

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 7 July, 1986.

Time — 2:00 p.m.

**OPENING PRAYER by Madam Speaker.**

**MADAM SPEAKER, Hon. M. Phillips:** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports By Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

### ORAL QUESTIONS

#### Potash mine, Manitoba - Canamax input into

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

**MR. H. ENNS:** Thank you, Madam Speaker.

Madam Speaker, I direct a question to the Minister of Energy and Mines having to do with the proposed potash development in Western Manitoba. My question to the Honourable Minister, Madam Speaker, is could he inform me or the House just who is making the day-to-day decisions with respect to this summer's exploration work, the rewarding of contracts, etc. It's my understanding that the Manitoba Potash — the people of Manitoba have what, a 49 percent interest, and Canamax, a 51 percent interest — my question to the Minister is who is responsible for the day-to-day decisions of that development?

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

**HON. V. SCHROEDER:** Thank you, Madam Speaker. Canamax is responsible.

**MR. H. ENNS:** Madam Speaker, I might indicate that I'm pleased with that response. Certainly, my understanding is that Canamax was brought into the joint venture for their expertise and for their knowledge in this particular field.

Then, I ask my supplementary question, Madam Speaker, to the Honourable Minister. Could he then indicate to me why a Manitoba drilling contractor, who had extensive involvement in exploration drilling for potash in that area, initially with the IMC group, and up until last Friday was informed by Canamax that he would be expected to carry on doing the same exploration drilling for them this summer, that that no longer is the case; that, indeed, a Saskatchewan contractor has been hired for that work?

**HON. V. SCHROEDER:** I've indicated it is Canamax who is the operator, as the member is aware. When we purchased into the operation, there was an agreement pursuant to which they agreed to carry on further exploration.

In terms of who they hired, that is something that they clearly have the right to make those decisions, but I can take this question as notice and find out if the member could give me the name of the contractor, possibly after question period or during, whatever his preference is, and I will check with Canamax and get back to him.

**MR. H. ENNS:** Just a further supplementary question to the same Minister.

Perhaps the Minister didn't fully understand my supplementary question of a moment ago. Canamax had been involved with this Manitoba drilling contractor, was informed last Friday that Canamax was no longer making those decisions, that the Manitoba Potash Corporation, the public partner in the venture was making these decisions, and their decision was to cancel out the Manitoba content of this contract and farm it out to a Saskatchewan firm.

I might add, Madam Speaker, this kind of work is of course not tendered out; this is the kind of work where natural Manitoba preference should be readily made use of and applied.

**HON. V. SCHROEDER:** Madam Speaker, I think maybe there should be a little better communications within the Opposition offices. The Leader of the Opposition was given the agreement, the co-ownership and development agreement when it was signed.

Maybe the member ought to take a look at it. If he didn't get a copy of it, I'd be pleased to send over another copy for him to read, but clearly it is not up to the Province of Manitoba or anyone involved with, on our side of that arrangement, to be making those decisions.

**MR. H. ENNS:** Madam Speaker, a final supplementary question.

Canamax Toronto office had an arrangement to work with a Manitoba contractor; somebody overruled that decision. My question to the Minister — who?

**HON. V. SCHROEDER:** Madam Speaker, as I've said, I'd be please to take the question as notice and check from Canamax, but it is not someone from the Government of Manitoba who overruled that.

#### Potash mine, Manitoba - status of

**MADAM SPEAKER:** The Honourable Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Madam Speaker. During the election campaign, much was said regarding the potash development and my question is to the Minister of Energy and Mines because of the fact that 49 percent of Canamax shares were purchased by the Manitoba Government.

Could the Minister tell the House how many test holes have been drilled or how many are being planned on being drilled during the current year in that area?

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

**HON. V. SCHROEDER:** Madam Speaker, there have been 11 drill holes drilled, eight of those by Canamax, and those drill holes resulted in Canamax identifying a potash reserve covering about one-and-a-quarter townships in the Russell-Binscarth region — and I'm glad to see the Member for that area finally getting up and acknowledging that something's happening there — and I trust that he takes the position opposite to that of the Member for Lakeside who's been criticizing that development all along.

**MR. L. DERKACH:** Madam Speaker, the Minister has told us how many holes have been drilled, but my question was, how many test holes are being planned on being drilled during the current year? Could he tell the House?

**HON. V. SCHROEDER:** Madam Speaker, the specific number of holes is something that I don't believe has been discussed between Canamax and the Province of Manitoba. I can take the question as notice.

I know that there is activity going on. There will be further announcements made this summer with respect to testing of holes and finding out exactly how we're going to go about building that mine.

### Potash mine, Manitoba - Canamax input into

**MR. L. DERKACH:** Madam Speaker, to the same Minister, could the Minister indicate to the House what kinds of dollars have been committed to the project for the current year?

**HON. V. SCHROEDER:** Madam Speaker, again it's too bad the member hasn't had the opportunity to have his leader send over a copy of the agreement because the agreement spells all of those things out . . .

**MR. D. ORCHARD:** Have you got the answer?

**HON. V. SCHROEDER:** . . . over the next several years — if the member for Pembina wants to ask a question, let him stand up. Under the agreement, Madam Speaker, Canamax is responsible for all property development; I want to make that very clear. We're not responsible for the property development, it is Canamax who is doing that. They are committed to spending a further \$5 million over the next two years from the time of the signing of the agreement. They have already spent somewhere in the vicinity of \$5.4 million on potash development in that particular area so, over the next two years, there will be a further \$5 million put out by Canamax on exploration.

### Potash mine, Manitoba - employment opportunities

**MR. L. DERKACH:** A final supplementary question to the Minister.

With regard to employment opportunities, people in the Russell area, of course, are waiting to see what is

happening because employment is of some concern through the summer, and I'm wondering if the Minister could indicate to the House what kinds of employment opportunities are going to be available during the current year for this specific project?

**HON. V. SCHROEDER:** Madam Speaker, I've already said that over the next two years there will be \$5 million of investment by Canamax in furthering exploration and development of that site. I can take the specific question as to what may be available this summer as notice and mention, Madam Speaker, that we're all interested in jobs in this province; we want to make sure that development in this province turns into jobs in this province and we'll do our best to ensure that happens.

### Urban limit line

**MADAM SPEAKER:** The honourable member for Charleswood.

**MR. J. ERNST:** Thank you, Madam Speaker, through you to the Minister of Urban Affairs, could the Minister advise the House if the government made a predetermined arrangement with the City of Winnipeg for amendments to Plan Winnipeg prior to a public hearing?

**HON. G. DOER:** Madam Speaker, the province, in conjunction with a number of city councillors last year, and I believe even in consultation with the member opposite, came to an arrangement with the City over a long-term conflict with the City on the Winnipeg line. Of course this arrangement was subject to public hearings which have since taken place.

**MR. J. ERNST:** Madam Speaker, through you again to the Minister of Urban Affairs, could the Minister advise the House if his statement of Friday last, dealing with the fact that the City "broke a deal" with the Province, if that statement is correct?

**MADAM SPEAKER:** May I remind the honourable member that a question asking to verify a statement is not in order? Does the honourable member want to rephrase his question and not ask for . . .

**MR. J. ERNST:** Thank you, Madam Speaker. Could the Minister then advise the House, was there a "deal" made with the City of Winnipeg over this particular matter?

**MADAM SPEAKER:** The Honourable Minister of Urban Affairs.

**HON. G. DOER:** Madam Speaker, as I indicated earlier, the arrangement with the City of Winnipeg, to break the logjam and disagreement between the two parties, was subject to public hearings. Some of the public hearings did take place and on one occasion, specifically, there was absolutely no representation by anyone of the public on the proposed amendment that the city and the province had agreed, and the city, notwithstanding the arrangement they had, proceeded

to agree to a position that was inconsistent with the agreement in 1985.

Madam Speaker, it's been the position of the province all along, with former Urban Affairs Ministers, with my colleagues, and today, that if the province is accountable for a number of the long-term costs in urban development, we take that responsibility very seriously and responsibility and authority go hand-in-hand, Madam Speaker, and we take that very seriously and the long-term planning on behalf of the taxpayers, who ultimately will have to pay for premature development of our city.

### Urban development - limits on

**MR. J. ERNST:** I have a new question for the same Minister, Madam Speaker. Does the Minister intend to legislate limits on urban development that are more restrictive now than proposed under the city's option of Plan Winnipeg?

**HON. G. DOER:** Madam Speaker, one of the options for the province is not to do nothing. We are going to take our responsibility very seriously in terms of the long-term cost to the City of Winnipeg taxpayers and to the province. We are not going to allow development to take place where capital costs are necessary for the citizens of Winnipeg, where capital costs are necessary for the province in the area of development of capital costs for schools, for the operating costs of schools; we would prefer to plan jointly with the City of Winnipeg officials, but we will not allow ourselves to be in a position where, when we plan jointly and we don't have public input to the contrary, the city unilaterally goes ahead, contrary to some of the long-term costs for the province's taxpayers and the City of Winnipeg taxpayers.

### Housing starts - outside urban limit line

**MR. J. ERNST:** A final question for the same Minister, Madam Speaker. Can the Minister inform the House how many of the housing starts, in which this government is taking pride and which this government has touted as being a great economic indicator for Winnipeg and for Manitoba, how many of those housing starts are outside the urban limit line that the province proposed for Plan Winnipeg?

**HON. G. DOER:** Madam Speaker, I haven't got the specific number of housing starts outside of the urban limit line that we proposed, or inside the urban limit line. Surely the province and the city can come to joint arrangements and agreements on the long-term development of our city, and dealing with the long-term cost to the taxpayers, both municipally in the City of Winnipeg, and provincially, through the taxes through the Department of Education; and surely, when we come to those arrangements and when there's not public objections to the same, that we should be able to proceed in a cooperative way, rather than proceed in a unilateral way.

### Bill 105 - proclamation of

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

**MR. G. DUCHARME:** To the Minister of Municipal Affairs, have you recently considered or . . .

**MADAM SPEAKER:** Would the honourable member please address his question through the Chair.

**MR. G. DUCHARME:** Through the Chair to the Minister of Municipal Affairs. Have you advised the mayor of the City of Winnipeg that you're proclaiming Bill 105?

**MADAM SPEAKER:** The Honourable Minister of Municipal Affairs.

**HON. J. BUCKLASCHUK:** Thank you, Madam Speaker. No, I have not so advised the Mayor.

**MR. G. DUCHARME:** Have you had a meeting recently that would lead up to such a press announcement recently by the mayor of the City of Winnipeg ?

**HON. J. BUCKLASCHUK:** The Minister of Urban Affairs and myself had a meeting with the mayor and the chairperson of, I believe, the Finance Committee last Thursday at which we discussed the whole issue of the upcoming Winnipeg reassessment. We did talk about considering a number of options that we would look at to ameliorate undue hardships, but proclamation of 105 was not one of the options that was discussed as something that we would do in the immediate future.

### Brandon University - terms of settlement of officials

**MADAM SPEAKER:** The Honourable Member for Brandon West.

**MR. J. McCRAE:** Thank you Madam Speaker. My question is directed to the Minister of Education. Has the Minister or his department been apprised of the details of the terms of settlement reached between the former President of Brandon University and the board of governors, and was the Minister consulted as to the wisdom of not disclosing the terms of settlement?

**HON. J. STORIE:** Madam Speaker, with respect to the last question versed, I was not advised as to the agreement or the terms of the agreement that Brandon University was contemplating with Mr. Perkins. I did, however, have a chance sometime ago to talk to the Chairperson of the Brandon University Board of Governors, and indicated to him that the province would have a number of concerns that we hoped would be addressed through the negotiations. That would be, first of all, getting the issue off the agenda, which I believe has impaired seriously Brandon University's role in the community, and perhaps its reputation in the community, and it was something that needed to be resolved. I indicated as well that whatever resolution was to come about should satisfy that need, as well as be acceptable to the board of governors and, finally, that any settlement should not, the Brandon University

Board of Governors should not be looking to the province to provide any additional funding. Whatever resolution was to be obtained would have to be done on their own resources, and my own understanding so far is that all of those conditions have been met.

