allocated in one lump. They may allocate smaller portions within that, which then come back through the approval process, but it is reported as a hundred and—whatever the figure was that he gave there as having been part of the industrial development initiatives -(interjection)- That was a lump sum, but it was not spent as a lump sum. It will have to go through an approval process, depending on what the initiatives might have been that came forward in an application.

Mr. Edwards: Does the minister have any specific criteria in writing for exempting the \$40,000 cap?

Mr. Cummings: As I said, it depends which way you want to look at the criteria. If you want to say that, as I indicated, the \$40,000 was an arbitrary one. Therefore, what we said was if we want to make sure that there is a large number of projects as possible that can be involved, then we should not be allocating it in half-a-million-dollar lumps, because two or two and a half grants and it would be gone, considering that we are only starting off with 1.3. So there was that consideration which caused us to look a lot of them with an arbitrary cap.

In terms of going beyond that, for example, in this year's projects we are talking about funds that have been set aside for old newsprint. Those funds have not yet been fully allocated, but obviously a \$40,000 cap is not going to go very far in dealing with the old newsprint problem in this province. I might argue that 200 will not make it either.

Mr. Edwards: Madam Chairperson, let us just take one as an example. What can the minister tell us about the Sioux Macdonald seedling contract, and why it would qualify to receive six and a quarter times the \$40,000 arbitrary limit? I mean that is the quarter-million-dollar grant the minister has just said he does not want to be giving out. How did it qualify on the criteria, albeit vague, that he has outlined now for that size of a grant?

(Mr. Jack Penner, Acting Chairman, in the Chair)

Mr. Cummings: Mr. Acting Chairman, I think that you have to look at this project in the context as well which was put forward. It was an opportunity for a Native-based group to make progress and to contribute to the reforestation of this province in a way that they, up till then, have been unable to deal with. The reforestation needed to be pushed

forward. The member and I have had this argument before about whether or not we received surplus of applications or not. The fact was that in the judgment of the committee, this was an opportunity to put forward an initiative, albeit initiative that a number of other groups may want to put forward. It was rather unique in the way that we were able to bring this group into production and at the same time, I think, we made it very clear that this is not the kind of thing that we are going to do on an ongoing basis.

Mr. Edwards: I will put both of my final questions in one last one. Who sits on the committee? How often does it meet? As a final question, I would be interested to know what publicizing has been done by the department or the Sustainable Development people to publicize that this money is available for people who may qualify?

* (1500)

Mr. Cummings: The committee which I chair meets as much as possible on a monthly basis, but the EIF is only a small portion of the responsibilities of that committee. So, in terms of approving EIF funding, that would only be an agenda item. It would not necessarily be the only reason that we would meet. Further, the members who sit on that committee are the members of the Sustainable Development Committee of Cabinet: Natural Resources, Environment, Agriculture, Industry, Mines and minerals, and Rural Development. -(interjection)-

I am sorry, I have the answer to that as well. The fact is that we did put out some information through the Department of Environment when this fund was first put together, but in the effort to make sure that this is a truly multidepartmental responsibility, there is a brochure which probably should have been out by now, but we are putting together a brochure that will be out shortly to provide more definitive criteria beyond what we made available at the Waste Minimization Conference this spring. That will be circulated in a similar manner as the Special Conservation Fund brochure was put together in order to make sure as broad a sector of the public as possible knows what is available.

Ms. Marianne Corliss (Radisson): Mr. Acting Chairperson, we only have 15 minutes. I am not sure where to start. I heard a number of concerns about this fund. One of my concerns is that it is funding large institutions, organizations or

agencies, and what is so obviously needed out there is a lot of the grassroots, small, community-based agencies are desperate for funds. So I have a few specific questions. With the list that the minister provided—and I appreciate him providing it to us before Estimates this time—the Pembina Valley Development Corporation—what was that project?

Mr. Cummings: That was to promote a multijurisdictional co-operative approach to recycling and waste minimization in the valley and it was matching dollars, if I recall. I am going by memory here, but as I recall it was matching dollars, and flowing from that project they do now have one of the better regional waste minimization projects in the province.

Ms. Cerilli: How about the Radon Initiative? Who did that project?

Mr. Cummings: I believe that reflects the work that was done by Dr. Yuill, some of which has been discussed in the media recently. We have not completed the information distribution of that project, but this was deemed to be a very current issue at the time, that we wanted to make sure that we were not going to be sitting without information available to the public, at the same time, a situation where there was a lot of misinformation out there and public concern being raised. So there was a contract involved, and that is what those funds were made available for. The balance of it will be handled through departmental work.

Ms. Cerilli: Just quickly, who did Mr. Yuill work for?

Mr. Cummings: He is an independent, and this was a contract.

Ms. Cerilli: The environment education material, where was that prepared or what kind of an agency, and who did it?

Mr. Cummings: Those funds were solely for the distribution and printing costs, I believe. It did not include any salary of any kind, if I recall. I am going by memory here, unless the member wants to wait a moment. I think my memory is good though.

Ms. Cerilli: In keeping with the comments I made before I started the specific questions, I am trying to get a clear understanding of the agencies that are receiving the funds. Which agency or organization or business was that money for?

Mr. Cummings: Mr. Acting Chairman, I am not sure if I get the line of questioning. If the member is asking whether or not we are dealing with—her

opening comments seem to indicate that she feels we are putting money into large groups that maybe do not need it. I would look to the type of projects that we have been dealing with this year.

First of all, we start off with funds that were allocated to industrial development and to old newsprint and the Environmental Youth Corps, of which there are a multiple of subappropriations that are used to fund the various Environmental Youth Corps projects. It seems to me we have already approved about 50 of those small projects, that at the same time we have allocated to the Killarney composting project, to the Elm Creek recycling project, to the Northeast Sustainable Development Association, to the St. Vital School Division, Parkland Recycling Conference, Versatech Industries and Residents Against Waste. There is a spectrum of areas that we grant to, if that is the area that she is questioning.

Point of Order

Ms. Cerilli: Mr. Acting Chairperson, I would just like to ask the minister—we have such a short time to deal with this item, I would ask him to please keep his answer to my specific question. Specifically, what agency were the environmental education materials prepared for?

The Acting Chairman (Mr. Penner): The honourable member did not have a point of order. I will, however, allow the question.

Mr. Cummings: There are two things that happened there. One of them is, and I will take the specifics of the question as notice, but those materials were not governmental materials. Those were for broad distribution, including the Department of Education.

Ms. Cerilli: How does the minister justify—that is the first word that comes to mind—the approach that this fund is taking in giving to quasi-government agencies or agencies like the University of Manitoba? I agree that there are some community-based agencies that are receiving money under the fund, but how does the minister feel about changing the criteria so that this fund is truly going to support the kind of grassroots initiative that we need to support in terms of the environment?

How can we ensure that some of these other agencies will continue their initiatives but will not be

having to take money away from some of the smaller grassroots agencies which are not as effective in putting in applications, have more difficulty oftentimes in getting information from government, and all those kinds of realities that often prevent them from accessing funds in granting programs or funding programs like this one?

Mr. Cummings: I think I addressed this concern in my earlier remarks. The project approvals do indicate that it would be by exception where there would be more than one year funding. Advocacy groups—if that is the type of groups that the member is referring to—if they have projects that they wish to bring forward, they are quite eligible for acceptance.

The member should not advocate a given, and I certainly will not advocate that, because there is a project this year approved, that means they are automatically entitled to the same amount of money next year. There may very well be another project that they wish to undertake that would meet the criteria of the fund and they could move on in that respect.

The fact is, grassroots organizations take a broad spectrum of vision. I can give you an example that I think is very important and one that I am quite prepared to argue and defend and that is dealing with pest management. One of the major concerns of the environmental community has been the use of pesticides and herbicides in this country. There is a very good project that needed support in order to move forward with some very interesting and promising work on pest management. They received \$39,000 out of this fund. If it is successful it means that you will be receiving produce on the vegetable stands in your stores that will not have been treated with pesticides at any point. I think that is the type of success that I can defend anywhere and certainly the type of project that is unique and innovative.

Ms. Cerlill: Mr. Acting Chairperson, I am glad the minister said that in comparison with his comments on organic farming the other day.

I have some questions about the administration of the fund. Do a number of different departments deal with the applications, or do they all come to one area in government? How does that work? Who receives the applications?

* (1510)

Mr. Cummings: The proposals are today received by the Sustainable Development unit or secretariat and then sent to the relevant department for assessment.

Prior to this method of management they came primarily to the Department of Environment and then some of them, where they were applicable for example in industry, were sent to that department for additional analysis.

We simply have speeded up the process somewhat by having the secretariat make that initial determination. A good portion of them still obviously come to the Department of Environment, but let us remember that one of the things that I think is a very important objective, whether it is this government or a national government or any other government, is that if each area becomes a lot more environmentally conscious of how they deal with the problems that their sectors are responsible for, then the ultimate benefit for environmental enhancement is greatly enhanced. So we believe that this should be open to a variety of projects, whether they are directly related to something on the regulatory side within the Department of Environment or whether they may very well be on the enhancement side through Natural Resources for example.

Ms. Cerlill: Who specifically receives the applications in this sustainable development area? Mr. Sopuck, you are indicating? -(interjection)- Who specifically is on the committee that reviews the applications?

Mr. Cummings: I just indicated a while ago who were the members of Sustainable Development Committee of Cabinet. If that is the committee the member is referring to, I believe she has that on the record already: the Minister of Agriculture (Mr. Findlay), the Minister of Natural Resources (Mr. Enns), the Minister of Energy and Mines (Mr. Neufeld), the Minister of Rural Development (Mr. Downey) and myself, and the Minister of Industry, Trade and Tourism (Mr. Stefanson).

Ms. Cerlill: I would just like to put my, I guess, thoughts on the record. I would hope that there would be another committee that would review the applications, because I think that other people are going to perceive that cabinet is not going to keep a political agenda out of the granting of funds like this. I would like the minister to comment on that and give me some assurance of how cabinet can review

applications for granting money for something like an Environmental Innovations Fund.

Mr. Cummings: Not to reflect on the member's question, but the fact is whether it is this government or any previous administration, I believe all of the granting is done by Order-in-Council as a normal procedure.

Going back to the original part of the question, for example, in the Department of Environment where an application comes forward that we are to analyze before we pass the information up to the Sustainable Development Committee of Cabinet, it is very often our policy branch people who have a very broad basis of knowledge and information who will analyze projects. I do not think the member should be overly concerned about the fact that we are trying to get around using other committees.

For example, the Environmental Youth Corps—there is a committee of the Department of Environment, Department of Natural Resources, at the regional level and Rural Development department—I am sorry, the third one would be Family Services, not Rural Development—who review the applications in the regions as they come in. Then they forward them to a multidepartmental committee within the administrative branch here, which again would represent Natural Resources, Environment and Family Services, who would screen them a second time and recommend them to the Sustainable Development Committee, or in this case they would be recommended to myself as a signing officer and then would be approved by the Sustainable Development Committee. There is a block of dollars that was allocated, and they are approved within that block, using those civil servants to analyze them.

Ms. Cerilli: That was the intent of the question when I initially asked it, to find out who in the government, not necessarily cabinet, is reviewing the applications.

Mr. Cummings: To elaborate, it is a committee of civil servants who do the analysis on those ones as on the other projects before they go to the Sustainable Development Committee. If the implication is that this is a partisan committee, I frankly do not know the names of who does sit on that committee. They are housed within the departments.

Ms. Cerilli: What role does the Sustainable Development unit play in dealing with the applications for the Innovations Fund?

Mr. Cummings: Co-ordination and to provide some comment when the projects come in as to whether or not they fall within the very broad spectrum of Sustainable Development. In other words, if somebody had a project which was only to drill a new hole for a mine, that would have trouble fitting, for example, in the conditions of Sustainable Development. If they bring in a project—as I indicated earlier, that pest management project was rather a unique project and one which we felt met a number of criteria which fit well within the terms of Sustainable Development.

Ms. Cerilli: This is part of my concern, because I can assure you that this government's definition of sustainable development and I think our party's definition of sustainable development do not have a number of things in common. I would hope that applications to this fund do not go through the kind of harassment even that the Resource Recovery Institute went through when they made their application. I know they have received some money, but when I look at this government's definition of sustainable development as applied to recycling projects and we can see what Resource Recovery Institute went through, if any government or established industry had to go through the kind of scrutiny that RRI did to try and get some money for its project, a lot would be changing.