**MR. J. McCRAE:** Madam Speaker, will the Minister ask the board of governors to make public the terms of the settlement so that the good work begun by Dr. Maley, the new President of Brandon University, at rebuilding those links between the University and the City of Brandon, so that that work can go on unhampered by the question marks that have been raised by this issue.

**HON. J. STORIE:** Madam Speaker, I concur with the Honourable Member for Brandon West's observations about the work of the current president. I would indicate that I'm not at all convinced that the revelation of specifics, which obviously deal with matters of personnel, matters of ongoing dispute, would serve any purpose. However, I believe, as perhaps the member opposite does, that in dealing with these issues sometimes it is appropriate to make them public. I would certainly not countenance such an action without the concurrence of the board of governors, who are a legitimate autonomous body, and the individual involved.

### Brandon University - program cutbacks

**MR. J. McCRAE:** Madam Speaker, in view of the answer given by the Minister earlier that funds for the settlement will have to be taken care of by the board of governors, can the Minister assure this House, and the students at Brandon University, that programs in the future will not have to be cut back to make up for the funds expended on this settlement?

**HON. J. STORIE:** Yes, Madam Speaker, I believe I can.

### Lapel buffaloes - shortage of

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

**MR. E. CONNERY:** Madam Speaker, to the Minister of Tourism, we're in the height of our tourist season. For the last few weeks, we've had an awful large number of school children coming through the Legislature. We've got groups of people coming to visit Manitoba and groups leaving Manitoba, but for all this while, we do not have the lapel buffaloes that the tourists can have. Can the Minister tell us if they have been ordered and when they will arrive?

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

**HON. M. HEMPHILL:** Thank you, Madam Speaker. I'm pleased to be able to say that they have been ordered, and I'll have to turn to my colleague to find out when exactly we think they're going to arrive, but they have been ordered.

We feel the same way. They're a marvellous promotion, not only for people outside of Manitoba, but for Manitobans. Everybody loves Manitoba pins.

**MR. E. CONNERY:** I ask the Minister of Government Services. We are told that they've been ordered. Has the order been signed?

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

**HON. J. PLOHMAN:** Madam Speaker, the tender has been let, if that's what the member has been asking. Insofar as how long it takes for them to supply, I would have to take that as notice.

**MR. E. CONNERY:** Madam Speaker, I would like to ask the Minister if he would review that order in the light that they can be made by this weekend and have the lapel pins ready for distribution this week, if there's a Winnipeg supplier can do it? The government owns the dye. They've paid for it, and all he has to do is give the order and the buttons can be made this week. Will he do this?

**MADAM SPEAKER:** Was that a question?

**MR. E. CONNERY:** Yes. Will he do this?

**HON. J. PLOHMAN:** Madam Speaker, I've indicated the tender has been let, and I can't say whether the supply will actually be done before this weekend, but we'll check it out, and encourage them to supply us as soon as possible. They're very aware that we want them immediately.

### Potash mine, Manitoba - status of

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

**HON. V. SCHROEDER:** Madam Speaker, I'd taken several questions as notice earlier in the question period.

First of all from the Member for Roblin-Russell in terms of the amount of work to be done pursuant to the agreement with Canamax. It is an amount of \$5 million over a two-year period. There's nothing specified as to Year One or Year Two. Project engineering and surface facilities is \$1.34 million; shafts, 160,000; mining, 350,000.00. In addition to that, there's potash test hole drilling, shaft pilot drill hole, land maintenance and acquisition, and environmental and planning studies, Madam Speaker.

Secondly, I also had a question from the Member for Lakeside in terms of Manitoba versus other references. I would refer him to Page 78 of the agreement, Clause 13.05, "Manitoba Preference. In carrying out their responsibilities and performing their obligations pursuant to this agreement, each of Canamax and Manitoba shall endeavour to purchase all necessary equipment, supplies and professional or other services within the Province of Manitoba where quality, prices and timeliness of delivery are competitive with outside sources. That being the case, I would hope

that agreement is being adhered to both by the Province of Manitoba and by Canamax, and I will do whatever I can to insure that, in fact, is happening.

**MR. H. ENNS:** Madam Speaker, just as a result of the Minister's responses, would the Minister undertake to investigate why a Manitoba drilling contractor from the Virden area apparently has been relieved from any exploration work having to do with the potash development?

**HON. V. SCHROEDER:** I had indicated I would undertake to do that and I certainly will do so.

### **Cutbacks, Federal - effect on province**

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

**MR. C. SANTOS:** Thank you, Madam Speaker.

I'd like to ask a couple of questions to the Minister of Finance. As far as the Province of Manitoba is concerned, can the Minister of Finance inform the members of this House, and the people of this province, whether his departmental staff has done, or he will be doing, any study or analysis of the negative effect of the federal cutback on federal purchases of goods and services in this province, on the level of spending in this province, compared to the other provinces?

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

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

I know that all members would be concerned at the latest reports with respect to federal purchases in the Province of Manitoba. We're seeing a situation whereby the purchases in Manitoba have decreased some 31 percent over last year.

You will recall, Madam Speaker, that last year the Federal Minister, when there was a report at that time by the Winnipeg Free Press, that it appeared mid-year that there was going to be some slippage in Manitoba, said that Manitoba was getting its fair share, and a Conservative MP at that time also said that there was no slippage and, before the press makes any comment, they should wait till the end of the year. We have now seen the year-end figures and they are down considerably. The impact on businesses and opportunities in Manitoba is quite considerable, Madam Speaker.

**MR. C. SANTOS:** Can the Minister inform the members of this House about the negative effective of this federal cutback in terms of loss of jobs for Manitobans?

**HON. E. KOSTYRA:** I certainly intend to ask staff and, in consultation with the Department of Industry, Trade and Technology and the Minister responsible, to review that matter to see what the impact is and to bring that to the attention of the Federal Government.

You know it's interesting, Madam Speaker, that on many occasions this government has indicated that Manitoba was not receiving its fair share from the

Federal Government and, consistently, members opposite and others have said any time we raise those concerns, it is merely fodbashing, but here we have the statistics that tell the true story, Madam Speaker, with respect to Federal Government actions in Manitoba. Yet, we still have representatives of the Federal Government, like Mr. Leo Duguay, who is a representative of the Federal Government — a fine man, members say opposite — but here we have this representative of the Federal Government sending out letters to Manitobans suggesting that the position of this government is merely smoke and mirrors and dishonest. Yet, every time we raise these concerns, Madam Speaker, we know that Manitoba isn't getting its fair share and we'll continue to press on the matter, what the Federal MP's try to do to cover up the actions of their Federal Government.

### **Manitoba Public Insurance Corporation - signatures on pay cheques and forms**

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

**MRS. C. OLESON:** Thank you, Madam Speaker.

My question is to the Minister in charge of MPIC. Can the Minister inform the House why employees' paycheques and contracts of MPIC still bear the signature of fired chairman, Carl Laufer?

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

**HON. J. BUCKLASCHUK:** I'll take that question as notice and bring a response back very quickly.

**MRS. C. OLESON:** Will MPIC be preparing forms for the interim general manager?

**HON. J. BUCKLASCHUK:** Yes, Madam Speaker, as a matter of fact, all authorizations have already been changed. I know that part of the reason for Mr. Laufer's signature being retained is because it does take some time to make a new imprint; that is being done at the present time.

### **Manitoba Public Insurance Corporation - preparation and cost of new forms**

**MRS. C. OLESON:** Madam Speaker, I was wondering if the Minister could tell us what would be the cost to Autopac of destroying the forms that had been signed by Mr. Laufer.

**HON. J. BUCKLASCHUK:** Madam Speaker, I thought the concern was with Mr. Laufer's signature appearing on cheques. These are mechanically reproduced and a replacement has been ordered and, I believe, it will be in place very shortly.

### **Soft drinks - deposits on**

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

**MR. H. SMITH:** Thank you, Madam Speaker.

My question is to the Minister of the Environment and is prompted by the newspaper story this weekend. In view of the fact that Manitoba is one of only two provinces in Canada that do not have mandatory deposit for canned soft drinks, and given the fact that less than 10 percent of the empties are returned for recycling, is the Minister seriously considering making deposits on soft drinks mandatory this Session?

**MADAM SPEAKER:** The Honourable Minister of the Environment.

**HON. G. LECUYER:** Thank you, Madam Speaker.

There are currently negotiations ongoing with the soft drink industry and have been for some time. There was an agreement with the industry that they would voluntarily impose upon themselves a limit of, in Southern Manitoba, that 80 percent of the beverage containers would be retainable. With new packaging in the recent 18 months, new packaging and new substances on the market, that percentage has changed greatly. Since hiring a recycling coordinator earlier this year, we've given them a priority of trying to find ways of getting this issue back under control.

The industry has just, in a meeting that occurred on June 9, has indicated their willingness to hire their own coordinator, to put in place a system similar to that in Minnesota which seems to be an approach to control the non-returnable beverage containers, and we expect to have a proposal very shortly and we'll look at it with a view of implementing such in Manitoba.

### **Watershed Conservation Districts - approval of funding**

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

**MR. A. DRIEDGER:** Yes, Madam Speaker.

My question is to the Minister of Natural Resources. Could the Minister indicate whether the capital funding for the Watershed Conservation Districts in Manitoba has been approved?

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

**HON. L. HARAPIAK:** Madam Speaker, there is an interim capital being approved for the watershed districts at this time.

**MR. A. DRIEDGER:** To the same Minister, can the Minister indicate when the funding will be approved for the conservation districts?

**HON. L. HARAPIAK:** I expect that item will be approved tomorrow, Madam Speaker.

**MR. A. DRIEDGER:** A final supplementary to the same Minister. Could the Minister indicate how the conservation districts are supposed to proceed or complete their capital projects when half the construction year is already finished for this year?

**HON. L. HARAPIAK:** Madam Speaker, we recognize that there is some difficulty in terms of the timing. I have had a conversation with several of the members opposite with respect to the conservation districts that are in their respective areas. We have had discussions on that. We've tried to communicate to them the time line for this approval. I should indicate the item would be approved tomorrow. Its final approval will have to go before Cabinet on Wednesday.

### **Lake Manitoba levels**

**HON. L. HARAPIAK:** Madam Speaker, while I have the floor, I would like to provide some information in response to a question that I took as notice from the Member for Portage la Prairie last Thursday. The concern was with lake water levels on Lake Manitoba. I want to indicate from the information that I received that the desirable range of levels on Lake Manitoba is set at 247.15 as a minimum — that's metres above sea level — to a maximum of 247.75. The readings taken for the week ending June 21 indicated that the water level was at 247.66, so it is within the range that was set as a desirable level, Madam Speaker.

### **Misericordia Hospital addition**

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

**MRS. S. CARSTAIRS:** Thank you, Madam Speaker. My question is to the Minister of Health.

A number of my constituents have been concerned, driving by Misericordia Hospital, at the addition, expansion going on there, which has been indicated to be a parkade, shops and an overpass. Can the Minister assure this House that no health care money is being used in that particular addition?

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

**HON. L. DESJARDINS:** Yes, Madam Speaker, that is correct, except part of it, the power house, is the only one that is the responsibility of the Department of Health.

### **Deer Lodge Centre**

**MADAM SPEAKER:** The Honourable Member for Sturgeon Creek.

**MR. F. JOHNSTON:** Thank you, Madam Speaker. My question is to the Minister of Health.

I would ask the Minister of Health, I have had the opportunity to peruse the Deer Lodge Centre on several occasions in the past while, watching the construction and expansion, and it does not seem to be moving all that fast.

Is the expansion of the Deer Lodge Centre that the Federal Government put \$30 million into, on schedule?

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

**HON. L. DESJARDINS:** Madam Speaker, I've had the same concerns and I've been assured that, yes, it is on schedule, that all of a sudden you'll see much more action. The planning and so on, the preliminary work takes an awful lot of time. I'm told that they will be finished. They better be because we'll lose some of the funds if we're not ready at a certain time.

**MR. F. JOHNSTON:** A supplementary, Madam Speaker. Can the Minister inform the House when he expects that there will be extra beds in the Deer Lodge Centre for use for senior citizens?

**HON. L. DESJARDINS:** Madam Speaker, we've made the announcement on a number of occasions what the facilities will be like when the work gets finished and there has been no change to that.

**MR. F. JOHNSTON:** A final supplementary, Madam Speaker.

I wonder if the Minister could inform the House if there has been any decision by the Department of Health or the Health Services to defer any senior citizens accommodation, such as expansion or new accommodation, until the Deer Lodge Centre is finished, and I'm speaking specifically of the area of St. James-Assiniboia.

**HON. L. DESJARDINS:** No, Madam Speaker. Every year, the member will remember, during the Estimates, I bring in the five-year Capital Program and construction for health facilities and there has been no holdback of anything that had been approved, that I know of, not for the reason mentioned by my honourable friend.

### Compensation for Victims of Justice System

**MADAM SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Thank you, Madam Speaker. A question to the Attorney-General.

About a month-and-a-half ago, he indicated he would shortly have a decision for the House with respect to compensation for Mr. Sophinow and another person who was held in custody for some time as a result of a junior Crown Attorney not reading or being aware of the full brief; and when the senior Crown Attorney took charge of the case the charges were stayed.

Could the Attorney-General indicate to the House whether or not he or the government has made a decision on the principle of compensation in these cases?

**MADAM SPEAKER:** The Honourable Attorney-General.

**HON. R. PENNER:** Yes, Madam Speaker, the Member for St. Norbert is right in sensing that the issue really is a question of principle to be applied in cases where it is alleged that compensation is due, and that is quite a complex matter because we wanted to make sure that any principles adopted by us were in line with those proposed and under consideration by the other provinces and by the Federal Government.

I expect to be in a position to make an announcement some time during the course of this week.

**MR. G. MERCIER:** Madam Speaker, when the Attorney-General was asked this question possibly a month ago, he indicated then that the decision would be made within a week.

Can the House, this time, rest assured that this announcement will be made within one week from today?

**HON. R. PENNER:** Yes, I expect that it will be this week, and I regret that it hasn't been made sooner, but it has turned out, in some aspects of it, to be far more complex than I had realized at the time.

### Anola District Museum signage

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

**MR. G. ROCH:** Thank you, Madam Speaker. My question is to the Minister of Culture, Heritage and Recreation.

A few years ago the government promised the Anola District Museum, a non-profit organization run entirely by volunteers, that a sign would be put up on Highways No. 15 and 12 to indicate to the travelling public the location of the said Museum.

To date, no action has been taken on this matter, although it was promised. Can the Minister inform the House as to how much longer these people will have to wait before these signs are installed, especially given the fact that we're currently into the tourist season?

**MADAM SPEAKER:** The Honourable Minister of Culture, Heritage and Recreation.

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

I thank the member for bringing this matter to my attention. I will be glad to look into it as soon as possible and get back to him in the near future.

### Manitoba Lotteries Commission - appearance before Standing Committee

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

**MR. J. ERNST:** Thank you, Madam Speaker.

To the Minister of Culture, Heritage and Recreation, about a month ago I asked the question in the House, if the Report of the Manitoba Lotteries Foundation would be brought before a Standing Committee of the House.

The Minister at that time indicated she was hoping to do something in that regard, would advise us in due course. I wonder if she's now able to advise whether or not that will be before a Standing Committee.

**MADAM SPEAKER:** The Honourable Minister of Culture, Heritage and Recreation.

**HON. WASYLYCIA-LEIS:** Thank you, Madam Speaker.

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Yes, I'm pleased to inform the member that the Manitoba Lotteries Foundation will be a part of my Estimates as Minister responsible for Culture, Heritage and Recreation, but I would like to indicate to the member that if he has any questions at any time about the Manitoba Lotteries Foundations, he should feel free to ask me.

**MR. J. ERNST:** A question to the same Minister, if she doesn't mind, Madam Speaker.

Normally the process dealing with the Manitoba Lotteries Foundation Report is in the Estimates process. The question I asked earlier and again today is: will that report now be presented before a Standing Committee to be dealt with like the Manitoba Hydro Report or the Manitoba Telephone System or other utility operation, rather than simply under the Minister's Salary section of the Estimates?

**HON. J. WASYLICIA-LEIS:** I'd like to repeat the answer that I just gave the member and say that, for the time being, the Estimates for Lotteries will be handled in the same way it has been handled for the last number of years.

However, it's a very useful and interesting suggestion and we'll give it serious consideration for the future.

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

### COMMITTEE CHANGES

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

**MR. A. DRIEDGER:** Thank you, Madam Speaker. I have some changes for the Economic Development Committee. Connery for McCrae; Pankratz for Orchard.

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

**MR. H. SMITH:** I have some changes for the Standing Committee on Economic Development. The Member for Rossmere for the Member for Transcona.

### ORDERS OF THE DAY

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

**HON. J. COWAN:** Madam Speaker, it's our intent to move into Estimates today, so I move that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty, seconded by the Minister of Finance.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for the Department of Finance and the Honourable Member for Kildonan in the Chair for the Department of Community Services.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY — COMMUNITY SERVICES

**MR. CHAIRMAN, M. Dolin:** Committee will come to order. We are on Resolution 32 under Community

Services, Page 34, Item 4.(e) Family Dispute Services. The Member for Rhineland.

**MR. A. BROWN:** We have just received a copy of Hansard, which I haven't had really a chance to look at, but I notice that I was questioning the Minister just before we quit as to the cooperation between them and the police department. I wonder if the Minister can elaborate on that particular area as far as spousal abuse is concerned.

**MR. CHAIRMAN:** The Minister of Community Services.

**HON. M. SMITH:** We do cooperate closely with the police department. The Attorney-General's Department handles the charging side of it. We have put in a unit in the Public Safety Building to provide services to the women and referral, where appropriate, to look after that side of the issue. But there is close cooperation in the field.

**MR. A. BROWN:** When a complaint comes in, would it be the general rule that the police department would be contacted first, or what happens when a complaint comes in?

**HON. M. SMITH:** The usual route of referral is either self-referral, or through a phone call to a shelter and there's immediate counselling, then referral to police and/or medical people, as appropriate.

**MR. A. BROWN:** I understand, then, that the police would be the ones who would be going down and either taking the woman out of that particular circumstance or taking the husband out of the particular circumstance, whatever the situation would be. Is this correct?

**HON. M. SMITH:** Yes again, the shelters and the wife abuse crisis lines do get quite a wide range of calls. Sometimes it's a person who's just wanting to talk about what their options are, so that some women would come and perhaps choose to go home. The counsellor or social worker would call in the police where they felt there was danger or need, or if the woman requested it. But there are some judgment calls made because the woman is generally of adult years and has some range of options as to whether to proceed. But if anyone felt she was obviously beaten or in immediate danger, the police could be called by the social worker.

**MR. A. BROWN:** So it is the social worker who usually makes — more than likely I should say — would be making first contact with the family. Is that correct?

**HON. M. SMITH:** The number of cases are so varied. Many of the referrals will come with the police, so I couldn't generalize that it's usually one or the other. The police and the social workers are in close contact. It's just that, in the wife abuse field, sometimes a woman is coming to discuss her situation and may choose to go back to it. So it's a judgment call then whether the situation merits calling the police.



**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, I wonder if the Minister could give us some background on what's happening with the Committee on Wife Abuse. I noticed that they have moved out of Children's Home and have their own facilities now; I believe it's in the St. James area. I wonder if she'd indicate if there have been any changes in the funding for the Committee on Wife Abuse, and what role is it playing in the whole family violence area?

**HON. M. SMITH:** Essentially the same role. As they have matured, in a sense, some of the things they were doing are now being taken over by the committees or by a department. They continue to do public education and Outreach. For example, they have been involved this past year in reaching out to immigrant women.

**MRS. G. HAMMOND:** What committees is the Minister referring to, Mr. Chairman, that are taking over some of their duties, and what is the department taking over?

**HON. M. SMITH:** The way the wife abuse services have developed is that there have been local committees, 21, as a matter of fact, throughout the province. In order to qualify for money, the province is divided into seven regions and the volunteer committees must come up with a joint plan with the Health and Community Services people in the field in order to qualify for the monies.

**MRS. G. HAMMOND:** I had also asked about the department.

**HON. M. SMITH:** The department centrally does have a coordinator and then the department works through the regional Health and Community Services offices. That's where the joint planning carries on. Together, in general, the committees do the crisis phone lines and some initial counselling and then they use a referral system often to the Health and Community Services region.

**MRS. G. HAMMOND:** The committee for wife abuse in Winnipeg — I have a better idea of how the rural areas work — what happens when people phone into the crisis centre in Winnipeg? Do these people go out and pick up women as they do in the rural areas and transfer them to shelters, or how does it work?

**HON. M. SMITH:** In general, because of the proximity of things in the city, the women are encouraged to find their own way to the shelters. They do have one Outreach worker, though, who is available when needed. In other words, if a phone call comes in, a crisis call to the Winnipeg group, after listening to the concern, the person will be given advice as to where they can get help, you know, a variety of locations, Community Services offices, hospitals or the shelter.

**MRS. G. HAMMOND:** When the Minister is referring to the shelter, is that Osborne House? Is Osborne House still the only shelter then in Winnipeg?

**HON. M. SMITH:** Osborne is the main point of contact in the city for shelter services.

**MRS. G. HAMMOND:** If it's the main point of contact, then are there other branches?

**HON. M. SMITH:** It is the shelter. There are some other services, hostel services and so on, where a person may be referred to, but Osborne House is key organization.

**MRS. G. HAMMOND:** How many spaces does Osborne House have for, I guess for both women and children at one time?

**HON. M. SMITH:** There are 30 beds plus cribs so young children could be accommodated above that number.

**MRS. G. HAMMOND:** The stay at Osborne House is in the neighbourhood of how long?

**HON. M. SMITH:** Under 10 days.

**MRS. G. HAMMOND:** Yes, what kind of support is then given to women if they have to leave under 10 days but are not going back to their own home and reuniting with their husbands?

**HON. M. SMITH:** Again, depending on the need, if they're in a very violent situation they could move or be moved to second-stage housing. There was one major development with the social housing in the city where several of the suites with Support Services are designated for second-stage housing.

There is also counselling that refers them to a variety of other types of service. If they choose, they can launch an action under The Family Maintenance Act whereby it's possible for them to gain access to their own home and the abuser to be removed.

**MRS. G. HAMMOND:** Would the Minister have any idea how often that latter action has been taken?

**HON. M. SMITH:** We don't have numbers on that. Again, one of the thrusts in this area is to develop statistics so we do have a better way of measuring the need over several years, but we don't have that statistic at hand.

**MRS. G. HAMMOND:** Osborne House, is it usually filled or is there need for a second shelter in Winnipeg?

**HON. M. SMITH:** It's not usually working at capacity. That's one reason we've developed the second-stage housing and why we're helping people, if necessary, to launch actions under The Family Maintenance Act so that it becomes an emergency for stop but the sooner we can move people on into other situations, the better.

**MRS. G. HAMMOND:** Yes, I'd just like to go back, if I may, a minute. When I asked the question about what happens to women who phone in, who are in abusive situations, I believe the Minister indicated that these women and children have to find their own way to either shelter or to get help.

Is there any type of help that is sent by the person on the crisis phone to these people or do they have to take all the action themselves?

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**HON. M. SMITH:** Well, I think I said earlier that there was an Outreach worker available as needed under the Manitoba committee, but in fact what most of the women want is advice and referral and most of them, if they choose to move out of that situation, are quite prepared, if they know where to go, to go on their own.