I would like to ask the minister—I think we are running out of time—if he can explain to me this government's policy on granting money to environment groups generally. I think I have made it clear a number of times that I am of the opinion that these groups should be given more public money. They have a concern. They do not want to become reliant on public money, and I commend them for that, but these are the people in our community who are doing a lot of the research that we are relying upon to protect the environment, and they do it on a shoe string.

I also question the minister's definition of innovative and the definition and attitude toward projects that are being used by this fund. So I would ask the minister to answer those questions.

Mr. Cummings: I partly answered the first half of that question earlier, inasmuch as groups should not

expect this to be a source of operating funds. This is for project funding.

I would ask the member to take a look at the list of projects she has in front of her from '90-91. I believe this is the list we photocopied. You look at Earth Day, \$15,000. If you think that we do not try as much as possible to live by our criteria, I personally am very high on the successes of that Earth Day. We did not choose to fund it a second time out of the Innovations Fund, but we did assist in other ways with some support. We can detail that later. The Eco-Network received some funds on the basis of a contract, but that contract was not renewed because it was felt that that project either had to be self-sustaining or would need to be done in other ways.

The fact is that those groups, as I said earlier, who believe that they need ongoing grant funding need to be recognized within the department as a granting responsibility of the department and should not look to this fund as that ongoing source of funding.

RRI was a pilot project. We are quite prepared to support pilot projects through this fund, but how long is a pilot project a pilot project? There does have to be a final accounting of whether or not the project was successful. Unfortunately, RRI and the City of Winnipeg and the Province of Manitoba were not able to agree on the accounting process that was in place.

* (1520)

The member can snicker if she likes about whether or not we provided enough funds to keep them going. The fact is they could not provide us with a business plan that was acceptable to the City of Winnipeg and to this province. We are still trying to get, as recently as a couple of months ago, the final information to get the analysis on the RRI. I do not think we need to go over that debate again, but the fact is this is not meant to be a source of ongoing funding.

Ms. Corliss: I will pass that information on to some of the folks who are with RRI and let them know that you are still looking for some material from them. I have seen a number of reports from them. As I said, I would like to see a lot of other industries and governments go through the kind of scrutiny that they did.

The other issue I raised, though, was this government's policy in terms of funding environment groups. The minister used the

example of the Eco-Network. I was asking the minister to explain what their attitude is, or their policy, on granting money to an environment group.

It seems to me that there is more of an approach where they are contracting with the environment group. Again, I would like to know what kind of criteria or what kind of system they are using, because it concerns me that the contract is only going to be made if the group is doing something that the government wants. Particularly in the area of environment, there are a lot of things that this government does not seem to want to have done or to see. There are a lot of groups who are bringing forth information or positions or plans that are going to be in conflict and to challenge what this government is doing in areas of the environment, and I am concerned that they are not going to get any money.

(Madam Chairman in the Chair)

Mr. Cummings: Well, again, I guess we go back to looking at what our demonstration projects and what our initiatives are that fit within the member's idea of funding, as opposed to what we see as having the most long-term beneficial effect.

I can look at something as simple as aiding a small community-based recycling project to acquire a crusher for glass—a small amount of money. It will save them from some capital expenditures, so that initiative can become a little bit more permanent, but at the same time it is not something that is going to recur every year.

The sustainability of the project has to be demonstrated in the value of the product that they are dealing with or sustained through the community that is saving on the collection side within the community. That is a very broad debate, but, roughly speaking, that would be one example of the kind of issue the member is raising.

In terms of eligibility, we have not designed this fund to bar people; we have made it easier for people to deal with the fund. They have a direct and specific contact person through Mr. Sopuck; they can still contact my head of Planning and Innovation for information; they can still contact Mr. Ferguson, who is in my department; they can contact the planning and policy branch within Industry or within Agriculture for additional information.

They will take the information; they will give them the knowledge that they might be able to impart; and their next comment will be, well, put your details into

the Sustainable Development Secretariat and then we will analyze it, or if they have the details available at that time, they can analyze it and send it up to the secretariat.

It is not a closed-door policy; it is an open-door policy. We had a very, very stringent reporting program attached to this fund. So stringent that some of the volunteer groups found it onerous that we would ask for quarterly reports with analysis of where they were going on their projects.

It seemed important to us in the Department of Environment to get this analysis, so it would help us get the information and make decisions. This was one of the things that we were wanting to get from the RRI, but we have moved to a more accountable process, but less paperwork in terms of the reporting and the analysis they give us. We are trying to be as user friendly as possible, but we will still set standards for what we believe the limits of sustainable development are.

Ms. Cerlill: I am going to use an example of the issue that I raised today in Question Period. This government, through the fund, has funded research projects on the Radon Initiative; they funded educational materials project, but we do know who that was to yet.

Let us say that the Oakville environment group wanted to compile more research on the way that the lack of regulations on farm operations in their area is polluting their area; let us say they also wanted to prepare some materials that would educate other residents in their community about the hazards; let us say they also wanted to bring in a speaker or some other people so that they could have a conference to discuss how they should deal with this. Would that group receive money under the funds? It certainly would be innovative.

Mr. Cummings: It certainly would be innovative, and it would probably amount to a propaganda program. The fact is that what we have is an honest-to-goodness dispute over whether or not the planning district in Portage la Prairie is exercising its responsibilities. We have a dispute between my department and those people about whether or not the human effluent lagoon is in fact intact. We have a dispute—and this goes back to The Planning Act—about whether or not agricultural development, which is specifically referred to in the Portage la Prairie plan, that the municipality of Portage la Prairie has to make a decision about

whether or not they are going to live by their plan or change it.

Point of Order

Ms. Cerlill: Madam Chairperson, the minister is not answering my question. Would the group receive money?

Madam Chairman: Order, please. The honourable member does not have a point of order. It is a dispute over facts.

* * *

Madam Chairman: The honourable Minister of Environment (Mr. Cummings), to complete his answer.

Mr. Cummings: Madam Chairman, I do not want to be disrespectful of the member's position on this, but the fact is this is a situation where, if the people in that area have an innovative project that they want to make a proposal to us about, they feel perfectly free to do so.

I am not going to prejudge whether they would be accepted or not, but if it is on the grounds that the member referred to earlier and the conditions that I think may be attached to it, that seems to me to be not something that would be likely to fit within the guidelines of this fund. If they have specific concerns that would amount to a project that would have broad-based community support, that would be of usefulness to the larger community after we have had the information gathered, then let them put a proposal together.

Ms. Cerlill: Just briefly, I think the issue in that area is not specific to that area. It shows that there is a lack in regulations dealing with agriculture and the environment, and it also shows that some of the regulations that are in place are not being enforced. To deal with the question I asked though, I am trying to see if this Innovations Fund is going to fund groups to help them to organize, I guess, and to educate their community about environment hazards.

* (1530)

The minister claims that this group in particular is spreading innuendo. I just talked with people from the group who are going to be giving the pictures that I referred to, and I think some of those pictures are already in the possession of the government, or certainly the department.

To finish off, though, I want to ask one more question which deals with a new area. How does the minister feel about Lotteries funds for environment groups? I am obviously quite concerned that we support these grassroots community organizations and I am looking for a way to do it. I encourage them and often commend them on the commitment, the knowledge and expertise that they have, and I have objected before during these Estimates to the attitude that the government seems to take when they are dealing with citizens who are trying to co-ordinate themselves. There seems to be the sense that oh, you are not experts, and that was inferred a number of times in the State of the Environment Report.

I would then ask the minister, if not Lotteries, how does he see that we provide some support to these groups so that they can do the work and be supported in doing the work that we really need them to do, and that they are so eager to do?

Mr. Cummings: Well, Madam Chairman, first of all let me say that this government does support special environment projects out of Lotteries funds through the ministry of Natural Resources. So Lotteries funds to some extent are used for the betterment of the environment.

I guess we also—as you would know in relationship to the casino, there are gambling funds that go towards health care. I think it would be an interesting debate between those who want the expansion of health care services and environmental groups over who should have priority on those funds.

If the member wants to increase funds to lobby groups, then that is a different matter. I have a great deal of respect for people out there who have a sincere desire to put forward various positions. Again, those positions need to be somewhat recent positions in terms of environmental matters, and putting more money into someone's hands does not make their position any more reasonable, any more influential or any more powerful. If they have the truth on their side, then they will become a powerful lobby group.

I would like to, while I have the floor, indicate to the member that I do not want her to put on the record that I am somehow saying that a particular group from Oakville is spreading innuendo. I am saying that their case is not proven. I am saying in terms of innuendo, if you are going to publish

materials, they have to be published with some accuracy, or we are simply putting out positions which may very well be political positions rather than positions that are based on fully developed information.

Ms. Cerilli: I do not think I have any further questions. The whole issue of environment sustainable development becoming a propaganda issue, as the minister stated, is something that a lot of the groups that we are talking about are saying that this government is doing, and the longer I am in this position as Environment critic, the more concerned I am that is happening.

So with that, I would just like to close off. I know that we have other departments that are waiting to begin their Estimates. Thank you very much.

Madam Chairman: Resolution 141: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,371,000 for Environmental Innovations Fund for the fiscal year ending the 31st day of March, 1992—pass.

This concludes the Estimates for the Environmental Innovations fund.

SUPPLY—FINANCE

Madam Chairman: Will the Committee of Supply please come to order. This section of the Committee of Supply is dealing with the Estimates for the Department of Finance, page 66 in the Estimates book.

We will begin with the opening remarks by the Minister of Finance.

Hon. Clayton Manness (Minister of Finance): Madam Chairman, members of the committee, I am pleased to present the '91-92 Estimates of expenditure of the Department of Finance for your consideration and approval. The Estimates supplement of the Department of Finance has been tabled previously. It provides a good deal of information which should answer most of the detailed questions which are normally asked during the Estimates review process.

Overall the Department of Finance is requesting approval to spend \$769 million in '91-92 as compared to the \$749.7 million for the adjusted '90-91 vote, an increase of \$19.7 million or 2.63 percent. Most of this increase is due to an estimated rise in public debt cost of \$17.4 million, from \$475.6 million in '90-91 to \$493 million in

'91-92. Tax credit payments are budgeted for an increase of \$3.9 million from \$251 million in '90-91 to \$254.9 million in '91-92. These two increases are offset in part by a reduction of \$1.6 million in departmental operating expenditures from the adjusted vote of \$21.7 million in '90-91 to a request of \$20.1 million in '91-92, a reduction of 7.4 percent.

The Department of Finance '91-92 estimated operating expenditures were subjected to the same stringent Treasury Board guidelines and sectoral review process that is applied to all other operating departments. For '91-92, the Department of Finance was included in the management reform sector. This sector also included the Departments of Legislation, Executive Council, Co-operative, Consumer and Corporate Affairs, Civil Service Commission, Government Services and the Information Resources Division of Culture, Heritage and Citizenship.

In total, requested '91-92 salaries are reduced by \$1 million or 6.1 percent as compared to the adjusted vote for '90-91. Estimated other expenditures have been reduced by \$212,000 or 3.1 percent. Estimated recoveries are increased by \$389.8 thousand or 24.5 percent primarily due to allocation of general liability and property insurance premiums to other departments.

To achieve reductions of over \$1 million in salary costs, it was necessary to reduce total staff years from 435.12 to 392.48, a reduction of 42.16 staff years. Of this total, 25.16 staff years were vacant and the positions were simply eliminated, while three employees were reassigned to avoid layoff. Of the remaining 14 positions as of May 30, 1991, seven incumbents have retired, three have been re-employed and four are on the re-employment list.

Madam Chairman, members will notice some changes in the format of the '91-92 Finance Estimates. Payments re Soldiers' Taxation Relief have been moved from the Treasury Division to Administration and Finance where it more properly belongs.

* (1540)

The Treasury Division Estimates have been expanded to show the four branches which currently exist, namely Administration, Capital Finance, Money Management and Banking, and Debt and Investment Services. Estimates for the Comptroller's Division no longer contain a subappropriation for Information Systems Support.

Reorganization of this branch was initiated in '90-91 when the Information Technology Policy Development administration functions were transferred to Treasury Board Secretariat. This led to the establishment of the Information Technology Review office in the secretariat.

The remaining functions in the former Information Systems Support Branch known as ISSB were reviewed and decisions made to eliminate eight of the 16 positions.

Two of these positions provided administrative support and three positions were involved in providing microcomputer training to departments. This type of training is readily available outside of government at rates lower than or equivalent to the cost of the government program. The final three positions eliminated provided word processing services to the Legislative Buildings in some areas outside the building. This operation was made unnecessary by the successful implementation of the Wang Legislative Building Information system which provides offices in the Legislative Building with the increased capability to do their own word processing.

The eight positions remaining are required to continue development of the Legislative Building information system and to support the functions already in place. Provisions for this ongoing function is included in a subappropriation retitled as, and I quote, Legislative Building Systems Support.

Madam Chairman, last year I announced a reorganization of the Taxation Division to change it from a statute-based system to a functionalized system, with an expected start date of April 1, 1991. I am pleased to report that the very substantial reorganization of the Taxation Division has now been accomplished. The new functionalized structure was operational on April 1, '91, and is shown in the Estimates under consideration.

The number of Taxation Division staff years has been reduced from 198.38 in the adjusted '90-91 vote to 180.48 in the '91-92 Estimates. Total salaries have been reduced from \$7.4 million to \$7 million. The functions of the Taxation Division will now be carried out by three branches, identified as Management and Research, Taxation Administration, and Audit. It is expected that the functionalized Taxation Division will improve both effectiveness and efficiency in the delivery of

taxation programs along with improved relationships with taxpayers and tax collectors.

Madam Chair, in general these Finance Estimates are prepared on a basis comparable to last year. Members are advised that many of the Other Expenditure amounts have been held to no increases over the Adjusted '90-91 Vote, and in some cases have been substantially reduced.

Madam Chair, I commend the Finance Estimates for consideration by the Committee of Supply and I am pleased to invite questions from members regarding these Estimates. Thank you.

Madam Chairman: We will now have the opening remarks from the critic for the official opposition, the honourable member for Brandon East (Mr. Leonard Evans).

Mr. Leonard Evans (Brandon East): Madam Chairperson, I thank the minister for his opening remarks. I do not have too much to say at this point, except to mention that I have less concern about the administrative details of the department. Traditionally it has been a very well-run department, and I see no major change in the way the department has been operated, although the minister has pointed out certain administrative changes, certain reorganizations and so on. I have really no great concern about that. If he can operate a department with fewer staff, all the more power to the minister. I have no problem with that, as long as the public is being served in whichever way.

My greatest concern really is with regard to the economic policy that comes out of the minister and his department as it affects Manitoba's economic future. As I was indicating today, by asking a few questions earlier, my review of some of the latest economic statistics reveals that the province is in rather a sorry state of affairs. It seems to be either floundering or the rate of growth is extremely weak, and indeed I suspect it is really negative. When you see retail sales being so sharply down from last year at this time, when you see housing starts in urban areas declining by a phenomenal amount after three years of steady decline—it would be different if we had an increase last year or even the year before. We had decreases in the housing construction industry—I am referring essentially to urban starts—for three years in a row. In 1988, the decline was 35.5 percent, in 1989 it was 29.2 percent and in 1990 it was 27.7 percent and now, for the first half year, January to June of 1991, compared to the

same period last year, our decline is 65.5 percent. So whichever way you look at these numbers, it seems to me that it reveals a very weak situation in terms of residential construction.

I have always considered residential construction to be a very key indicator, because if you have considerable residential construction, it means that the housing stock is expanding, it means that it reflects an increasing population, and when you have expansion in housing stock, a lot of other positive spin-off occurs because you have a further demand for furniture, furnishings, you have demand for landscape services and so on. So there is no question that if you have a strong residential construction sector, it indicates that there will be positive things happening in other related sectors.

Manufacturing as well, Madam Chair, shows a very serious state of decline in terms of output, and I am not going to read all of these figures. I am not going to repeat all of them because they are on the record, but we are ranking 10 out of 10, and this is in a relative sense, so you cannot say well, it is because of the recession. The whole of the country has been experiencing a recession and yet we are related to the other provinces. In a relative position, we are 10 out of 10.

Similarly, with average wages, we are ranking 10 out of 10, and these are not just monthly figures, month over month or year over year of a particular month. I have taken a group of months, the latest available for those statistics. These, as I think the minister will agree, always provide more reliable information than any one single month, but January to April, the first four months that are available, show average weekly earnings in Manitoba increased by 3.5 percent over last year in the same period, ranking Manitoba 10 out of 10.

In my view, this is a reflection of a lack of economic growth. I think that is reflected in the lack of the ability of Manitobans to increase their earnings because the earnings ultimately come, in my judgment, from an expanding economy. If you do not have the expansion, then you do not have the earnings.

I discount the fact that faster earnings would be more inflationary in Manitoba, because I do not think we are really in that situation. I believe there are other factors that are affecting inflation in this country, including Manitoba, some of which are well beyond the control of any provincial government,

and they are there, one of which, of course, is the relatively high rate of interest that we have had to suffer through for some years.

At any rate, I appreciate where the minister is coming from. I appreciate from having asked these questions and urging him over the last few years to do something that we should not expect anything in the way of positive direct action by the government. I do not expect this minister to take an aggressive role and try to offset the recession or indeed to try to somehow or other pull us up so that we look more favourable compared to the other provinces.

At any rate, we have questions we would like to ask as we go along on the taxation collection systems, on the possibility of harmonization—I am just mentioning these by way of notice to the minister—HydroBonds, Fiscal Stabilization Fund, our provincial debt, questions about this, questions about federal-provincial relations and some one or two other major topics, rather than discussing detailed administrative matters.

This is all I have to say by way of introduction, Madam Chair, but I would, in closing, ask whether questions about Manitoba Data Services would be more in order under the Minister's Salary right now at the beginning, or is there some appropriate place that we should ask those questions? I say that because the Manitoba government has an interest, I should say, in STM. MDS as such does not exist, but we do have an interest in STM, through this company, a third ownership—I believe STM has a third ownership in the new company or 27 percent, I guess, to be precise. I stand to be corrected.

* (1550)

Nevertheless, I understand the minister has a board representative—a representative on the board of directors. It would seem to me that it is appropriate for the minister to be able to answer some questions on this subject. So whether it is under his salary or whether it is elsewhere, perhaps he could indicate in due course.

Mr. Manness: I think it would be better under my salary to answer questions on Manitoba Data Services, or what remains of Data Services.

Madam Chairman: We will now have opening remarks from the acting critic for the second opposition party, the honourable Leader of the second opposition party.

Mrs. Sharon Carstairs (Leader of the Second Opposition): Madam Chairperson, as you rightly

indicated I am the acting critic in this case. I must say it is with some dissatisfaction that I am participating in these, not because I do not like the opportunity of asking questions to the honourable Minister of Finance, but because, quite frankly, my party resents the fact that the other two parties worked together to ensure that our critic would not be available at this particular opportunity, by ensuring that both Finance and Family Services were being done at exactly the same time.

I think that is most unfortunate in that the critic is only critic for two areas of this government Estimates process. It is not as if he had seven or eight assignments. He has only two, yet it was orchestrated in such a way that he would not be able to be here. However, I accept the opportunity to ask a number of questions and to delve into a number of areas. Like the official critic for the New Democratic Party, I am not interested particularly in the budgetary lines of the Finance minister's Estimates in and of themselves. What I am interested in is the philosophical decisions that went into those budget line decisions.

We would like to spend some time with the minister asking just what kind of consultation is taking place with the federal government with respect to the harmonization of the GST and, more specifically, what public consultation is going to go on with the people of the province of Manitoba with respect to harmonization.

In questions earlier in the House, the Minister of Finance (Mr. Manness) has indicated there will be no such consultation, yet it is clear that the people of Manitoba have some very clear ideas as to how they feel about harmonization. There are some, I suspect, in the business community that would welcome it. There are also many consumers who fear it. They fear it, quite frankly, because they believe that there will be additional numbers of services that will be taxed that were not taxed and are not taxed under the present provincial sales tax.

I also would like to dialogue with the minister about the offloading of provincial expenditures onto the municipalities of the province of Manitoba, everything from the responsibility that they will now have to take for highways, which were formerly taken in this particular government's responsibility, and more particularly in the field of education.

I would like to know how the budgetary process enables a minister to get a budgetary line of some

\$5 million for Decentralization, and when the minister is asked in the House as to how that \$5 million is going to be spent, he cannot tell us. Indeed, he says one thing in Decentralization Estimates and quite another thing in his press releases.

We would like to know how the budgetary process works in this government that would give a minister of the Crown some \$5 million only for that minister of the Crown not to be able to tell us in his Estimates how it is going to be spent. We would like to debate with the minister, in some detail, as to how the bond issues are determined and specifically, how the commission for those bond issues are determined. We have some material which would indicate that the commissions paid for our bond issue, more specifically for Hydro, was considerably above the payment and commission for Canada Savings Bonds.

We do not quite know why there would be this discrepancy in the commission that would be required to be paid by the Province of Manitoba when that same commission is not required to be paid by the Government of Canada when we are dealing with significant bond issues which have high ratings in terms of the capacity of commission salesmen to sell those bonds.

We would also like to talk to him briefly about the reorganization of the tax collection office and the report of a lack of training for staff with that reorganization. Madam Chairperson, we also have discovered quite a discrepancy between the figures that the Minister of Finance uses for items such as equalization payments and the same projections as they come from the Government of Canada.

We want to know if that has been a trend in terms of the projections, that there has always been this variance between what the province says they think they are going to get and what the federal government says they think they are going to pay or whether this is a new concept, because this year there is quite a discrepancy—well, in fact more than double what the Government of Canada indicates that they will be paying the Province of Manitoba and what the Province of Manitoba says that they anticipate in revenue. Since it amounts to a substantial amount for this province, then obviously we have some questions that have to be afforded to us.

We would also like to dialogue with him with respect to what appears to us to be an overestimating traditionally in a number of departments with respect to expenditures. We have noted, for example, in home care for each and every budget that this minister has put forward, that there has always been far more estimated as an expenditure than has been spent. It is not an odd year or an accidental year, it has happened every single year.

We see, for example, a large increase in Pharmacare when in fact the expenditures for Pharmacare went down last year. We wonder how in the budgetary process you can see an extension of such a large amount when there does not seem to be a rationale for that. Another department which is consistently underspent and not by two or three percentage points which we understand is normal fluctuation, but well over 10 percent, has been the Department of Agriculture which has consistently indicated in the budget that it would spend X number of dollars and then, when the figures come out at year end, they have been well over 10 percent underspent.

We would like to dialogue with the minister as to how that budgetary process comes up with figures consistently that seem to exaggerate what the expenditures are going to be. So that is the area that we would like to focus on primarily in this Estimates process. We welcome the dialogue that will take place.

Madam Chairman: At this time, I would invite the minister's staff to enter the Chamber.

Mr. Manness: Madam Chairman, while my staff is entering the Chamber, I would just like to say to the Leader of the Liberal Party (Mrs. Carstairs) that I am prepared to dialogue on many of these issues. Some of them fit within the Estimates purview of my department; some of them require a technical answer. No doubt, my staff should be here to give a full response. Many of them do not, and that is fine. I will still attempt to shed some light on them.

I am just trying to make sure that when we pass certain areas, Madam Chairman, and release staff from this area, then if either one or the other critic wants to come back with a technical question during the consideration of my salary, then of course that staff will not be here. I do not know how they want to handle it, but I do not mind the given goal. I do not know how much time we will be setting aside

with this, but I am just saying that if we pass certain items and then come back to them in a technical sense that some of my staff might not be here.

Mrs. Carstairs: Madam Chairman, it is not my intention to ask any questions during the ministerial salary. The questions I will ask will be asked while, I hope, the appropriate staff is in place. If that staff is not, then a written reply will be fully acceptable.

* (1600)

Mr. Manness: Madam Chairman, I would like to introduce at this time, first of all, sitting farthest away from me, Don Rice, Director of Financial and Administrative Services; on my left, Chuck McKenzie, Executive Director of Administration Division; and the infamous or famous Deputy Minister of Finance, Charles Curtis.