Should there be any indication of violence or a situation beyond the person's control, well then there are some emergency actions that could be taken, but in fact we find, given the chance to talk this situation through and finding out what their options are, that most women are able to take the next step on their own.

**MRS. G. HAMMOND:** Yes. If a woman is forced to take a taxi in the middle of the night and not having any money, does Osborne House cover that type of expense?

**HON. M. SMITH:** Yes, that kind of support is available. The police often are involved in assisting so that I don't think we're running into a situation with people stranded for want of transportation or knowing where to go or lack of money.

**MRS. G. HAMMOND:** Yes. I want to ask about the — I have a type of a brief from the Dauphin Crisis Centre that was indicating that there were many shortcomings with the safe homes.

Is the safe home the main shelter in most of the rural areas or what are they doing to alleviate the system?

**HON. M. SMITH:** The regions are responsible for the basic planning for their network of service. There are, in fact, four shelters in the province — one in Winnipeg, one in Brandon, one in The Pas and one in Thompson. So Dauphin, at the moment, does have the safe home network, but again, the regions are the ones that are to identify their need and determine how to access the resources.

**MRS. G. HAMMOND:** If a region would like to start up a shelter, what type of funding is being given to the regions to start up a shelter?

**HON. M. SMITH:** To date, when regions look at ways to meet the need, they and the Regional Health and Community Service people look at the level of demand. Where there would appear to be enough demand to merit a shelter, then the next stage of funding would be looked at. I understand that in Dauphin, for example, the current problem, the need level has not been sufficiently high to merit a shelter.

**MRS. G. HAMMOND:** Are those figures the department's figures or is Dauphin suggesting that there's not need for a shelter?

**HON. M. SMITH:** As I said earlier, the accessing of any monies by volunteer committees in the area must depend on their developing a joint plan, with the Health and Community Service people. That means that they must talk with one another and come to some agreement on the need level.

The Dauphin Crisis Centre has received a very significant increase in grant year-over-year. They were

\$18,000 in 1984-85, and in 1985-86, they received \$43,500, so there has been an upgrading of the response time.

Now, the Dauphin Centre, their normal process would be to work with the local Health and Community Service people and come up with a joint plan. If they had any concern about that process, they could always appeal to the provincial coordinator, or to ourselves. So I would take their brief as step one in that negotiating process.

**MRS. G. HAMMOND:** Could the Minister give an indication, in light of election promises, how much money — what kind of support is going to be given to agencies like the Fort Garry Resource Centre, and is it going to be — I have a press release here that she put out on the centre — is it going to be ongoing funding?

**HON. M. SMITH:** The Fort Garry Women's Resource Centre was offered, on an annual base, \$100,000 for core funding. Now, that's contingent on us coming to some basic agreement on accountability. A centre, such as Fort Garry, could then apply to deliver specific services to be funded by any other agency they chose, but this would provide basic core funding for their operation. We have made the offer to them and we're in negotiation with them.

**MRS. G. HAMMOND:** What is the department specifying as being the core funding?

**HON. M. SMITH:** For the Fort Garry, which is probably one of the larger centres, we're looking at the equivalent of two staff and one support staff and rent. So that would give them a focus to work from, because much of their work is done with volunteers. Then if they developed any specific programs where service could be purchased from them, they would be free to apply to government for something of that sort. But the core funding would be on that order.

**MRS. G. HAMMOND:** The Fort Garry Resource Centre, now did the Minister indicate that this money will be ongoing? They've got it this year; will they have it next year; what other resource centres will be funded in this manner?

**HON. M. SMITH:** Yes, for the Fort Garry on the condition that the basic criteria be met, which are fairly limited from our perspective but where we have to build in some accountability. The others, we will initially respond when we're approached and then, over time, we will develop criteria for the Outreach in that field.

**MRS. G. HAMMOND:** In the Minister's news release, it indicated that provincial funding was 61,000 and the Secretary of State was 24,000.00. I believe that the Federal Secretary of State made two grants to the Fort Garry Women's Resource Centre to an amount of 48,000.00. I was wondering if the Minister was aware of that.

**HON. M. SMITH:** To our knowledge, there's been nothing for this year and nothing that would be considered core funding. Women's Resource Centres

right across the country have been struggling with this problem. They had been getting the equivalent, I guess, of core funding from Secretary of State, sometimes on a diminishing basis. Some had them from temporary employment programming, but there had never been an agreement, federally or provincially, as to who should bear the responsibility.

As far as we were concerned, it was a program that was started by the Federal Government and unilaterally discontinued. They said it wasn't their responsibility. But there was never any negotiation as to which jurisdiction should pay for core funding for Women's Resource Centres, and that's been part of our frustration.

**MRS. G. HAMMOND:** In the press release, you were talking about last year's funding which was 61,000 from the province and 24,000 from the Secretary of State. What I'm stating is that it was 48,000 from the Secretary of State last year, and that's a considerable difference.

I'll ask the Minister a further question on the funding with the Federal Government. I think we might have been into this earlier on in the Estimates. Is the government actively involved in negotiations with the Federal Government to see how they want to get this type of funding, if the province will do all the core funding and the Secretary of State or the Federal Government then will get into the program type of funding? Are there any ongoing negotiations at this time?

**HON. M. SMITH:** I heard the member ask whether there was negotiation, and then she set what she thought the terms were.

**MRS. G. HAMMOND:** No, I was saying, is that . . .

**HON. M. SMITH:** Well our problem has been that they have unilaterally determined that they accepted no responsibility. So from our point of view, we haven't been able to engage in any dialogue over it. There's just been a unilateral decision at their end.

**MRS. G. HAMMOND:** In spite of it being a unilateral decision, has her department made an effort to get into negotiations about funding for the shelters and the resource centres to see what kind of arrangement can be made, if any?

**HON. M. SMITH:** The shelter issue, we've been under constant discussion at the Social Services Ministers' meeting. They're funded somewhat differently than the services that we're talking about here.

Under the Status of Women, there have certainly been direct approaches to the Secretary of State on the core funding issue with no positive result. On the social service side, there just has been a unilateral statement over and over again of no responsibility being accepted for core funding. We would prefer a negotiation and discussion. We have not been able to get that type of response, just a refusal to accept responsibility.

**MRS. G. HAMMOND:** During the election, it was mentioned that there was going to be funding for community groups, I believe it was. I'm not sure what

the wording is. What type of funding was your party referring to, and who will be getting the core funding?

**HON. M. SMITH:** Since most election commitments are longer-term commitments, the detail of that is being worked out, but basically the intent is to help self-help and advocacy groups at the community level, and to include women, seniors and youth. Just how those will be divided up or what the process for accessing will be is being worked out at the moment.

**MRS. G. HAMMOND:** How many resource centres are there both in the city and in rural Manitoba?

**HON. M. SMITH:** The definition is a loose one at the moment. There are three women's resource centres that would be somewhat similar, one in Thompson, North Winnipeg Women's Centre and Fort Garry. But there are many other programs out there that have a component of resource centre functions.

**MRS. G. HAMMOND:** How is the North Winnipeg Women's Resource Centre funded?

**HON. M. SMITH:** They have core area core funding and some project monies from a variety of sources. They haven't approached us as yet.

**MRS. G. HAMMOND:** I guess this is maybe more hypothetical than I should be asking, but was the Minister planning to get core funding in place so these groups could be ongoing? I guess I'm specifically referring to the North Winnipeg Women's Resource Centre because, unless the Core Area Initiative continues — is there funding from year to year from the Core Area, or are they on a five-year plan? Just how do they secure funding?

**HON. M. SMITH:** To my knowledge, no resource centre across the country has been able to plan ahead with any security of funding. It's part of the difficulty. This particular group, because they started up under core, would have had no more, no less security than any other core program, which was no security until the new agreement was negotiated; again, I guess they take their chances along with everyone else under the new agreement, which I understand has now been concluded. In the long run, we have indicated that we see these groups as playing an important role. On the other hand, it's one of those types of programs that requires fairly careful design so we can ensure that what are always going to be limited funds are well targeted.

The main principle behind them is the recognition that particular groups in society don't always know how to access services that are out there, and they often suffer from a variety of disadvantages, the most important of which is often a feeling of alienation and isolation. It's been found for some of those groups that resource centres provide a first stage of a place to build self-concept, draw strength from a peer group and sort out decisions and opportunities that are available, whether it's education, training, volunteer work, or just improved quality of life. So, these are first-stop places where people can get information, peer

support, and while sorting out their own problems, remain to help other people in that group.

**MRS. G. HAMMOND:** Yes, in the Thompson Centre, where does its funding mainly come from?

**HON. M. SMITH:** We've been funding them to the level of 77,000.00. They also have access money under the Native Alcohol and Drug Abuse Program, under which they've hired a couple of women to go out to reserves and work with chiefs and bands to develop wife abuse committees on reserves.

**MRS. G. HAMMOND:** I've got the list in front of me of the shelters — I guess it's centres and shelters — could the Minister indicate what kind of funding is being given generally to the Committee on Wife Abuse for the regions, or is the funding going that way still?

**HON. M. SMITH:** That committee has a province-wide board. As a matter of fact, in the past year their Chair has been a non-Winnipeg person. They get the same funding year over year and they are a Manitoba-wide committee. Again, they're an advocacy group that has helped develop some of these volunteer committees and then they've had the crisis line service. They receive a grant of 189,500.00.

**MRS. G. HAMMOND:** Is that allocated for the regions or is that just for the committee and its staff?

**HON. M. SMITH:** Well, the committee is a province-wide committee, so they work in the regions. You do have a sheet that gives additional monies that are given to the regional committees. The Manitoba committee — I guess you can think of it as at the front end of the line — it does some education or advocacy to government and for individuals and some organization of volunteers. But then once the committees in the regions are organized, they can access the provincial program and the listing of the monies on the sheet that I distributed means the different regions and the groups within who are receiving substantial amounts of money.

**MRS. G. HAMMOND:** Are all the regions now organized and do they all have shelters or organized groups set up, as far as crisis lines and that sort of service?

**HON. M. SMITH:** The crisis shelters, there's the four big ones, then there's the safe homes. The committees provide the crisis line and the peer counselling and referral information and referral public education. They do a lot of public education in their own communities.

**MRS. G. HAMMOND:** Are the regions finding it difficult — when they're dealing with so many volunteers — in keeping their volunteers and able to survive? When they start to enlarge, are they able to keep their volunteers to keep the program going, or is it a matter then of starting to hire staff?

**HON. M. SMITH:** In some areas a lot of the initiatives started with volunteer groups. There has been some burnout and some turnover. In other areas, the initiative came from our coordinator to try to ensure that these

committees covered the whole province. The actual funding requires joint planning by our staff and the local committees and the attempt has been to keep some kind of balance. In other words, they get the money where they have been able to recruit and hold volunteers. They don't get it unless they do.

We hope that the volunteer component can be sustained, but as with many other programs, in a sense, we have to learn as we go. We think there's some advantage in the volunteer component because of the terrific enrichment of the program. Often a woman in need, who feels some stigma and so on, will approach a volunteer that they feel is not part of any official group, more readily than they might an established office. Other people might prefer the professionalism or anonymity of an office. I think one of the strengths of this program in Manitoba has been our ability to date of keeping the mix of volunteer groups and staff services.

**MRS. G. HAMMOND:** Portage la Prairie has secondary stage housing. Do any of the other regions, outside of what was mentioned in Winnipeg, have that housing?

**HON. M. SMITH:** Thompson has some.

**MRS. G. HAMMOND:** How are the women in the rural areas managing as far as being in safe homes, where there isn't secondary stage housing, and where there is such distances to travel in many cases; what is happening with these women? Are they having to go back to a situation more often than say might happen in the city where housing might be more readily available?

**HON. M. SMITH:** Well, we're learning as we go. Each program is evaluated. The second-stage housing is going to continue expansion through MHRC and where women who are on welfare can use their payments to access the MHRC housing. I think it's a question of us allowing the system to grow at a slow and thorough rate based on need and not letting it get, in a sense, too rich, and then find that the need drops off. In other words, we're building slowly and trying to be sure that all the components are there.