Madam Chairman: Page 66, 1.(b) Executive Support: (1) Salaries \$323,200.

Mrs. Carstairs: Madam Chairperson, can the minister tell us why the managerial portion of this, which is for the well-esteemed deputy minister, has an increase of 7.8 percent?

Mr. Manness: I certainly can, Madam Chairman. The Leader of the Liberal opposition had seen fit to ask the question again on another day. Instead of leaving it hanging, I would have pointed out that Mr. Curtis had received an increase effective September '89, as it was in the '89-90 fiscal year, only called upon a partial year. Of course, once we reflected that fully within the '91-92 fiscal year, that salary had to be drawn for a whole year. So there was no increase in this fiscal year. If the member wants the numbers specifically, I can provide them.

Madam Chairman, the government at that time, in its wisdom, decided to provide—set up the new classification called Senior Officers 8. Five of the senior ministers, either through time of service to the government and/or the weighting of their responsibilities given the size of their departments, were moved into Senior 8 positions. It is because, once that decision was made, we were in the old year, and because we had to fund then fully that amount for the new year, that is the reason why there was an increase under Executive Salaries. There has been no increase whatsoever in terms of this fiscal year.

Madam Chairman: Item 1.(b) Executive Support: (1) Salaries \$323,200—pass; (2) Other Expenditures \$81,500—pass.

1.(c) Financial and Administrative Services: (1) Salaries \$322,100—pass; (2) Other Expenditures \$34,200—pass.

1.(d) Human Resource Management: (1) Salaries.

Mr. Leonard Evans: I think the department has done a fairly good job on affirmative action, but I wonder if the minister could update us on what is happening in his department with regard to providing opportunities for people who are sometimes referred to as disadvantaged, physically disabled, visible minority, and I believe you included Native people and, certainly, women in that category, as well.

An Honourable Member: Judging by the present table, not particularly well within the past months.

Mr. Manness: Madam Chairman, we have a paper which provides some of that greater detail, so that we can respond more fully to the question posed. We do not have that with us right now but we will. It will be coming down shortly.

Mr. Leonard Evans: As I understand, the minister will table a paper or document giving us a breakdown of that information?

Mr. Manness: No. I will be prepared to give a verbal response to the question when I have the information before me.

Mr. Leonard Evans: What is happening to the overall staff complement in the department? I know the minister referred to some reorganization and he referred to—it was hard to follow all the numbers he was reading off, but I do not fault him for that. I just did not pick up all those numbers. I know there was some reorganization, some staff reduction, but overall where does the department stand in number of personnel? That is one question.

The other question is, is the minister planning any other further staff reduction?

Mr. Manness: Yes, Madam Chairman, I know sometimes when you read these opening statements the numbers just do not jump out because there are so many. As I had indicated, there were 392.48 staff years in the department and that reflects a reduction from the year previous, a reduction of 42.16 staff years.

Mr. Leonard Evans: If I heard the minister properly, there is a reduction of over 42 staff years. A reduction—all right.

The next question is, is there any plan to reduce the department further? I am not suggesting or inferring anything, I am simply asking, does the minister have some sort of a three-year, four-year, five-year, plan in terms of staffing levels or is this it?

Mr. Manness: Well, we have not even started the next budgetary cycle, but let me say with respect to a department like this that has gone basically at 10 percent reduction and, indeed, over four budgets, it has probably undergone more like a 20 percent reduction—indeed, looking up to a period of time when the member was part of government that probably went through at least no increase and take into account the pressure this department has undergone, plus other departments, not the least of which is Natural Resources, I would think some of these departments are pretty well to the limit as far as the amount of pressure that can be imposed upon. Finance just happens to be in one of those positions.

As time comes, once you start to move into the Taxation Division in a major way you begin to significantly reduce revenue, unless you have other systems in place, so I personally do not contemplate a significant further reduction or even a reduction of any sense over the next budgetary cycle.

Mr. Leonard Evans: What essentially is the reason for this 10 percent reduction? Was it made possible through computerization, through introduction of data processing essentially, or is there one or two or three or four reasons for this?

*(1610)

Mr. Manness: The Treasury Board guidelines were pretty hard and firm. The new budgetary process that was brought in which, of course, I guess in many respects I take responsibility for, was imposed on all departments more or less similarly within our grouping. The areas that came under the greatest reduction unquestionably were the largest ones, the Taxation Division. As I think I said in my opening notes, it must have been close to 20 positions alone in the Taxation Division.

Within the computerization and in the ISSB function, there was a small reduction in that area, and also, as I said, within the implementation plan around the Wang system coming into the Legislative Building. I would have to think those were the three main areas, and then there were odd positions elsewhere where we had held them vacant for some period of time, and once the directive came down,

obviously they were excluded—pardon me, they were removed from the staff position count.

Mr. Leonard Evans: As I understand the minister then, there was a reduction in the Information Systems Support Branch; I think that is it—ISSB. It seems to me from memory that that is a key branch, and I believe it was at one time associated with Treasury, and its function was to ensure that there was not duplication of acquisition of data processing equipment, because departments and agencies of government have a tendency to go out and buy the latest and sometimes you get duplication, unnecessary acquisitions, and so on.

I always thought this was a key branch to ensure that we maximized the value of the existing equipment, that we did not have this unnecessary duplication and therefore save unnecessary expenditure. So that is why I am surprised—and again, I may not have heard the explanation from the minister so I guess that is one reason I am asking—but I am surprised why a branch such as that, which is meant to help save money would be reduced, but there may be another explanation.

Mr. Manness: If the member can remember last Estimates, a portion of it transferred over to Treasury Board then. There is no doubt it was housed for a number of years in the Comptroller's Division of this department. A portion of it transferred over to Treasury Board last year, and this year the remaining portion transferred, the policy part transferred, and other components of it were transferred elsewhere in government, but as far as the controlling function of it, that is still very much in place, so much so that we wanted to put it in a closer working relationship with Treasury Board activities of the day. That was purposefully done by the government, and we put it under new direction.

From the point of view of our government there was a much—we also gave it new directives. From the point of view of myself, I think we are in much stronger control now of what the various departments of government are doing than may have been the case even previously. That is a debatable point, but the point I am saying to the member is, we recognize as well as members of the former government that the control function very much has to be in place or you will have a proliferation of activity, of system development activity throughout all departments. No government could countenance that.

Mr. Leonard Evans: Just another question, although this may be more appropriate when we are discussing MDS, STM and so on. Is a person from this branch involved in monitoring the services provided by STM, or whatever the new company is called, but I think the minister knows what I am talking about, the successor to MDS?

Mr. Manness: In this branch, no. Within Treasury Board, where we have now moved the new unit, the answer is most definitely yes.

Mrs. Carstairs: Madam Chairperson, I am rather a stickler for detail. The minister started off by saying that they have been cut 10 percent, and he thought maybe on total since he came to office, up to 20 percent. In fact, the minister now has one more staff than they had when they came into government in 1988, if one looks at page 85 and assumes that is the correct figure, because at that point they had 391.26 staff and they now have 392.48 staff. It is clear that there has been a reduction of 9.6 percent this year and 1.6 percent the previous year, and most of the growth seems to have taken place between '88-89 and the fiscal year '89-90.

My question specifically is, of the 42.16 positions, although I thought it was .64, but we are we are not going to argue about that, were any of those positions located in rural Manitoba?

Mr. Manness: The specific answer to the question is no, none in rural Manitoba. I remind the member when she provides detail to me that when we initiated the agreement with Wang from a different department, because so much of it was housed in the Legislative Building and government looked around as to who should host and ultimately be responsible for that activity, Finance was chosen, but let me remind the member, there is really not a traditional Finance responsibility associated with that.

I mean, there is not a comptroller's function, there certainly is not a treasury function, there certainly is not a budgetary function. So the member, as she says, is a stickler for detail. She is right, but I just recount to her the reason why there was an increase in one of those years. It was something totally unrelated to Finance matters.

Mrs. Carstairs: Madam Chair, before we pass this, perhaps the piece of paper that the minister was waiting for has now arrived and he can give us some indication of the growth in a number of areas,

including the increased number of women and also the increased numbers of visible minorities and physically handicapped.

Mr. Manness: Madam Chair, I am informed that Jim Crooks, the head of the Personnel department, had to leave. He was the one who provided—well, here it is, it did arrive. Ask and you shall receive. Affirmative Action, March 31, 1991: Native, 1.2 percent; Women, 52.7 percent; Physical Disabled, 4.4 percent; Visible Minorities, 6.1 percent.

Mrs. Carstairs: Madam Chairperson, can the minister tell us how many of those 52.7 percent women hold positions above the administrative support level?

Mr. Manness: I am told, Madam Chairman, five positions.

Madam Chairman: 1.(d) Human Resource—

Mr. Leonard Evans: Yes, another question while we are in this area. What about training programs? Is the department taking any initiatives in instituting new training programs to provide those employees already in the department with an opportunity to be upgraded, get promoted within, that sort of thing?

I notice there is reference to training workshops and so on in the supplementary material to the department, and I do not know—but that is about it. So I was just wondering if the minister can elaborate on what the department is doing. There is reference to Seconded Trainers Programs and development of "In Department" training programs, so I was wondering whether the minister can enlighten the committee on that area of activity.

* (1620)

Mr. Manness: Madam Chairman, we are involved in training in many respects, internally and throughout all of government. Firstly, the Civil Service Commission has seconded two of our people in training functions throughout all of government. Secondly, we hold financial officer training programs for administrators in other departments. Thirdly, our financial officer is also internally departmental. Financial officers and managers go through significant training. Those are the areas of training that we find ourselves involved in in our department.

Mr. Leonard Evans: Perhaps related to that is interchange of personnel with other governments, it has been known in the past that Manitoba civil servants of various departments have obtained

positions in the federal government, for example, or in some other provincial governments to get a broadened experience and then come back, hopefully, with additional experience to make them more effective when they come back on the job.

Is there much of this going on in this department? Is there any interchange, if that is the word to use, of personnel, where people are taken from the department and, say, move to Ottawa, or allowed to go to Ottawa for a year or two? In some instances, you have people from other governments coming into the Manitoba government, into the Civil Service for a year or two, and then moving back.

Mr. Manness: Madam Chairman, the short answer to the question is no, not recently. That has not occurred. I guess the most recent event of that occurring would be where some federal people have come to the Manitoba government, Department of Finance, for an on-hands view of how we conduct our affairs, again, basically in training. There has not been an exchange of personnel now for some number of years.

Madam Chairman: Item 1.(d) Human Resource Management (1) Salaries \$177,400—pass; (2) Other Expenditures \$21,500—pass.

1.(e) Payments Re: Soldiers' Taxation Relief \$3,000—pass.

Item 2. Treasury Division (a) Administration: (1) Salaries \$96,900—

Mr. Leonard Evans: Just on a detail, Madam Chairman. Are you not supposed to read out the resolution number after you pass a resolution?

Madam Chairman: Excuse me, but I am not allowed to read that resolution because it contains Minister's Salary and we defer that resolution to the very end.

Mr. Leonard Evans: Right on, thank you. You are very efficient.

On the matter of Treasury Division, I do not know exactly where to ask this, so I guess we could just ask it at the beginning, as to Manitoba's debt situation. I appreciate we get a lot of this information in the budget document, but I am just wondering where does Manitoba stand? I am particularly interested because it is not in the budget document as to where our debt position is vis-a-vis other provinces? In other words, how does our debt compare per capita with those other provinces; or how does our debt, let us say, as a percentage of

the gross domestic product, compare with other provinces?

Mr. Manness: Madam Chairman, I will try to provide that information. I know, as I look at my information, that as of March 31, our net directing guaranteed debt was \$11,039,273,000. Where we rank as compared to other jurisdictions, I do not know whether we have that ready. I think the closest number we might have is vis-a-vis probably a federal document that does some ranking of provinces. We have not done that lately in our budget.

I am told, Madam Chairman, that very few financial institutions do rankings anymore. Internally, we do not do it. It seems like provinces all sort of provide their information in different ways. The rating agencies probably would have a more accurate assessment of ranking than anybody else. I think that is their own internal information. I am sorry I do not have that to provide to the member.

I am well aware that our indebtedness—at least from what I hear of other provinces and I read their budgets, we still have probably on a per capita basis, second or third highest. Saskatchewan, I think, has surpassed us now on a per capita basis and many of the other provinces that were far below us are starting to catch up. We have held ours in the area of around \$11 billion, \$10.5 billion to \$11 billion now for the last three to four years.

Mr. Leonard Evans: Well, on that point, I would like to recommend that the minister and his staff consider putting in some kind of relative statistics because I think it is important to put it into some context. I have seen certain provincial budgets. From time to time they have put in charts of comparison, I believe, and I stand to be corrected. I believe Newfoundland a year or two ago did this in their budget document. They attempted to use the latest information available at the time of that budget document we prepared, showing the debt per person, or they may have shown the debt as a percentage of the gross domestic product, some measure that would enable you to make this relative comparison.

There is the odd agency that does it. Of course, it depends on the definitions you use. I know Statistics Canada, through its Public Finance Division of Statistics, used to attempt to compile the expenditures and the revenues and put them on some type of standardized basis for comparison.

The problem there—usually they tend to be a bit late by a year or two, and also, I do not know whether I, for one, necessarily want all the detail they are ready to provide, but I would make this as a suggestion to the minister and his department that they consider putting Manitoba into perspective with the other provinces.

I have another question in relation to the whole matter of ownership of the debt. I know the minister was critical a year or two ago about debt being held outside of the province and that was subject to greater risk in terms of variation in interest rates that would be a result of fluctuation of foreign exchange rates.

I can appreciate that, although as I recall some years back, the reason this was done was that the rate of interest was so much lower in certain foreign countries than it was within Canada, and the spread between domestic and certain foreign rates was so great that it was very tempting to, and indeed the government of the day moved in that direction, as the minister knows, to utilize foreign markets. The minister did indicate two or three years ago that he wanted to move towards more domestic ownership of our debt, in other words, to sell more, preferably to sell all if possible within Canada, secondly if not within Canada, then the United States, and thirdly, I guess, off-shore.

Just where do we stand now in the ownership of Manitoba's debt?

* (1630)

Mr. Manness: Madam Chairman, in March 31, '89, 55 percent of our debt was Canadian, 34 percent, I am rounding off now, was U.S. and 10 percent was other. March 31st, '91, 60 percent was Canadian, 40 percent was U.S. and less than 1 percent is other. A full 99 percent of our debt is North American and a full 60 percent of our total debt is Canadian.

Mr. Leonard Evans: Can the minister see a time with the figure for Canadian debt being increased or the Canadian portion being increased? Is that a policy to bring down the U.S. and increase the domestic?

Mr. Manness: Well, to a point. Let us remember that Manitoba Hydro, their debt is included in here. There is a significant portion of their debt that they would like to see maintained in U.S. dollars because, of course, under their contracts they have U.S. earnings, and so they have the perfect hedge for that debt.

I say to the member, to a point. We are not going to drive ourselves, good advice against good marketing economics, to have every one of our last dollars of debt in Canadian denomination, that would be foolhardy. At the time, we sensed it was wise to move out of, particularly, non-North American debt by way of swaps which we did for the most part.

A time will come again, I am sure, when interest rates and non-North American debt, the coupon rate, what the member referred to before, might be interesting. If we can find some way of swapping it, either to U.S. or better yet Canadian dollars at the time where we think the risk is warranted or reduced, then we may very well enter into the liability in the non-North American debt.

There is no doubt that we wish we probably had more U.S. today than we might like, a little bit more, but we have not found the swapping opportunities to Canadian dollars to bring it home completely. Given where we are at, I would have to think that we feel we are more or less where we should be in a balanced portfolio of debt as far as the denominations that we have.

If we had our druthers, we probably would like to bring home a little bit more U.S., however, and that is why we are so happy with the Hydro bonds because a significant portion of it now is domestic and, of course, under the Canada Pension Plan that amount there also, as the member knows, provides no risk at least in a fluctuation sense.

Mr. Leonard Evans: The minister, when he talks about these percentages, it relates to the total debt, the total general purpose, Hydro and other debt, the bottom line.

As I understand his explanation, a great deal of the 40 percent would be related to Hydro. Could you give us some idea, just an approximation of the general purpose debt? How does that break down between Canadian and U.S.?

Mr. Manness: We do not have that information. I would have to think that the general purpose debt or greater portion of it than the 60 percent, is probably domestic because none of Hydro—Hydro would not be borrowing at all on CPP, under the Canada Pension Plan.

Madam Chairman, I do not have that information. If the member wishes it, on a subsequent date I will try and provide it to him.

Mr. Leonard Evans: Fine. Well, if the minister could provide that at some time, there is no big hurry. I do not want to create a lot of additional work, but I just thought somewhere that information should be available.

This may be more difficult, but does the minister or the department have any idea of what percentage of this 60 percent that the minister talks about being held within Canada, do you have any idea what amount of that 60 percent is held within Manitoba, or is that impossible to tell?

Mr. Manness: Madam Chair, under the Canada Pension Plan, if that is our share—as you know we borrow from the fund—and if we are allowed to borrow on apportion to our population, that value is around \$2.1 billion. On the HydroBond issues, it seemed to be around \$600 million. So that is around \$2.7 billion. All the rest of the sources of debentures and all that, we do not know, quite frankly, because they are bought through institutions, large institutions. There are sales, but ultimately who the owner is, we cannot tell. We cannot trace that. So I would think, at a minimum, 25 percent would be Manitoba held.

Mr. Leonard Evans: Well, 25 percent, I guess that is not too bad. Ideally—and I know this is totally impossible—but ideally if we could be in much better shape, because then it would be essentially a transfer, in fact, Manitobans paying monies to Manitobans.

I am wondering whether I could ask, and I do not know whether this is appropriate. I was just intending to ask these questions about debt at this item, and I do not think we have too many detailed questions on the elements of the Treasury Division. I wanted to know whether this is the appropriate place to ask questions about the rural investment initiative, I guess announced by the Minister of Rural Development (Mr. Downey), where the Manitoba government is undertaking certain responsibility, providing it more easily for municipalities who want to get into some sort of a development business that would get the assistance of the Manitoba government. Will this division be involved in this?

Mr. Manness: It probably is but just remember, my staff have not been day-to-day developers of the bond program. Because we do provide a guarantee we, from a distance, watched the development of the legislation as it came forward but as such, the

rural development bond concept was not built within the Department of Finance. Certain of my officials have come close at times to watching its developments, only in the sense that we are responsible, I guess, through the \$10-million guarantee that we put forward and that we ultimately will have to rewrite allowances as against that. So we may have some information, but there is a lot of that information we may not have. It is more properly housed within the Department of Rural Development.

Mr. Leonard Evans: I gather that while the department will be involved and this division will be involved, it will not necessarily have a say in assessing the validity or the degree of risk of some of these bonds. Will your role be simply a passive role and will you have no role analysis? Is that strictly left to the other department?

* (1640)

Mr. Manness: On the provincial screening committee, there will be a Department of Finance individual, may or may not be from the Treasury division and may or not be from the Treasury Board side, but there will be somebody there as a representative of the Department of Finance on the final screening committee.

Mr. Leonard Evans: It will be very interesting to see how this program works out. It is a rather interesting idea. I believe it has been attempted in the province of Saskatchewan and maybe elsewhere. I do not know how successful it has been, and I suppose it is worth a try. On the other hand, we have, as the minister knows, some concerns about how it will operate and whether it will have any meaningful impact, but goodness knows we need more development, more growth in rural Manitoba and one has to look at every avenue of providing some kind of incentive.

I just want to go on record as saying right now an old quotation: The road to hell is paved with good intentions. Mark my words—in other words, a good idea, a good program, sometimes you do not realize at the beginning the difficulties you might run into with administering it.

I wonder if it is appropriate to ask the minister in this area, too, to give us an update on Manitoba Hydro. I know he made a statement a couple of times in the House. Without me putting words in his mouth, can he give us an update on Manitoba

HydroBonds' sales at this point? Is this the appropriate place to do this?

Mr. Manness: Madam Chairman, \$384 million, roughly 30,000 applicants, \$384 million came forth on HydroBond series No. 3, and 30,000 applicants, so on average roughly \$12,000 to \$13,000 per application.

Mr. Leonard Evans: What was the rate of interest on this particular issue?

Mr. Manness: Nine and one-quarter percent.

Mr. Leonard Evans: Was this guaranteed for one year or two years?

Mr. Manness: Nine and a quarter was guaranteed for one year. It is a five-year issue. The floor for those five years is 8 percent.

Mr. Leonard Evans: So I gather that the minister will announce in the subsequent years the rates of interest prevailing in those years.

Does the minister have any idea as to the early or the additional requirements of Manitoba Hydro? I gather that this series, this HydroBonds Series III, was not directly related to development along the Nelson River. This was sort of miscellaneous capital that was required. Now, I am asking this because I do not have the answer. If this is the case, I would imagine that in the next while when a decision is made on Conawapa that there will be much larger issues being offered.

Mr. Manness: Madam Chairman, the member is right, certainly miscellaneous capital plus refinancing of existing loans. Should Conawapa proceed, unquestionably there would be a tremendous capital requirement as between \$5 billion and \$6 billion. Certainly, not all of that could be found provincially by way of this vehicle.

Mr. Leonard Evans: Yes, I appreciate that, Madam Chair, which brings me to my next question.

What do you think is the capacity of the province to loan money for this purpose, that is, given the interest that people might have in this type of personal savings or investment? Madam Chair, 384 is the amount raised with this issue. I guess the 384 is related to what was required by Manitoba Hydro at this time. I am not sure whether there was additional borrowing outside of the province in addition to this Hydro series for this fiscal year. So is this 384, is that more or less the maximum the minister thinks he can reasonably expect to get through a savings issue?

Mr. Manness: Madam Chairman, the member is right. We were virtually not only at the end of what Hydro needed, we were virtually at the end of our authority to borrow. Had this gone past \$400 million or approached it any closer, I think my officials would have been recommending that another 12 hours of notice and they would have been closed off. In other words, we would not have taken another \$50 million. We just did not need it for Hydro's needs at this point in time. So we are right at the limit.

The further question as to the capacity, that is always a great question that we ask ourselves, and we muse about from time to time. Unquestionably, there is a lot of money—some would say old money—but there is a lot of money in Manitoba. There is no question. It is, how do you bring it out, and how do you have to compete to bring it out? There is no doubt that there was some cashing in of Canada Savings Bonds to turn to this vehicle, so it depends to what degree you are prepared to compete, but there is a significant amount of capital that exists within our province and that is why we wanted to rush through the legislation with respect to the Community Development bonds because we want to have those in place also.

We feel that the more vehicles that give Manitobans an opportunity to demonstrate pride within their own province, where they sense some return, either fixed and/or nonfixed, in the case of the Community Development bonds, at least principal guaranteed, that there is still some significant potential to raise capital in this province.

Mr. Leonard Evans: I am glad to hear that of the minister, and I am inclined to agree with him; but, as he points out, it depends on the rate of interest that one is prepared to offer it, which then makes you ask the question, what other kinds of debt would we have to pay? What would be the interest rate on other types of debt? Maybe I could ask the question directly like this: What is the average rate of interest that we pay on debt from these nonsaving sources, from other than HydroBonds, in other words, the ordinary debt that you get into, as you do each year when you go to the market? I know it will vary, but can the minister give us some idea as to currently what kind of interest rates does Manitoba have to pay in order to borrow money on the market?

Mr. Manness: I can remember at the time we did some heavy borrowing through, I think, March-April, and in U.S. terms—I will get the Canadian equivalent here, what the Canadian market would

be now—but at the time, the U.S. values, we did two issues. One was at 9.25 percent; that was a 10-year issue, probably \$250 million. We did another U.S. issue below 9 percent, 8.9 percent. I do not know whether that was 10- or 20-year money, but we sensed that the U.S. equivalent at that time was around 9 percent, a little bit less, but then, of course, we were exposed in U.S. dollars at an exchange rate of around 87 cents at the time, so the alternative of paying Manitobans 9.25 percent—there was just no decision to make at all. It was a very easy decision to make.