**MRS. G. HAMMOND:** What kind of advocacy are there for these women to access lawyers, day care, just generally living, possibly training or retraining?

**HON. M. SMITH:** We're finding the cooperation between the peer groups, the local women's groups and the local health and community service regions working very well. That's where the coordinators of day care, home care, all the variety of services and the local police probation people, is working well; that is the function of the volunteer groups to help them access that type of service.

**MRS. G. HAMMOND:** What kind of training are the advocates given in all the areas, and who does the training?

**HON. M. SMITH:** We're negotiating with New Careers to get some more specific training; but the abuse groups

themselves, the committees, do hold workshops and in some respect — the Manitoba Committee on Wife Abuse has done a lot — in some cases the nonprofessionals have probably acquired a degree of hands-on expertise not necessarily equalled in the professional community. But I think it's a case of where we've tried to pull the two groups together as much as we can and have them learn from one another.

**MRS. G. HAMMOND:** Do many of these women — or any of them — after getting this expertise, are they hired when there's money for staff for these groups?

**HON. M. SMITH:** Well some are. I think one of the historical patterns for women is often that confidence and experience attained in volunteer work then stands them in good stead to access paid employment or focus training.

**MR. A. BROWN:** Thank you. I was going to zero in specifically on the Central Region and ask a few questions on that.

From what I gather is that the funding for the Portage Women's Shelter Incorporation by the government would be \$51,000; is that correct? And the South Central Committee on Family Violence would be \$36,000.00.

Okay, the South Central Committee on Family Violence, I know that Morden and Winkler got together and they have a shelter over there or they have the family violence counselling available. So did Altona.

Is Altona still operating or would all of this money, this \$36,000 be going to the Winkler-Morden area, or are there any other areas within the Central Region which would be receiving some remuneration from this area?

**HON. M. SMITH:** The Altona group are still functioning but they haven't asked for money.

**MR. A. BROWN:** Well that's strange.

**HON. M. SMITH:** My hat's off to the community.

**MR. A. BROWN:** I know some of these service organizations are getting quite involved with this, so are the churches. It's a program, incidentally, which I want to compliment the Minister on. It seems to be going over very well and it's very well appreciated by the communities. So I have heard no criticism. The only criticism I have heard is, where are we going to get the few dollars from so that we can continue operation?

So with the Winkler-Morden group, would they be the ones receiving this \$36,000 grant or is any other community involved?

**HON. M. SMITH:** That's basically the Winkler-Morden areas. I don't know how far their Outreach works. Those are probably central communities for a lot of people who live in the surrounding area.

**MR. A. BROWN:** It certainly is the area which has, by far, the largest population out that way, so you would be servicing most of the community by having one in Portage, I suppose, and one in that particular area.

Problems with the Native situation — I suppose that some of this would fall under Thompson and some under Parklands and some in the Norman region — are we servicing the Native population fairly adequately as far as the Minister is concerned, or is there a lot left to be desired?

**HON. M. SMITH:** On the off-reserve, Thompson has been certainly servicing a lot of Native women in its program and it has also been providing an Outreach to develop committees on reserve.

Then in the city we have put a Family Violence Coordinator at the Ma Mawi Wi Chi Itata Centre to initiate development of culturally appropriate services in the whole family violence area.

With regard to the status Indians, one of our big problems has been that on-reserve Indians are the responsibility of the Federal Government and the Federal Government has not, to date, seen fit to fund any of these programs.

Not only that, because of the dispute that the reserve Child and Family Service Agencies and other reserve organizations have had with the Federal Government in terms of the adequacy of funding for the services that they've undertaken to provide, until that gets resolved expecting the reserves to make many advances in this field is probably too much to expect.

In spite of that, the Indian Child and Family Service Agencies have been doing quite a lot of work with their own people in education programs in the abuse area — both child abuse and wife abuse — or family violence, as we call it.

**MR. A. BROWN:** I notice, Mr. Chairman, that the total budget is relatively small. We're talking about \$1.665 million.

Is the Minister negotiating with the Federal Government and attempting to receive some funding from them, or is this amount too small for the Minister to see if she can get some federal funding for it?

**HON. M. SMITH:** We've been discussing this issue quite heatedly at Social Service Ministers meetings and at Status of Women meetings at the federal-provincial level. We have an application in under the Canada Assistance Plan to see if we can get some cost sharing.

To date, nothing has happened and I understand that the wife battering group under the Status of Women got dissolved and referred over to Health and Welfare. So, really, I shouldn't perhaps refer to that one specifically here.

But it's been very frustrating to get any action at that level beyond the sort of collection of sort of a list of problems. We haven't yet been able to get a commitment to the continuous services required to address this issue.

**MR. A. BROWN:** Do other provinces have the same type of program or a program similar as what we have in Manitoba?

**HON. M. SMITH:** Most of the other provinces have done a bit under public education or have either developed shelters or are looking to that. There's no province that we're aware of that has developed as

much at rural Outreach or as balanced a program as we have. In going for the shelter option, they tend to develop a very crisis-oriented service and also build up the most expensive type of service.

What we're trying to do is provide the continuum, both geographically and in terms of costliness of service, so that we get the best value for our dollars. We're often called on to make presentations to show just the steps that we've taken and the way in which we've developed this community-based network.

**MR. CHAIRMAN:** 4.(e)(1) — the Member for Kirkfield Park.

**MRS. G. HAMMOND:** Looking at the list that was handed out today, I notice that the Minnedosa committee didn't receive an increase. Was there any reason for that?

**HON. M. SMITH:** The amounts are worked out in a negotiated way at the local level. There has to be some justification in terms of numbers of calls, identified cases and so on. In a sense, we don't determine that from the centre. We've put a cap on the allocation per region and require that they come up with a joint plan with the staff in the region, but beyond that, we let them use their own discretion as to how the monies are allocated.

I should say that we also feel that a great deal has been accomplished on a relatively slim budget, but I do want to add that the shelter per diem rates and the expenditures there are funded through the — they would show up in the Economic Security budget, not in ours, so that this is the non-residential package of services.

**MRS. G. HAMMOND:** Under the Eastman region, that EVCO, did that then evolve into the Steinbach Family Crisis Centre? Is that what happened there?

**HON. M. SMITH:** Yes.

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

4.(f), Children's Special Services — the Member for Rhineland.

**MR. A. BROWN:** Thank you, Mr. Chairman. Maybe the Minister could give us a rundown of this particular area. I believe that St. Amant is probably the major expenditure, but maybe the Minister could give us a rundown of just exactly what Children's Special Services entails.

I would like to give notice that we will be asking for a detailed accounting of External Agencies.

**HON. M. SMITH:** The last question first. The External Agencies, St. Amant is the only one receiving funding under that.

This group has been set up in this department to provide general program direction, standards and evaluation for services to mentally handicapped children and their families. The services are delivered by regional operations. So this is the central coordinating role.

**MR. A. BROWN:** What makes (f) separate from the other — where were we — (b), I guess it was, the other

mentally retarded programs? Why do we have St. Amant in a special area?

**HON. M. SMITH:** That's a good question. The focus is on children and families here and the intent is that this group develop what we call generic services for children. Instead of taking their labels of mentally handicapped or physically handicapped or socially disadvantaged or whatever, what we want to do is have this group responsible for providing all the special needs of children and families beyond what would be handled by The Child and Family Service Act.

This will provide things like respite for parents of special needs kids, some referral to day cares and so on that will meet their special needs, that type of thing, infant stimulation programs for the youngsters.

**MR. A. BROWN:** How many children have we staying at St. Amant now, and if the Minister could give me a breakdown as to what level of severely handicapped or whatever?

**HON. M. SMITH:** It's a total of 268, plus six who are in on a temporary stay respites, for a total of 274.

Up to age 8: 39 profound, 9 severe and 3 moderate; age 9 to 17: 76 profound, 38 severe, 10 moderate and 1 mild; age 18 to 26: 56 profound, 14 severe, 4 moderate and 2 mild; age 27 to 35: 9 profound, 3 severe and 1 mild; over 36: 2 profound and 1 mild.

176 of the total are children, so that leaves almost 100 adult.

**MR. A. BROWN:** What is the Minister's plan for St. Amant? Under the Welcome Home Program, how many persons will she feel are going to be moved out of St. Amant, if any?

**HON. M. SMITH:** We have no direct plan to downsize. What we are doing is providing families with more supports in the early stages of their having a disabled youngster, things like the Infant Stimulation Program, specialized day care, specialized education in the schools, respite care for the parents, some use of foster parents so that the intake at St. Amant will no doubt slow down.

We haven't projected at this point any goal, but we're monitoring the situation as we go. It could in time be used — well, it's part of the total institutional care resource in the province. Since we've had more services and supports in the community, ten parents have asked for their children to go back into their homes from St. Amant. However, there will be some moved from MDC to St. Amant. It's quite, as institutions go, it's a very well appointed — the physical facility is in very good condition and it has a lot of additional amenities, as any of you who visited there would know, so that as we try to stabilize our institutional and non-institutional populations, it will no doubt continue to be used fully.

**MR. A. BROWN:** Can the Minister tell me whether there is an increase of the handicapped, whether there is a need for more people? We all realize that the handicapped are living longer, whereas most of them used to die before the age of 18. They are now getting to be older. Can the Minister tell me whether there is

an increase for demand for extra beds or is the population relatively stable?

**HON. M. SMITH:** There's not a simple answer to that question. More disabled people are being kept alive through medical science. They are, through improved health care, being kept alive longer; but at the same time we're developing more skill and options for care in the community, either support to the family or to foster families or with group homes and so on.

There's a phenomenon that we've identified in the Welcome Home Program, and that is the aging care giver along with the disabled, living longer. Many of their parents, who've managed quite well through most of the young person's life, themselves are facing a more infirm stage and some of those people require alternative care.

We have no fixed ratio between institutional and community care that we feel is a goal, where for the time being we are downsizing institutional care where we can show that the community care is adequate and we're providing as much preventive, developmental support service in the community for the young ones. We keep reading the figures and seeing where we are.

I think our principles are that the disabled have a right to live in the least restrictive environment, compatible with their need for protection and special services. So we're trying to build in the full range of options for them.

**MRS. G. HAMMOND:** Where would the funding come from for something like the Special Olympics? What department would that be?

**MR. CHAIRMAN:** I believe that's Fitness and Sports, under the Ministry of Health.

**MRS. G. HAMMOND:** Would it come under that, rather than your department?

**MR. CHAIRMAN:** Yes, you could consider that in the Estimates there.  
The Minister of Community Services.

**HON. M. SMITH:** Yes, because when we talk about generic approach, we're saying in time special housing should come under Housing and special transport under Transportation, special recreation under Recreation.

**MR. CHAIRMAN:** 4.(f)(1) — the Member for Niakwa. The member could just raise his hand; don't panic.

**MR. A. KOVNATS:** Thank you very much. I was just following the procedure I thought to be proper. I just didn't want this item passed before I had an opportunity of asking the Minister a couple of questions on it.

Really, it was brought about in an article that I had read over the weekend concerning a group called L'Arche that are in the province and doing a wonderful job, by the way; but it goes back to group homes, somewhat to the group home and if the Minister would prefer, I could ask these questions under Minister's Salary, but I thought while she had the staff here that it was somewhat in line and not out of order. If the Minister would just nod her head saying it's okay, I'll proceed.

I would just like to find out, on these group homes, and I do have a couple in my constituency and I went and checked them out because after the last discussion I became more and more interested in it. I have one on Cherry Crescent which is operated by L'Arche. That's not the correct pronunciation, en français, L'Arche, Winnipeg Incorporation at 20 Cherry Crescent; and the other one is under Amber Homes Incorporated at 1171 Patterson Street, which are both in my constituency and both very well kept locations and close to all of the amenities, shopping, schools, playgrounds and things of that nature.