Right now in Canadian terms, today to do that, to put it through an investment dealer and do an issue that size, 10-year money would be 10.75 percent.

* (1650)

Mr. Leonard Evans: So it is obviously a judgment call year by year, but it seems to me there may be an opportunity for the minister and his department to borrow more from Manitobans, given that information that he has just provided us, but it is always a judgment call because it is not only the current rate of interest, but it is also the number of years that you are talking about, obviously.

At any rate, I do not think I have any other general questions on this area, so perhaps the member from River Heights would have some questions.

Mrs. Carstairs: Madam Chairperson, in essence, the Manitoba HydroBonds was a very good and attractive bond issue at 9.25 percent, and obviously that made it attractive to a number of people, including myself, as an investment vehicle. As a result though, it also makes an attractive selling vehicle. Can the minister tell us what commission he paid to the main distributor of Manitoba HydroBonds?

Mr. Manness: These commissions are very interesting. I have learned a lot of them in my tenure as minister. We paid 15/16ths of 1 percent to sales agents. Canada Savings Bonds, I am led to believe, are 7/8ths of 1 percent, so we pay 1/16th more. The management agent received 3/16ths of 1 percent on the first \$1 00 million and 2/16ths on the balance.

I do not know what Canada pays to the banks to run CSBs. That is unknown to us. I can indicate, though, that the government considers it that those sales agents in our province, those within the investment community, earn their commissions. I was very pleased with the effort put forward by the

banking industry this time. I cannot say that to the same degree for the first two issues, but the banks certainly were moving this as a preferred vehicle to their clientele, and I think the success shows.

There is no doubt in the first year or two that if we did not pay a premium to those selling this vehicle, that it would not have been established as an important saving opportunity to Manitobans, so we paid slightly more than the going commission, not as much as was requested by those in the investment community, but nevertheless in our view a fair amount taking into account what is happening in other provinces, taking into account what our lead underwriters want either in the United States or Canada.

If we were to float purely a Canadian issue, the commission would be three-quarters of 1 percent, and, of course, our lead underwriters are Wood Gundy, Richardson Greenshields and Dominion Securities.

Mrs. Carstairs: Madam Chairperson, obviously commissions have to be paid. There is no question about that, and you try to get the best possible commission you can to keep the best value for the Treasury. How does the department determine who will be the lead management group? It is my understanding—I could be wrong—but last time I thought the lead group was, in fact, Richardsons. This time the lead group was Wood Gundy. So it was Richardson Greenshields in the last two bond issues of Manitoba Hydro. How is the determination made that it is Richardson Greenshields and it is not Wood Gundy or it is not Burns Fry or it is not Nesbitt Thomson?

Mr. Manness: This may surprise the Leader of the Liberal Party, but there is no great science to this. When we did issue No. 1, series No. 1, we asked for proposals and we were inclined to want to favour, in the sense of select, Pemberton who had great experience in these vehicles in other parts of western Canada. They are also a western Canadian concern; they had an investment banking group here within the city, maybe the only company to have that. Because of that and the experience, we sensed that on our first venture that they should be chosen.

Once they combined, however, with Dominion Securities and quickly thereafter moved out of Winnipeg, once they had moved out of the capital finance area of their expertise out of Winnipeg, then

we sensed that it was time to open it up again, which we did, and by this time Richardson Greenshields had acquired some of that expertise.

We had come to an agreement as to what we thought was a fair commission. They are also a local group, and with that in mind, because there are no hard numbers that these proposals bring in as to who will do it cheaper or who will do it better, it is very much a judgment call. On that basis, we chose Richardson Greenshields, and I was just absolutely very well pleased with their performance over the last two issues.

Mrs. Carstairs: The minister indicated that he was particularly pleased with the selling jobs which the banks had done this time around as opposed to the lack of selling job they had done in previous bond issues. I think that is partly attributable to the going rate. The nine and a quarter was an extremely attractive vehicle at the time it was on the market. In fact, there was nothing else, quite frankly, on a comparable market at that particular point which I could find or my broker could find for me which was an equivalent choice.

Obviously, if we make the bond issue attractive enough, any group involved in selling is prepared to promote it. It was also attractive, I think, for the banks because the banks are moving more and more into the selling of bonds and securities than they have ever been before, and this was a good vehicle for them to fly.

Can the minister tell me—he also indicated that we have a scenario in which these bonds sold very well; I think he said some \$348 million if I am not mistaken—all right, \$384 million—almost to the limit, that there might have to have been a 12-hour call. He also indicated that the rural bonds, he hopes, will achieve the same kind of vehicle, and I hope it does as well, although interest rates, if they are going to exist at all, have not been set on those. Has he thought in terms of any other bond vehicle for Manitobans to invest in so that they can also provide their money to the Province of Manitoba as opposed to other investment vehicles?

Mr. Manness: Madam Chairman, the short answer is no. Certainly there are promoters who knock on our door and make us mindful of other bond issues elsewhere, and I think particularly of Saskatchewan where they have two bond issues tied into their Saskatchewan telephone system.

* (1700)

I am mindful of what happened in Alberta. There was a convertible in Alberta also, again, tied in with their telephone system. We are not seriously looking at that right now. There is a lot of thinking that has to be done around Manitoba Telephone System right now, quite frankly, and how its future will go forward over the next number of years. Until that occurs, there is no use wasting the time to try and bring out yet another issue.

I cannot see where else in government you would want to use them because, as a straight savings bond instrument, a Manitoba savings bond instrument, that has not worked particularly well. Manitobans want to identify their bond with something concrete, something that they can visualize. That is why Hydro has been so successful. In my view, unless you can marry the two concepts, you really are not going to have a successful issue.

We are always open. If a good idea comes along, I can tell you we have a very open mind on this. If there is an opportunity to expand this whole concept of trying to borrow money from Manitobans, we certainly will listen to it very carefully.

Mrs. Carstairs: In light of the minister's statements in terms of if there is the right vehicle, the rural bond program, does he anticipate that the community bond corporation will raise money and then find a vehicle or, as I certainly got the impression from the Minister of Rural Development (Mr. Downey), because that runs contrary to what the minister is now saying about the kind of vehicles that he would like, does he envisage that they would find the vehicle to invest in and then they would sell the bonds?

Mr. Manness: Madam Chairman, we are talking about two different issues here. When I talk about vehicles, I am talking not excluding the Rural Development Bonds. I am talking about other entities of government when I am talking about vehicles. For instance, you hear they had the concept of borrowing locally and you tied it to Hydro. If somebody came along borrowing locally and tied it to telephone, well, that is a consideration. If somebody came forward and we were borrowing and we tied it to another entity of government activity where there was a rate ability, ability through rate and revenue generation to pay back, I am open to that.

I would not want it to be misconstrued that our Community Development Bonds, that that whole area is, you know, a conclusion is to be reached as to what I was talking about and those types of vehicles that are coming forward that may or may not be acceptable. We have no predetermination as to what may come forward. I am saying that with respect to Community Development Bonds, preferably the route will be that a local community group will come together formally and organize themselves around a concept set in place. That is why, if that does not happen, we have still said that those individuals who want to pool their resources, we will let them keep that money in place for I think it is five years, until something comes along.

The preferred route by far is that they come together and pool their resources, formalize their bond structure around something that they understand, because it is only at that time that there can be an agreement between the promoter and/or the person who is going to do the general managing and the investors as to what might be a rate of return. That is the preferred route, by far.

Mrs. Carstairs: Madam Chairperson, will there be any professional and technical advice available to the bond corporations from the Department of Finance for their community bond program?

Mr. Manness: I do not know whether to use the word advice. What there will be is the final screening committee who, because the government is guaranteeing this money, will have some significant say and, I dare say, the final say as to whether or not a candidate coming forward is acceptable. That is one of the preconditions of the legislation.

On that committee will be a representative from the Department of Finance in some fashion, either through the Treasury Division—and I would probably think more so through the Treasury Division—and also from another arm of government, that being probably the Department of Economic Development. Somebody will have pure expertise in banking and analyzing the promotions as they come forward in addition to those skills as they exist in rural Manitoba or anywhere, for that matter.

A condition of providing \$10 million of guarantee is that the government has to have some insight, some pretty detailed and clear insight into what is being offered up as a candidate.

Mr. Leonard Evans: I have just a few more questions in this area. I do not think the minister answered this question, but I am going to ask it anyway. On the rural municipal bonds that you have just been talking about, will the Department of Finance be setting the interest rate? I am not sure how it is going to work. Do you set the interest rate?

Mr. Manness: Madam Chairman, the department will have absolutely nothing to do with setting the interest rate. The interest rate will be set between the promoter and/or the conceiver of an idea, and/or the businessman or woman who has the idea and has some equity to invest, and the local investors. They will sit around and ultimately determine what the rate of return will be. The government of Manitoba will have no input into that.

Mr. Leonard Evans: Yes, I see. The minister's concern and the government's concern will be in guaranteeing the principal, and you have no responsibility for interest payments if failure should occur or some deficiency should occur. Your liability is limited to the principal itself.

It is interesting. The minister says that the final say will likely be in his department -(interjection)- Well, there will be a screening committee, but I thought in the final analysis the decision would be made by the department, because another setup could be simply that you set up a fund aside. It could be established in the Department of Rural Development, for example, and that department has the responsibility unto itself.

I am still not clear. When the minister says no, you will not have the responsibility—I understand there is a screening committee, but I thought the minister said a few minutes ago that ultimately the final say or the greatest say would be the Department of Finance or the Department of Finance representative on the committee.

Mr. Manness: Madam Chair, as I understand it, there will be a multidisciplinary committee set up. There will be representation again from the department in some fashion. There will be representation from the Department of Economic Development in some fashion. The government will probably want to name to the group an individual who has understanding of the business plans associated with the proposal. There could be another three or four other people who are named by the government to sit on this screening committee. They will ultimately render a decision

whether or not a perspective business in rural Manitoba is accepting of the guarantee. That will be brought forward then to the minister responsible, who is the Minister of Rural Development (Mr. Downey).

Mr. Leonard Evans: I would like to ask a question again about the borrowing in various capital markets. I had asked earlier about the breakdown of the present ownership of our indebtedness and we had some discussion about that, and also was concerned about the future. I note now in the Supplementary Information for Legislative Review, the '91-92 departmental expenditure Estimates, that there is a suggestion that in '91-92 the department projects that you are going to have to borrow another \$2 billion for various purposes including refinancing of a maturing debt. It will probably require 10 to 12 issues of securities involving up to five international markets. Do I take it from that, that indeed the minister is going to be going offshore or out of North America to borrow money and may be doing it several times? Maybe I am not familiar with how the process works, but it refers to 10 or 12 issues.

* (1710)

Mr. Manness: The member is right in some of his assertions and he asked a good question. Certainly out of the \$2 billion that we say will need to be borrowed in this fiscal year, we borrowed \$1.1 billion, so much of it because of the very large HydroBond issue that we just talked about previously. We have no aversion to borrowing one or two issues outside of North America only if they can be swapped back to U.S. or Canadian terms, more preferably Canadian dollars and very quickly.

Mr. Leonard Evans: So I gather the five international markets would include the United States and, as you say, is providing—you can swap, you do not feel uncomfortable with that.

I have another general question. The minister was critical of the Ontario budget—you can see the Province of Ontario having to borrow a considerable amount in the market. I maintained at that time that it would not have an impact, that the Bank of Canada's monetary policy was far more important than the borrowing of any one of our provinces. So my question is: Has the minister detected whether the borrowing by the Ontario government has had any impact on interest rates?

Mr. Manness: Madam Chairman, this is an area that is not always easy to quantify but, talking to my officials and what is reported to them in the trade is that Ontario's spread has widened by about 6 basis points, whereas our spread has narrowed slightly, as has those provinces that have brought in more of a balanced budget. So the swing is not huge, but certainly there has been a negative effect on Ontario's rate.

Mr. Leonard Evans: Madam Chair, but the assertion was that it would have a negative impact on Manitoba and indeed other provinces because borrowing from the market had a limited number of funds and, as I said, the other major player in all this is the Bank of Canada and the supply of money that the Bank of Canada was going to provide virtually through its policies. Therefore, the Ontario borrowing would not have any impact. As a matter of fact, the interest rates came down after the Ontario budget came out. The interest rates came down subsequently.