So I've had my eyes opened a little bit and I'm checking it out, but I would like to find out from the Minister who chooses the people who are going to live in these locations, who pays for the locations, who pays for the people who service these locations, the people that look after them and do the parents have any say as to who's going to be moved to what locations, if there's any choice by the parents, or is this done by the institution in their choice of moving them out of the institution into group homes?

I have some other questions, but I think that's enough to get started.

**HON. M. SMITH:** I'll start with the planning process. A plan is developed in a cooperative way with Community Services staff, parents, service providers, any significant others related to the individual, and the person themselves, to the degree they're able to contribute and/or an advocate.

Their proposal or plan then goes to a regional prioritization committee. When the location is determined, volunteer groups often initiate and may contribute some of the mortgage money but failing that, we take out a mortgage under the MHRC and build in the repayment into the per diems that are paid. The levels of need of the individuals are sorted out and there's a different per diem payment based on their level of need, the need for their supervision. There's a 24-hour planning process to ensure that all their protection needs are adequately planned for.

The staff would be hired by the board, we set up a board in a group home. It's paid by the board with the monies that they get for basic capital plus per diems. Our department pays a sliding scale on capital up to a ceiling per day and we have a sliding scale per diem based on the kind of need required. The board has that budget and then they hire and pay the staff.

**MR. A. KOVNATS:** Can the Minister advise how a particular location is chosen?

**HON. M. SMITH:** The volunteer boards, do most of the hunting for location and then they would submit it to the regional group and the licensing group in our department and then if there's any zoning requirements with the municipal government they would go through that as well.

**MR. A. KOVNATS:** Are locations chosen to facilitate the background of some of the people that might be going to be living in these locations? Might I just suggest somebody of Roman Catholic background in a Roman Catholic area. I don't mean to be flighty about this but

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are their needs looked after? Are their needs looked after for their religious background, their ethnic background and things of that nature?

**HON. M. SMITH:** In the past, there was not an orderly system for planning for individuals and often families were faced with either managing at home with no support, or of placement in an institution. And then a series of volunteer groups started to try to initiate options and sort of seek out people who they could accommodate so that there may not have been any control on the placement according to the factors you've identified. But part of our whole Welcome Home and Special Children's Services planning process is to accommodate the very factors that you have named. The priority is for people to be located near their community of origin and as close as possible to relevant services and there's a lot of sensitivity to religious background, cultural background. It's not 100 per cent, you know, there's not a separate ethnic house there for everyone but there are Jewish homes and Catholic homes and non-Catholic. So there is an attempt to be as sensitive to those factors as possible.

**MR. A. KOVNATS:** I understand and the Minister has given me the right answers. I do appreciate the comments that she has made. Can the Minister advise whether any of these homes, particularly the one on Cherry Crescent, which is very, very close to a complete français school — are these considerations because — would the children have a choice as to what school that they will be attending and who makes that choice for them?

**HON. M. SMITH:** We think that that's an adult home so that the question of school attendance wouldn't be as crucial. However, to get back to the educational issue, the education system under bill whatever-it-was in the Seventies has the responsibility of providing for special needs children. We've been working with the Department of Education and increasingly with the school boards to define a process whereby some of those questions are answered. I think it's fair to say they are not all answered yet.

The question of the right of a parent or a child to choose over against the right of a school board to set up programs of a certain size for efficiencies and type of program is still being debated but we're working with that group and encouraging them to address those issues, and I think with more and more disabled people remaining in the community those school boards who don't initiate on their own will find that there's parental pressure to resolve those issues. I think there's already the odd case where a parent is insisting on the right for a child to go to a local school and the school board are saying, well we can't really provide adequately at that school but we can within our division. So those are education issues which I think would be appropriately raised during the Estimates of my colleague on the other side of the table.

**MR. A. KOVNATS:** The Minister is probably right that they should be raised under the Department of Education but this is the first opportunity that I've had. I thought I would ask a few questions of that nature

because when I've asked questions in other departments they keep referring me to other departments so I thought I would . . .

**A MEMBER:** You're getting the runaround.

**MR. A. KOVNATS:** That's right. Well, I don't like to use the word runaround. The Minister has never given me the runaround yet. This might be the first.

**HON. M. SMITH:** Is that a challenge, Abe?

**MR. A. KOVNATS:** Well, it might be, it might be. I had just made those remarks and I was sorry that I was away when the other parts came up. One other part, the actual training of the people that are going to be looking after these homes. Whose responsibility will it be to actually train them because, you know, you're moving them out of a facility where they've got very, very highly trained personnel to work with them in all regards. And now you're moving them into a smaller location. I think this location on Cherry is going to have five persons living there. How much personnel does it require to look after those five people? Do we balance it off that — is it really worth it? I know that there's great benefits into moving them out of institutions and into the areas but is the cost going to be that prohibitive comparatively?

**HON. M. SMITH:** The staffing in the homes is what we call differentiated, in other words, some people with higher level of training than others. There's also a network of support services, behaviour management or crisis intervention, medical help or mental retardation worker advice. So that there's those two elements. The actual specific training — Core Area Initiative has been funding for two years now a training program. There were 28 grads the first year, there's 30 now being trained. In addition, we have a cooperative training contract with Association of Community Living where we're providing joint in-service and skill upgrading classes. We're very conscious of the need to train people in the community to provide the support services and are working closely with the Department of Education in planning ahead.

We also have a number of specialists who will be coming on — we mentioned them under the Welcome Home Program — some speech therapists, behaviour counsellors, etc., because we realize we need that specialist resource out in the regions.

**MR. A. KOVNATS:** Just to finish it off now, the Minister has suggested all kinds of experts to assist in the training of the people moving into these group homes. I appreciate that. I have to be talked into it. It sounds like a real good program and I accept it, at least until such time I see that it's not working. I see that it has every opportunity of working.

What type of facilities — and, you know, sports has been my background, and I think that sports is a great therapy and a great builder of people. I think this is what we need. Do we have anything special set up in recreation or sports to accommodate these people, not just in my location but throughout the province?

**HON. M. SMITH:** On our provincial steering committee on Welcome Home, we have a representation from the



Provincial Recreation Association because we expect the generic services, as it were, the recreation services to meet the needs of the people in their area. They are also showing a special interest in the recreational needs of this group. There is of course the pioneer work done by Special Olympics in the community to meet the recreational needs of this group. Again, I think it's an area that has almost open-ended possibility for life enrichment.

**MR. A. KOVNATS:** I'm not going to get into the Special Olympics, although I think it's a great thing and I'm glad the Minister mentioned it. I would be very strongly in support of it, because of its therapeutic value for one thing. You know, these people should have the opportunity to excel in whatever they can. They've got so little going for them anyway, but I think that something like this is a great thing. I strongly recommend it, and I hope that the Minister would support the Special Olympics to a great degree.

I think that's about all I wanted, and I thank the Minister for allowing me to make those few comments. She's relieved my mind on a few of the questions and a few of the things that were bothering me and, not to prolong it anymore, I just say thank you.

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

Resolution No. 32: Resolved that there be granted to Her Majesty a sum not exceeding \$89,011,000 for Community Services, Child and Family Services, for the fiscal year ending the 31st day of March, 1987—pass.

The next item, Resolution No. 33, Page 35, Item 5., Corrections. I would think perhaps since we're going to interrupt the proceedings, maybe the Minister can make an introductory statement. I suspect the Member for Rhineland was going to ask for one anyhow. Then we can interrupt the proceedings and go to Private Members' Hour when we return. Is that agreed?

The Minister of Community Services.

**HON. M. SMITH:** My Deputy is trying to update me on some reorganization that we've been doing in this area. What I think I will do is present the organization as it's here in my background, and then I'll provide you with a little comment on the reorganization after dinner.

This area has moved from 480 to 490 staff years. Basically, it provides care and rehabilitation programs for inmates of adult correctional institutions.

The Administration, 095A, unchanged in staff years, 10 each year, and the increases are basically just salary adjustments.

This is where we have the central administrative direction for both adult and juvenile community and institutional correctional programs. It operates under the supervision of an ADM and provides direction to juvenile corrections, probation services, and adult correctional institutions.

It is also responsible for providing support services, including investigations, inspections and audits, general and specialized admin functions.

As I say, it's the same 10 staff that we had last year, one ADM; one chief investigator; one senior policy

analyst; one policy analyst, a non-senior one, I guess; two admin and financial support; two clerical; and two term.

We could move on to adult corrections if the members have no questions on the Administration.

**MR. A. BROWN:** Mr. Chairman, I would like to have a chart, if I could, of the structure of Corrections in each and every area.

**HON. M. SMITH:** You've got it already.

**MR. A. BROWN:** Is the chart in there? Okay. I don't know if I have that one with me; I probably have that one in my office downstairs.

That's fine, if we could have that for later.

**HON. M. SMITH:** You have it already.

**MR. A. BROWN:** I don't think we want to move on, Mr. Chairman.

**MR. CHAIRMAN:** The time being 4:30, it's time to interrupt proceedings for Private Members' Hour. We will return at 8 o'clock.

## SUPPLY — FINANCE

**MR. CHAIRMAN, C. Santos:** This section of the Committee of Supply, we'll be dealing with the Estimates of the Department of Finance. We shall begin with a statement from the Honourable Minister who is responsible for the department.

**HON. E. KOSTYRA:** Thank you, Mr. Chairman.

I would like to make a few remarks on the introduction of the Estimates of the Department of Finance. Copies of the supplementary information with respect to the operation of the department have been made available well in advance of the review of these Estimates this year. I believe that providing this more detailed information to members will allow hopefully for a better understanding of operations of the department.

I'd like to briefly cite a number of ongoing activities that may be of interest to members. It is the intention of government to require all departments to prepare and submit Estimate supplements prior to the review of their Estimates. I expect that these supplements will be available for all departments by next year.

The government is moving towards standardizing the guidelines for annual departmental reports. It is the intention that these documents will show year-over-year expenditure comparisons, explanation of major variances and other significant operational information. These annual reports, when used in association with Government Estimates and Public Accounts, will make overall government operations more understandable in terms of results achieved and public funds expended.

Staff in my department and the Provincial Auditor have been working with the Canadian Institute of Chartered Accountants in its studies on general reporting principles and standards of disclosure. The purpose of this review is to establish uniform standards of presentation and disclosure for all Provincial Government . . .

Staff are in the process of developing a comprehensive management practice guide that establishes policies and expectations for all managers within the government. This guide is in the final review and edit stage, and will consolidate and build on existing management practices and policies, and will outline the basic requirements of managers in one understandable reference source.

Mr. Chairman, with these few remarks, which I have provided a copy of to the Member for Morris, I would be pleased to invite questions from members regarding the Estimates of the Department of Finance and ask staff to come in.

**MR. CHAIRMAN:** We shall now hear from the critic of the Opposition.

**MR. C. MANNESS:** Thank you, Mr. Chairman.

Mr. Chairman, let me begin by thanking the Minister for a copy of his notes. Let me say at the outset that our experience with the new Minister of Finance hasn't been altogether negative. We found him cooperative in many respects, certainly in providing information that we've requested in a whole host of areas; so I wanted to begin my comments by saying that type of cooperation is much appreciated.

Nevertheless, Mr. Chairman, I think that I have to be totally candid at this point in time. I'm absolutely aghast that the Minister, in introducing his Estimates, would just give us a page-and-a-half outline as to some of the administrative activities that are taking place within his department; and yet would not feel any compunction whatsoever to talk about some of the major financial issues of our time; particularly when we look at the deficit of the province; when we look at the massive increases in expenditures; when we look at our economy and see that we have — not only within the context of the nation, but certainly within the Province of Manitoba — some major concerns.

Before we moved on in any great depth in this Estimates process, it would be incumbent upon the Minister to tell us how this economy within the province is going to be performing in the next little while. How are the revenues by way of taxation going to be accumulating, such that we can leave here with some hope or at least some understanding that this half-a-billion dollar deficit that we've now had for the last one, two, three, four, five years will be something that we will not have to deal with any longer?

So, Mr. Chairman, I guess I'm somewhat surprised that the Minister, in leading off in his Estimates, just simply lays before us a one-page handout on some of the administrative changes within his department, and yet sees fit not to comment on any of the broader, terribly important issues to the people of this province.

Last Friday, Mr. Chairman, the Minister of Finance tabled the preliminary financial report for the year end, March 31, 1986. What surprised me the most was the matter-of-fact attitude that, not only members opposite but indeed, to some degree, the media displayed towards this revelation. In a sense, Mr. Chairman, as I said earlier, it's the fifth year in which this government has brought forward deficit figures in the area of half-a-billion dollars. Yet, we're to the point now within this province, we seem to be accepting this figures as commonplace.

It's as if, Mr. Chairman, we've established this new plateau of debt; almost as if government, particularly the NDP Government, seems to be saying to Manitobans, well if we hold it at a half-a-billion dollar level, obviously we are doing a good job. Obviously we are doing our job in a responsible fashion.

It seems to be begging the question, Mr. Chairman, if that's the case, then the NDP would be saying, in effect, and this Minister would be saying, well if we moved up into the \$700 million or \$800 million area, then we could be criticized. I mean, after all, it has been close to the half-a-billion dollar figure for the last number of years and by everything they lead me to believe, Mr. Chairman, there will be no significant attempt on their part to reduce below that level. So it's sort of like it's locked in; and, as Manitobans, we should be prepared to accept it.

I think, Mr. Chairman, some people — and I believe the Minister of Finance is beginning to realize what is happening with respect to interest. It's beginning to grow at an accelerating rate; this year, out to a figure of \$380 million. That's combining the statutory-debt figure in the printed Estimate, plus the rentals under Manitoba Properties Inc., \$380 million, Mr. Chairman.

To drive my point home, Mr. Chairman, I'd just like to tell you, in case people forget and for the benefit of the new members — those who are collected here today — I would just like to read one series of numbers at this time and tell you how the public debt has increased over the last seven years. Mr. Chairman, in 1979, the cost of servicing our debt at that year was \$68.6 million. In 1980, it moved to 81.9 million; 1981, 78.8 million; 1982, 114 million.

Then we moved into the new government, Mr. Chairman. In 1983, representing the first Budget year of the new government, it was 161.8 million - I digress only for a second to say it certainly wasn't their responsibility — but year end, 1982-83; 1984, 239.7; 1984-85, 224.5; 1985-86 — this last year that we've just completed — 299 million, Mr. Chairman. That's an estimate because we haven't seen the final figures with respect to that year. The forecast for 1986-87, the year in which we presently are, 381 million.

In the space of nine years, the cost of servicing our debt has jumped from 68.6 to 380 million — an increase, Mr. Chairman, of almost sixfold. Little wonder those people who are watching governments across the land, watching the fiscal situation in this province, members opposite who have some understanding — Mr. Chairman, in my view there aren't a whole host of them — I think are beginning to realize the serious consequence of continuing to allow this deficit to stay in the area of a half-a-billion dollars, because as was indicated, a full one-third of our increase in revenues was going just to service debt. Well, Mr. Chairman, I don't want to belabour it at this point in time, but every opportunity that I have to put that type of information on the record, I will exercise.

Since the beginning of this Session, Mr. Chairman, we've been calling for projections as to where the economy and the related direct and indirect taxation flows, where that whole scenario is headed. The reason we ask that, Mr. Chairman, is because we fear for the health of the fiscal arrangements of this province. How can we continue to spend at this level, see whatever increase in revenues that we have coming within the

province being directed in a greater fashion toward servicing debt, and yet having to sit here and listen to the Government of the Day for the last five years say trust us; the economy is going to pick up; things will turn around; the Conference Board says this; the Royal Bank of Canada in their monthly report says another thing; the times are improving for Manitoba.

Mr. Chairman, I've sat in this House like you have for five years — this is my fifth Session — and even though the words change a little bit, the message is always the same — trust us, times will be better. Mr. Chairman, that is why since the beginning of this Session, we've been pushing so hard, the Minister of Finance and the First Minister, to lay before us and the people of the province the forecasts associated with this economic — what's the proper word? — revival, as described by the members opposite, or this economic hope. Mr. Chairman, we just can't sit here any longer and allow year after year a half-a-billion dollar deficit eating into at such an increasing rate the marginal increases in revenue that seem to be flowing into the coffers of the province.

So, Mr. Chairman, I would hope that during this Estimates process, the Minister of Finance would be somewhat candid within this area of forecasting, and as a province, if we do not have some type of plan where we know where we're going, well, I hope the Minister would be honest enough to say so. We're locking in these debt payments out for 20 years, and yet it seems to me that we have no idea whatsoever what the revenues will be for two years, let alone five.

Mr. Chairman, the Minister in his introductory remarks made mention of what some of the administrative duties, some of the attempts within the department to provide greater information, some of the attempts within government to standardize reports, such as annual reports, supplementary information leading into Estimates. Mr. Chairman, that's all well and good; we accept that. We know that the Auditor of the province has been pushing for that type of general information, and we're glad to see not only by the Minister's comments today but also by the comments that the Minister made in Committee here some three weeks ago, that there are plans to have all departments of government give annual reports and supplementary Estimate information within two years. I believe there are only a handful of departments at this point in time who do not provide that information.

I'm curious why we do not have today an annual report for the Department of Finance. I know it's in the printing process, but I would ask him whether or not — I can't recall whether this is a new initiative, firstly; and, secondly, if it isn't, why would it be when we're in almost the middle of July that we do not have that annual report laid before us? Obviously, it's got something to do with more than delays in the printing process. So, Mr. Chairman, once the Minister has an opportunity to expound upon that, I would welcome his answer.

Also, Mr. Chairman, a little over a year ago, the credit rating of this province dropped to an A-plus standing. — (Interjection) — Mr. Chairman, the Minister says two years ago. I think it was a little over a year ago, a year ago three months ago more or less, but we can debate that afterward. Mr. Chairman, I haven't heard an awful lot about this issue, but I would ask the Minister whether

or not the rating agencies are providing another analysis of the Manitoba fiscal situation? I would think after again another year-end report coming in at 529 million deficit, another projection of 489, that indeed the rating agencies would again want to look at our credit rating. I, again, would ask the Minister whether or not — and I will ask him in more detail later — he would share with us specifically what the rating agencies are saying at this point in time either in a formal or an informal sense.

Mr. Chairman, last year during the Estimates process, my former colleague, the Member for Turtle Mountain, Mr. Ransom, indicated that over the first four years of this government's life, that in gross spending terms, that gross spending had increased 49 percent, versus a gross buildup of the economy of 30 percent. When you factor out inflation, he came to 21 percent real spending increase versus 5 percent real growth in the economy. Of course, that's just another variation of, I suppose, an indicator of how it is that the province is gradually sinking into greater, greater depths of fiscal debt.

Yet, Mr. Chairman, one year later — and I can remember the former Minister of Finance chastising us for using those first four years — and reminding us how bad the first two years were, the first two years that government was in place, how downtrodden the economy was and yet, Mr. Chairman, I think it's important that this Minister have these figures provided to him. Over the last three years — just one second, Mr. Chairman — yes, there's been a 240 percent increase in the Public Debt figure alone.

So, Mr. Chairman, I think we can begin to set aside those first two, as the NDP would call them, depression years in their term, and look at the last three. We'd realize that the last two of these years, the NDP themselves have indicated — certainly they did during the election campaign — they have been good years; that this province has performed well compared to other provinces in the land and yet it's not being reflected, Mr. Chairman, in the revenues. Maybe that's why members opposite are beginning to call in louder cadence for some review of taxes because I think they feel deep down that there's an awful lot of economic activity that's escaping the tax regulations of this land.

So, Mr. Chairman, I think it's important that the Minister, when we're discussing his Estimates, realizes that the tenor of my remarks will be more directed to general policy with respect to where his government is going in terms of deficits. We'd like to have a much deeper understanding of the forecasts of this revival of the economy and we'd like to know how it is that we'll be able to pay back some of this debt over the ensuing years.

Mr. Chairman, with those brief remarks I look forward to this process over the next few days. Because the Minister has provided the supplementary information with respect to his department, there won't be a lot of necessity to move into specific details with respect to staff years, so I look forward to a wide-ranging discussion on policy matters.

**MR. CHAIRMAN:** The Chair would now invite the members of the departmental staff to kindly take their respective places.

Deferring Budget Item No. 1.(a) relating to the Minister's Salary as the last item to be considered by this Committee of Supply, we shall start with Item No. 1.(b)(1) Administration and Finance, Executive Support: Salaries.

The Minister of Finance.

**HON. E. KOSTYRA:** Thank you, Mr. Chairman, I just wanted to make a couple of comments in response to the question the member asked just as staff are coming down.

Let me first say that I appreciate his comments with respect to the overall financial situation of the province and in terms of his general concerns with respect to the ongoing deficit that's one that we on this side share. I would just point out to him that unfortunately the solutions to those problems aren't easy. I know on many occasions that he and a few other members on that side stand apart from most of the other members but I just want to review for the member that in this past budget, when we increased the number of taxes such as taxes with respect to large corporations, taxes with respect to banks, taxes on interprovincial pipeline companies, it was members opposite that criticized us for those tax increases saying, we shouldn't have increased the large corporate tax.

The Member for Brandon West said we shouldn't have put the tax on the interprovincial pipelines and there were others that complained about the tax on banks. So we tried to deal with it in terms of taxation and increased taxes. Some members — and I say, not the two members who are present on the front benches right now because neither of them have made those points — but other members have saying, you shouldn't have increased those taxes.

And when you come to the spending side, because obviously to deal with the deficit, only one of two things can happen: (1) you have to increase revenues, or (2) you have to decrease expenditures. We deal on the expenditure side — and I went through this during the Budget when I closed the debate on the Budget — that just about every member on that side of the House, Mr. Chairman, outside of the Member for Morris and a few others, asked for higher spending, raised issues with respect to specific departments or specific programs calling for more money.

In fact I provided a tally as best I could at that time — it was very difficult because those things were coming out, not one a day, but there was like a dozen a day from members opposite — put a tally on that spending and it amounted to a couple hundred million dollars more than what's presently in this year's expenditure. I don't want to go over that ground again but I just point that out to the member opposite even though he — and I give him credit for that — was not one of those involved in that bidding war. Most of his other colleagues on that side talked about areas that they thought where there should be more spending. We've just seen that lately in this Chamber when we were dealing with the situation with respect to the University of Manitoba.

Just to add to that are the points we've made on a number of occasions with respect to the other major source of revenue for the Province of Manitoba, and that is, Transfer Payments from the Federal

Government; be the equalization or EPF where we're saying that the impact of those on the overall financial situation in the province is quite serious and that, in part, adds to our difficulties in terms of current deficits and how we look at the future.

So I just raise those points because I know the member sincerely believes in what he's saying but he knows — even though he would rather not admit it and I'm sure won't on the record — that there is a lot of inconsistencies with many of his colleagues who consistently call for higher spending and more spending in a variety of areas, or those that criticize any of the taxes that we imposed in this Budget, and they were limited. They were limited to, other than cigarette taxes, limited to taxes on larger corporations.

The other point I want to make, and again I don't want to go over old ground, but we provided this information in the Budget Address that while we're all concerned about the level of debt in Manitoba and the deficit, when one reviews that in the Canadian context of other provinces, one finds that we are not significantly out of line with what has developed as the norm within Canada.

In fact, if you look at it from the other standpoint of looking at the ability to raise revenue, the taxation power of a province and to the extent that people in a province can absorb that, we are not in as good a position as other provinces in Canada to raise revenue as others who even have higher deficits proportionate or higher levels of per capita debt.