Mr. Manness: Madam Chairman, we are talking about two different things. I mean, the fact that the general interest rate regime may drop draws its direction not necessarily out of the budget of Ontario. What we are talking about is our ability to borrow as compared to Canada's. That is the way the market assesses one's riskworthiness, and all I am saying is that the Province of Ontario has spread further away. We came in a little bit but, furthermore, we are just into the game. Ontario has another four and three quarter years to work towards their \$45 billion call—I believe it is a \$44 billion or \$45 billion call—on the marketplace indeed if their long-run projections are accurate at all. So I would have to say that their spreads may continue to change significantly over time and, of course, we will be caught up in that ultimately. I would have to think that two or three months is just too short a period to make a final assessment.

Mr. Leonard Evans: Well, we can see but, as I said, there are other factors involved and I think, again, I say it is the interest rate policy of the bank of Canada that is probably the more significant factor in all of this. At any rate, it has not seem to inhibit the province's ability, the Manitoba government's ability to borrow money in the market.

I had another question, but it is probably more directly related to 2.(c) Money Management and Banking, and that was on short-term investment borrowing. So maybe I should wait till we get there

unless the member for River Heights, the Leader of the Opposition, has further questions on this area.

Madam Chairman: 2.(a) Administration: (1) Salaries \$96,900—pass; 2.(a)(2) Other Expenditures \$22,600—pass.

Item 2.(b) Capital Finance: (1) Salaries \$268,700—pass; (2) Other Expenditures \$23,700—pass.

2.(c) Money Management and Banking: (1) Salaries \$371,800.

Mr. Leonard Evans: There is reference in here to the responsibility that this division or branch has—I guess it is a branch—with regard to short-term borrowing, and it advises the government on short-term investment and borrowing. I wonder if the minister can elaborate on this activity. Exactly how short is short term, and what kind of borrowing are we talking about? How do you borrow and where do you invest? Could he elaborate generally on this activity.

Mr. Manness: This is a very intriguing area of government and certainly of the department. These are the money managers, the cash managers of government. You can imagine, when you are involved in running a \$5 billion-plus operation and when you are trying to split your cash flow into quarters—and remember we are criticized every quarter when we bring down a quarterly report that says we have not spent like we said we would in health care and/or some other areas of government.

You must remember that this branch is trying to do their best estimate of the call of money balanced with the revenues coming in to make sure that a dollar never sits in an account drawing no interest. So what they are trying to do is balance the amount of money that is required in some certain period of time forward with what is coming in. If there are surplus amounts there, then it could be lent out at a maximum interest rate, whether it is 30 days, 60 days—up to a year. On the other hand, knowing that we have certain payables on certain days, hoping that we do not have to borrow that money in support of that until the very last minute so that we can narrow the time down for borrowings, and then the balance is between trying to generate the maximum amount of revenue through lendings and minimize the amount of borrowings that government, in this massive operation called government, will do the best for the taxpayers in the

province. That is what this very important group of people have to do in the Treasury Division.

* (1720)

Mr. Leonard Evans: Can the minister indicate who would you lend this short-term money to? Could you give me some examples? Is it just a matter of some bank deposits, or do you look for other sources to get higher return?

Mr. Manness: Basically, the players in the financial sector, the banks, the financial institutions, Canada Treasury Bills. We keep a list logged daily as to who has what of our loans.

Mr. Leonard Evans: In terms of short-term borrowing then, where would you borrow the money on a short-term basis? Can the minister elaborate on this?

Mr. Manness: From the very same people—from the banks, from the underwriting firms, anybody who happens to have a good rate on a particular day, short-term money, prepared to lodge it with the Province of Manitoba for that time. That is what makes markets, but basically all the players within the financial industry.

Mr. Leonard Evans: Could the minister advise the committee as to how much money is borrowed on a short-term basis?

Mr. Manness: On average, we expect over the next two-thirds of the year to borrow \$700 million, short term. I will try to find the amount that we have lent out for some portion of the year. It would also be a significant amount of money.

Mr. Leonard Evans: Could the minister tell us what sort of interest rates we are now paying for short-term funds, for borrowing short term.

Mr. Manness: Slightly over 9 percent.

Mr. Leonard Evans: Can the minister advise us what we get in return for our investments. When we have excess of funds and we put it in deposits, what sort of a return do we get for the money we place in various deposits on a short-term basis?

Mr. Manness: This varies from year to year. Last year we actually earned more, on average, about 2 percent more. I am almost shamed to admit it, but we earned 2 percent more. That was because we preborrowed long term at lower amount and because of this inverted curve, short-term money was worth more than long-term money. When we did not have a call immediately on our long-term borrowings, we invested in the short-term markets

at a 2 percent higher return. This year, I would imagine the return on short-term money would be less than the 9 percent. I do not know how much less.

Mrs. Carstairs: Can the minister tell me how he differentiates between long term and short term? Is it the year figure? Everything less than a year is short term?

Mr. Manness: Madam Chairman, it is one year. One year and less is termed to be short term.

Mrs. Carstairs: Madam Chairperson, in terms of just the appropriation itself, the detailed Estimates indicate that there was an addition of one position for an investment market analyst, which I can understand the minister needing in this division, but there seems to be a disproportionate amount of money in the Professional category as a result. There were 4 staff persons; it was \$123,000. There is now going to be 5 staff persons at \$207,200 which, if one gave a 4 percent increase to the original four, would leave this person getting paid \$79,280, which I think is probably not accurate. So could the minister explain just what happened here?

Mr. Manness: Madam Chairman, last year we left the staff year there, but we did not put dollars against it. That was a decision that I made. I sensed that we would not be hiring, but we left the staff year in place. This year we did fill the staff year and, obviously, had to put the dollars against it, plus the person who came into the position was a very high professional qualification, but not \$79,000.

Mrs. Carstairs: Madam Chairperson, that makes sense. Without any difficulty, I am prepared to pass that section.

Madam Chairman: Item 2.(c) Money Management and Banking: (1) Salaries \$371,800—(pass); (2) Other Expenditures \$393,500—(pass).

2.(d) Debt and Investment Services: (1) Salaries—

Mr. Leonard Evans: I wonder if the minister can enlighten us as to what is happening with foreign exchange markets. I understand this is the area of the department where we monitor foreign exchange markets and the range to buy or sell foreign currency. Has the minister any information that he can provide the committee with on what is happening in foreign exchange markets, as they may affect the borrowings required by this province?

Mr. Manness: I am sure the member will notice that our year-end projections or the year-end unaudited statements always show over the last three years some type of saving within the public debt area.

By the way, I should announce to the member that I will probably be tabling the fourth quarter unaudited at the year end sometime this week in the House. But, as we listen very closely to all of the so-called wisdom within this area, we have always thought the Canadian dollar at 86-87 cents, that that was sort of an aberration and it would begin to fall over several years. We have built that estimate into our forecasts again this year, not to the same degree as we have in the past for two reasons: it has not occurred over the last three or four years; and also, those economists who have been telling us it is going to drop to 80 cents, the Canadian dollar vis-a-vis the American, are changing their minds a little bit too. They have lost a little faith in their own prognosis.

So, although the Canadian dollar has slipped a little over the last week, and although we expect it to drop further, I would not lead anybody to believe that the department senses it is going to fall to anything in the realm of 80 cents in the near future at all. Therefore, the Canadian dollar estimate is nowhere in that realm.

* (1730)

Mrs. Carstairs: Madam Chairperson, maybe Sinclair Stevens was correct when he said that it was tied to the Free Trade Agreement, and that it would be left at 86, 87 as a result of that particular deal.

The minister indicated earlier that 10 percent of the debt was now foreign. I assume that includes all debt, both long term and short term, that our entire position now is only 10 percent foreign debt.

Mr. Manness: Zero percent.

Mrs. Carstairs: It is at zero percent—

Mr. Manness: Zero percent foreign, 40 percent U.S.

Mrs. Carstairs: —and 60 percent Canadian. In other words, there is not a particular necessity to monitor the foreign currency markets now in this department as there was just a few short years ago.

Mr. Manness: Madam Chairman, that is not true, because we are always out looking to borrow money at the cheapest rates, and although we have already

done \$1.1 billion this year, we still have \$900 million more to do. The determination as to whether or not we borrow yet again in Canada, knowing that the full rates are now going to be right now, 10.75 percent, I mean the decision to lock yourself into a 10-year issue or even longer at 10.75 percent as compared to maybe taking even a deutsche mark, and I am not arguing for this now. A Swiss franc right now to borrow would cost 7.25; that is the coupon rate on a Swiss franc—7.25 versus 10.75. Those are very difficult decisions to make.

If you know that you can swap right away out of the 7.25, remove your exposure, you may very well consider taking out an issue in Swiss francs. That is why we have to stay in tune on a daily basis with what is occurring in the international money marketplace, and we do.

Mrs. Carstairs: Madam Chairperson, can the minister indicate whether the money is readily available, for example, in Germany? I understood Germany as a vehicle was not as readily available to foreign investments as they were just a short time ago, mainly because of the merger of East and West Germany, and they are looking to their own country for their own investment opportunities as opposed to looking elsewhere.

Mr. Manness: The member is right. Certainly there is not a lot of money in Germany right now; there is no doubt about it. There is not an awful lot in Canada either. So that is why we have over the last three or four years—I mean, we would have had to pay 11.5 percent locked into 10 years and that was just too much, when the alternative was to be locked in in U.S. at 9.5 with some opportunity to swap.

Now presently at this point in time, if we were to go offshore, meaning off of the continent, we probably would be looking at Swiss francs because there is money there and, to a lesser degree, there still are Japanese yen, too. These are all decisions that are made at the time and all the risks have to be evaluated. Let me reaffirm what I have said before, that if we were to enter into any of these borrowings offshore, we would want to be able to swap them as quickly as possible back into either U.S. or Canadian dollars.

Madam Chairman: 2.(d) Debt and Investment Services: (1) Salaries \$409,700—pass; (2) Other Expenditures \$24,600—pass.

Resolution 50: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,611,500 for Finance, Treasury Division for the fiscal year ending the 31st day of March, 1992—pass.

Item 3.(a) Comptroller's Office: (1) Salaries \$95,100—pass; (2) Other Expenditures \$3,500—pass.

Item 3.(b) Financial and Management Systems:—

Mr. Leonard Evans: Madam Chairperson, among other things, I understand the Financial and Management Systems branch is involved in implementing a reform management accountability framework for the government, particularly with regard to effectiveness in reporting and managerial delegation. I wonder if the minister can enlighten the committee as to the success of this branch in achieving reform in management accountability framework.

Mr. Manness: Madam Chairman, I should realize that the member would pick up the wording and ask some questions around that evaluation and performance testing. When I came into the ministry I was intrigued with trying to find ways of measuring output, and there is no doubt that the incomprehensive audit foundation were very much looking at the public sector, very much trying to find ways and means of more properly evaluating output. Once a new framework came into being, an offer was made to us by this group to see whether or not we had candidates within our government that may have been used as pilots to determine whether or not—if you are to spell out what the problem was, devote resources to it—whether or not you were able to ultimately, in the end, through a process of 12 steps, I believe it was in this case, to make a judgment as to whether money is being well spent.

So we set up two pilots. I believe we did the fleet vehicle area, and we did the family dispute. We tried to do more of an economic pilot and we tried to do a social pilot. We, meaning the department, in conjunction with the other departments, in conjunction also with the outside auditors—I believe in this case Coopers—and the Provincial Auditor and some assistance from Coopers & Lybrand who had some resource people who understood this process, we tried to determine, through this laboratory or pilot project, whether or not this approach to measuring output had some value.

The report was done. I guess it came in with mixed results. Certainly, that area which was more conducive to measurement, that being the fleet vehicle area, gave us more meaningful results. The family dispute area, maybe we did not ask the right questions in some of the 12 attribute areas that were identified or associated with this approach, but nevertheless we want to pursue it, because we honestly believe, as I said in my December 21 statement to legislators of this House, if we do not in government begin to measure whether or not we are getting value for our money, I mean ultimately governments are going to be forced to make tough decisions on the basis of very little information.

I have been accused, and I think members in opposition have accused this government of doing this. I am constantly asked, particularly by the Leader of the Liberal Party (Mrs. Carstairs) what analysis, what studies have you done? I am saying that there is one government in Canada, at least, this government of ours, who is trying to find ways of measuring output. Now, to do that you cannot hire hundreds of resources to measure output or are you defeating the purpose? Instead of delivering the program, you are measuring to see whether the program has done anything. So it behooves all of us, as people in the public policy field, to find ways and means of trying to measure output in a meaningful fashion, so that decision makers ultimately at the administrative level and most definitely at the public policy level, in other words, at the cabinet level, have this information brought forward to them.

Mr. Leonard Evans: I agree with the minister. It is an extremely difficult area. It is a huge challenge to any minister, to any department, to any branch of a department. You are into the area of value judgments as well, especially when you are in the noneconomic or in the social end of things and even, I think of some areas, too. How do you evaluate the return from industry consultants, for example? Do you decide it on the number of meetings the industry consultant has, say, the Department of Industry, Trade and Tourism, how many meeting that person has? Probably you would want to look more at how many branch plants or how many industrial investments he or she was directly involved in. There again there are so many other factors beyond the individual's activity.

* (1740)

I have often said we all want more industry, and if the solution was to be found through that department, then that department should have the biggest budget in any department of government, because that was the way to assure a lot of industrial development, but it is not that simple. Even though I have no complaints or any criticisms of the particular department or any of the individuals in it, it is very difficult to assess that the individual civil servant's performance, but I do imagine individual departments try to do this anyway. I mean, they should be trying to assess the effectiveness of their various programs, in other words, have this accountability. I gather what was attempted here was some sort of a framework or pilot project framework which would be applicable, which once evolved or created or concluded could then be applied across the board with other departments.

At any rate, I did have another question. There was reference to the Management and Reform Committee: This branch provides analytical and staff support to the Management and Reform Committee. Just who is this committee, who is on this committee, and what is the function of this committee?

Mr. Manness: Madam Chairman, that is one of the four, we will call them for want of a better word, sectoral committees of cabinet. I chair that committee. With me is the Minister of Government Services (Mr. Ducharme), the Minister of Labour (Mr. Praznlk), the Minister of Consumer and Corporate Affairs (Mrs. McIntosh). Of course, as the member would know, other ministries are invited quite often on cabinet committees. Because this is Management and Reform, it is trying to change internally on a case-by-case basis where it makes economic sense to do so, for the structure of government. Of course, what we are endeavouring to do is provide the same level of service but at a reduced cost component, either as reflected in reduced staff savings or some other area of savings.

It is a committee of cabinet. It meets on average about four, five times a year. As a matter of fact, I believe I have a meeting tomorrow or sometime this week. So that is its purpose, Madam Chairman.

Mr. Leonard Evans: Can the minister tell us, what has it accomplished to date?

Mr. Manness: It has guided the direction around these pilots that I have talked about previously. It has two folds. Purely within the side of government,

it is also within Treasury Board, as the Treasury Board brings out recommendation as to how internal reform might go forward, where cost savings can come forward. I think particularly of the special operating agencies, of the Queen's Printer, for instance, where a decision has to be made by a committee of cabinet as to whether or not it is recommended to cabinet that we proceed. It is this committee that will do the screening and set forward a recommendation to the whole of cabinet.

As one would imagine, reform does not begin or end there. Reform can, internally in government, begin within departments. It can begin within Treasury Board. It can begin within the vestiges of the old operation expenditure review of Treasury Board. It can begin in the Comptroller's office. It can begin as a comment by the Provincial Auditor in the report he makes to the Legislature, but it ultimately comes down to this committee for a recommendation to cabinet.

Mr. Leonard Evans: I gather it is a relatively new committee, nothing too much has happened. You are still in very early stages. You have done two pilots, but having done those pilots, are you prepared to move on from there?

Mr. Manness: Madam Chairman, many of the budgetary decisions as involved in internal reform came through this committee. So this committee was very active, particularly the budgetary time, has not been so over the last three or four months, but will again gear up this fall.

Mr. Leonard Evans: Unless the Leader of the second opposition party has questions, I am prepared to pass this division and go on to Taxation.

Mrs. Carstairs: Madam Chair, the minister indicated they had done two pilot studies, one which was easy, apparently, fleet vehicles to determine value for money. I would think it would be, because it is a payout and a very clear payout system. The family dispute mechanism did not turn out to be quite so easy, because it is very difficult to measure, I would assume, whether the family dispute mechanism has been successful or has not been successful and whether that has led to less costs because this dispute mechanism was in place.

Surely that brings to bear a great large area of government expenditures. I am thinking particularly in the whole prevention budgets for Health, the prevention budgets for Child and Family Services, all of which are going to be very difficult to evaluate

in terms of their effectiveness, because it is very difficult to say, by providing abuse counselling at this point, I prevented Johnny from ending up in an institution which was going to cost me three times as much as keeping Johnny in the community, because we will never know whether that counselling did in fact result in Johnny not being kept in the community.

Has the minister done any dialoguing with resource people, cabinet people, whatever, to find out how you can place any value on any of these prevention-type programs?

Mr. Manness: It was very intriguing, as I listen to comments from those people within the department—Ms. Murray, I think, was the lead in the family dispute—and other departmental people who were trying just to put the questions, develop the questions. We realized the shortcomings from the beginning, and I will get back to that in a moment. There was a learning experience that, obviously, took place.

What we are aware of is that—I know, for instance, the new deputy of Labour, Ms. Roberta Ellis-Grunfeld, was certainly very much understanding of this process and is sort of committed to at least trying to look at this approach of trying to measure, even in the social field, trying to set a framework, so we know even what questions to ask, so that if indeed the minister, indeed the deputy or the assistant deputies and/or the directors of the programs—the very basic condition is that everybody is honest with themselves, honest with nobody else, and is prepared to ask the question and prepared to hear evaluations that come forward as they are, prepared to penetrate, even though they are subjective, the evaluations as they come forward, to ask very directed questions, and if they hear something that is not in keeping with the political well-being of the party in government of the day, put that to paper and carried it forward. Without that, the system will not work.

* (1750)

I do not care what type of evaluation system you have within the social field, but at least if you can try and structure the evaluation system into 12 elements or however many elements so that there is a framework in place that, if it is adopted by a government, it will become known throughout all of government, then I would say that is far better than what we have right now. What we have right now is

government just growing like this without really, in a lot of cases, strong evaluation given to many of its programs.

If it is going to then continue to be at the budgetary time dilution, through dilution of 3 percent shared equally overall or zero percent shared equally overall, what you will end up with are a few new programs, but they will never get to their proper start, and the ones who are there, a determinant will never be made as between which should come, which should stay and which maybe should go.

That is where government everywhere has been headed, quite frankly. So we have to find some method, and I am not saying that this is the method. I am not saying in the world of perfectness that you will be able to find a perfect system, but some approach has to be found to evaluate programs. Some approach has to be found to measure output because, if we do not do it, then ultimately those decision makers, those of us in cabinet, will make decisions without all of the information that is necessary to make them.

Mrs. Carstairs: I do not fear the system. I think there is a legitimate exercise in trying to evaluate programs and trying to say, all right, what is a quid pro quo and what are the parameters upon which we should fund? My concern is, though, that as we go through budgets, not just under this government, but the previous government, what we see consistently getting short shrift are provincial programs. The reason they get short shrift is that they are not measurable.

What happens in an evaluation system that says everything has to be measurable when there seems to be an area that is nonmeasurable? How do you measure, for example, a breast screening program, which everyone recognizes is valuable in terms of preventing breast cancer? How do you measure that against providing service for victims of breast cancer, if that is going to be what you are going to evaluate it by? How do you build in some kind of system that allows for the promotion of prevention programs because, if the health experts are correct, they are telling us that is the only way we are going to get health costs under control, by putting up-front dollars into prevention and into lifestyle changes, none of which are measurable.

Mr. Manness: I do not have the answer for that. I do know one thing, though, that if we do not have some better measurement system, if we do not try

to work at one, that in 10 or 15 years from now we will be no better off, to answer the member's question, because the real forces of the day—I mean there are only so many dollars there and something has to give.

I am not saying that our priorities are right. I am sure every member in opposition would say our priorities are wrong but, in a relative sense, if we do not try to put greater clarity to the dimensions of our social programming particularly and do not try to put greater numbers to it, even though they will be subject to criticism, I can tell you that ultimately wrong decisions will be made. The member is right. Maybe those wrong decisions will be that not enough emphasis was put on preventative care. I can say to the member though that the decision even with that new information will not be any easier than it is now. You just hope to make the right decision given the scarce resources you have.

Madam Chairman: Item 3.(b) Financial and Management Systems: (1) Salaries \$565,800—(pass); 3.(b)(2) Other Expenditures \$71,600—(pass).

Item 3.(c) Disbursement and Accounting: (1) Salaries \$1,946,800—(pass); 3.(c)(2) Other Expenditures \$1,013,800—(pass); 3.(c)(3) Less: Recoverable from Other Appropriations \$526,600—(pass).

3.(d) Legislative Building Systems Support: (1) Salaries \$341,700—(pass); 3.(d)(2) Other Expenditures \$653,200—pass.

Resolution 51: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,164,900 for Finance, Comptroller's Division, for the fiscal year ending the 31st day of March, 1992—pass.

Item 4. Taxation Division (a) Management and Research: (1) Salaries \$550,000.

Mr. Leonard Evans: Madam Chairperson, I think this is the appropriate place to discuss changes in taxation systems and other matters pertaining to various kinds of taxes. I am reminded of the report of the western Finance ministers for 1991 that was submitted to the Western Premiers' Conference in Nipawin in May of this year and the continued consideration of establishing an independent western Canadian income tax administration.

I am reading from a document which the minister made available to the Legislature where this matter was elaborated upon, and it talks about the issue: having proceeded on two separate but related

tracks, one, moving towards greater provincial flexibility through alterations to the current tax collection agreement system and, two, investigating the feasibility of alternative tax collection arrangements including separate provincial administration.

Madam Chairperson, this matter gives me a great deal of concern. I for one cannot see how it would be in the interests of the Province of Manitoba to engage in a tax collection system totally separate from the federal government. I cannot see how we could reasonably set up a western administrative system to collect taxes. I can see some major differences of interest among the various western provinces. We are not homogeneous; we are at different levels of incomes; we are at different levels of economic prosperity. I think frankly that it would be insane for Manitoba to want to move in this direction. I can perhaps see an argument for B.C. or Alberta, but certainly—and even there I would argue against it, because I feel that it is very important to maintain a good national standard of income tax collection.

So I wonder if the minister can tell us what developments have occurred in this area, because we are dealing with Management and Research in the Taxation Division. Are you continuing to investigate the feasibility of alternative tax collection arrangements?

Mr. Manness: Madam Chairman, I would invite the member to put this question again, if he so wishes, in the next division, because my tax policy official is housed in the next division. Nevertheless, I will answer the question. I recognize fully the concerns

of the member, and I share them. I want to indicate to him, I share it.

When we drafted the initial report, and I believe that was for Lloydminster, where I must indicate that I was more fully involved in drafting the Lloydminster paper and then maybe more so, the Nipawin. At that time, we were not receiving an awful lot of acceptance of our argument from the federal government as to change on tax on taxable income or on some of the other issues. As the Province of Manitoba has a flat tax, we recognized that we had better receive some confirmation of longevity of that tax, or otherwise we might wake up some day and have Ottawa deny that taxing field to us.

That is what brought us into the greater discussion with the other western provinces. Every province had its own motive. The member says B.C. and Alberta may have had different motives. That may be the case, but from all of us, we saw the only way that we could bring the federal government to realize that they had to provide greater flexibility under the existing agreement was to maybe threaten that we might go on our own. This threat was real, because a province like Manitoba has to have some greater say in the joint tax payment.

So, Madam Chairman, I know the question certainly requires a much greater response in detail, and I am prepared to provide that. I just think, though, that question is probably better suited for the next division, whereas this is more specific to how it is we collect our own Manitoba-enforced taxes.

Madam Chairman: The hour being 6 p.m., this committee will reconvene at 8 p.m. this evening.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, July 22, 1991

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