The other point is, we know that this situation is one that has to be worked on and we certainly look to making significant changes over the mid-term with respect to the overall deficit. But you have to keep those things in some kind of perspective and the perspective is, that we are not out of line within the Canadian context. When one looks at something like average per capita expenditures — because one can argue that maybe we're spending too much — you'll find that we're not out of line with the majority of provinces in Canada.

So I just want to put those few remarks back on the record because they have a place on the record, and I know that the member opposite knows what I talk of. But I think maybe he should spend some time with other of his colleagues who don't agree with his position and his concern and how one deals with that.

There was a question asked with respect to the annual report and if you'll just give me a moment, I'll just get the detail on that and provide it to the member.

**HON. E. KOSTYRA:** In regard to the Annual Financial Report, we happen to have a copy of it right now. It's titled "Financial Report" for the last year. It's not a new document, it's been out for about five or six years now, and it's no later than it is normally. It does come toward this time of the year so there isn't any deliberate plot or attempt to suppress the information as was being suggested by the member. It was a matter of just getting it . . .

**MR. D. ORCHARD:** It was, Gene.

**HON. E. KOSTYRA:** Mr. Chairman, there's a suggestion that there was a suppressing of information by the Member for Pembina. I'd like him to . . .

**MR. D. ORCHARD:** In the Third Quarterly Report, certainly.

**HON. E. KOSTYRA:** We were discussing the Financial Report of 1984-85.

So, with your indulgence or concurrence, I will provide the member with a copy even though it has not been tabled formally here and we would have to wait till the House is back in Session to do that. I would do that at the earliest opportunity, which would be tomorrow but, with your indulgence, we can allow the member to have a copy of it.

**MR. C. MANNES:** Yes, Mr. Chairman, first of all, with respect to the annual report, you're right, I just looked at it once now and I was expecting something in a similar fashion. I thought there was standardization coming in. I think they're all white with green in it, so I thought I was waiting for something like that, but naturally the Finance Department annual reports are traditionally a great colour blue and I'm glad to see that. Hopefully, that will continue.

Mr. Chairman, the Minister and members opposite, I think, like to have fun with the Conservative Party from time to time and like to chastize and they use the slogan, "like to have it both ways." On one hand, we're calling for a better balance between revenues and expenditures and on the other hand they claim that we're against increasing taxes and that on the other hand we'd like to see greater spending.

Mr. Chairman, there is an element of truth to the members' charge, I suppose, but let's face it, we're all human, we all have frailties and we're all representative of constituents who like to see certain things. I suppose if we were all Ministers of Finance and we all had the decision-making power, the ultimate decision-making power, we probably would favour those areas that are important to us.

I mean the media type made a big to-do over the fact that the Federal Minister in charge of Supply and Services, from Nova Scotia, happened to move a larger degree of government purchasing into that province. So, Mr. Chairman, I don't find anything terribly wrong with members on my side giving higher priority to some areas that are important to them.

Indeed, I can say that I looked at the road network that's within my constituency and I think it's in just horrible shape; and I suppose I could accept that, Mr. Chairman, if I saw where the government as a whole was beginning to contract the global expenditures. I don't see that.

I see where expenditures are constantly increasing, this year up to 3.8 billion, 3.9 billion, I believe, and yet we still have some major problems with infrastructure within the province. Well, I'll debate that another time.

Mr. Chairman, the Minister and his colleagues sitting around that Cabinet table do not have the luxury of being able to say that they have to do things and yet, on the other hand, are very concerned about the deficit and the mounting debt on one hand, and yet it remains at the level it is for five years.

So when I ask the Minister — and I believe it — I believe he's as sincere as he claims he thinks I'm sincere when he says he's concerned about the deficit and the debt. There's no doubt in my mind, Mr. Chairman. But the point is, what is going to happen?

He says, in relative terms, compared to other provinces, we're no better or no worse off. He didn't use those terms; I'm paraphrasing what I think he means.

Mr. Chairman, is the Minister then asking me not to be concerned as a representative of the people, not to be concerned because what's happening in Manitoba is happening in other provinces? Is he saying that I should allay my concerns? Well, I don't believe he would say that. So then what's he saying I should do with my concern? Just continue to assume that the NDP Government is doing the best they can and that if we were in power that we could do no different?

Well, Mr. Chairman, that's the very essence of wanting to be in power is believing, even though we might not have access to the detail on a daily basis, but believing that we could do a better job. That's the very essence of wanting to be in government. So when the Minister says to me that other provinces are in similar situations, I quite honestly take no solace from that.

I know that the Province of Ontario, for one reason or another, was able to this past year drop the deficit, increase expenditures and drop taxation. So, Mr. Chairman, not all provinces are the same. Of course, I'm well aware that members in government are totally cognizant of that. So to whom does he compare us when he says other provinces? Is it the Maritime Provinces who are in great degrees of difficulty? Because it certainly isn't Ontario.

I look at what Quebec is doing in many respects, Mr. Chairman, and the members opposite would be terribly critical of British Columbia and yet in spite of their tremendous problems within the resource sector, I see where there are some encouraging signs within that province.

I want to believe that there are encouraging signs here too so that they'll be manifested in a burgeoning economy, one that will produce a large number of tax revenues; but I can tell the Minister I take no consolation — or no consoling, I should say — from the fact that other provinces find themselves in the same position.

The Minister made one comment. He said that within mid-term that they were going to do something significant, and I gather — I don't want to put words in his mouth — but I gather what he said was that there might be a deliberate strategy to begin to reduce the deficit. I am wondering if the Minister is saying that in a Budget a year from now we can expect that there will be a major decrease in the deficit, because if there is, I would hope he would be prepared to give us greater detail.

Mr. Chairman, I just would like at this time for the Minister to know that even though from time-to-time we have members who may ask for things that appear to be totally at cross purposes, the claims that some of us are making that the deficit is too high, that the Minister realizes that he's at the seat of power and that he alone, with his colleagues, has to grapple with this very real problem. He's not afforded the luxury that some of us are in maybe wanting something that's very close to us. So, Mr. Chairman, I just put that on the record.

**MR. CHAIRMAN:** 1.(b)(1) — the Member for St. Vital.

**MR. J. WALDING:** I wonder if this would be the right place to ask the Minister, since his Deputy Minister is

sitting close to him, if he could tell me, please, what is the spending authority that the province has in this fiscal year, and at what rate we are expending it, and to what month of the year we have spending authority for?

**HON. E. KOSTYRA:** In terms of the spending authority, there was a Special Warrant passed in the interim period before the Legislature resumed sitting, that provided funds until approximately the end of July. The bill with respect to Interim Supply is presently before Ways and Means Committee of this House when it next sits, and it will provide authority as contained in that bill, which is 40 percent of the overall spending, which would provide spending authority until somewhere towards the end of August, into September, at which time one would expect that the full Supply Motion will have passed this House.

The authority which is in place through the Special Warrant will be sufficient until approximately the middle of this month with respect to some appropriations, and it would be critical in terms of general government payments, particularly salaries, by the end of this month.

**MR. J. WALDING:** I'm a little sorry to hear that this spending only lasts until about the end of August. Normally, the House sits or starts its sitting about the beginning of February or March and Interim Supply is passed to give the government enough operating authority to last until the Estimates are passed, and the House prorogues normally at the end of June, around that time — it varies a little bit — which means that come July and August, we can enjoy the nice weather, which we hopefully get, and we can take holidays.

This year, because of different circumstances, we began considerably later. I believe May 8 or 9 was the beginning of this Session. So, if the Session lasts for the usual 100 days, or about four months, we can look forward to it ending sometime in September, which means that the whole of the summer is gone and those of us who wish to take a holiday or to enjoy a bit of time spending it with school children, would not normally be able to do so.

The alternative, of course, is to adjourn the House sometime around this time and to come back later, after the summer is over, perhaps in September or October, and complete the work of the House, which would enable members to give some thought to whatever bills or proposed legislation is, of course, before the House. It would enable us to enjoy the summer weather and we seem to be doing quite well with it this year.

Our summers are short enough as it is and we spend a lot of time under very frigid conditions. All of us, I'm sure, look forward to a break in the summer, to be able to enjoy boating or swimming, or gardening, or whatever it is that we like to do in the summertime. That is far, far better than sitting in this Chamber listening to the debate and suffering through the temperatures, which can get quite warm and humid in this building when it finally warms up under the hot summer sunshine.

The point I'm making, Mr. Chairman, is that with the will of sufficient members, we ought to be able to put

enough pressure on the authorities that be to get us a break for the summer.

The concern I would have is in enabling the government to conduct its normal affairs and to pay its civil servants while we are, in fact, on holiday. I wouldn't like to be sitting at the beach sometime thinking that a civil servant is not going to get paid this week because I'm not in the Legislature. So that was the point of the first question.

If there should be general will by the members to have a summer recess, with the concern that we don't want to get near the end of spending authority, I'm quite sure that members would be prepared to pass the required Interim Supply Bill to take off that pressure and to give the government sufficient authority to take it to, say, the end of September, or possibly into October, and to set a date to reconvene the sitting perhaps September 1, the middle of September, something like that. I have no particular hang-up of exactly when it would be, but I would like to be away from this place for July and August. I really would.

In speaking informally to other members of the House, I know that they, too, would like to be away for at least the months of July and August, to come back refreshed and tanned and all ready to start again to do the public's work in September.

I throw that suggestion out to members, hoping that I would see some support. It was something that I felt I had to say and put before the Assembly, in any case.

**MR. C. MANNES:** Mr. Chairman, I found the member's comments interesting. I imagine he made the same ones in Caucus, at least I hope he has. He's still welcome in Caucus, I would assume.

Mr. Chairman, I would ask the Minister at this time, how much money will the Province of Manitoba be borrowing in total in 1986-87?

**HON. E. KOSTYRA:** I would just suggest that that question be best asked under Treasury Division when we have the appropriate staff, if we could just hold that question until that time.

**MR. CHAIRMAN:** We are now on item 1.(b)(1) Executive Support Salaries.

**MR. C. MANNES:** Mr. Chairman, if the will is to follow closely to that list, then we will continue to do so.

I was, I guess, preferring that we have a wide-ranging discussion this afternoon and then move to some specific areas, but if it's the will of the committee that we follow closely the appropriations in their proper order, then that's fine, I'll accommodate your request.

**HON. E. KOSTYRA:** My request is just that it would be easier to have the appropriate staff available. I have no intent of trying to restrict any discussion but it would just be easier, I think under that area, to deal with the far-ranging issues which I think the member wishes to discuss, which relate to all aspects of debt and borrowing and the like, that would be the area to deal with most of those areas.

Having said that, the specific answer to the question was in the Budget Address on Page 32, that is, \$1.4 billion, which is, as I explained at that time, about the same level as last year.

**MR. C. MANNESS:** Mr. Chairman, under this item, and I was hoping to pose this question to the Minister when we were debating Interim Supply on Friday before the time expired. Can the Minister explain why the bill that came before the House made reference to 40 percent. It was requesting 40 percent of the total Main Estimate of Supply. And yet it was to cover basically a period, I think, to the end of July.

**A MEMBER:** End of August.

**MR. C. MANNESS:** End of August. Well that's — I missed the answer to the other member. Does that represent 40 percent of the time of the year because I haven't done a day count, or is there anything at all special with respect to the 40 percent and does it closely line up with the calendar and the days thereon.

**HON. E. KOSTYRA:** The figures is derived by staff by just looking at normal government expenditures over a period of time and then calculating what would be needed for that same period, and as I indicated the intent was under the Interim Supply bill, it would provide authority till somewhere around the end of August or a bit later than that, whereas a Special Warrant that's in place right now provides authority till about the middle to end of July.

**MR. C. MANNESS:** I would ask the Minister who funds the Fair Share Office, which department of government?

**HON. E. KOSTYRA:** I can't give the specific answer at this point. It's the — issues relating to EPF come under a federal-provincial unit of the department and if the member wishes to just hold the question till then I'd be pleased to deal with it at that point.

**MR. C. MANNESS:** The Minister is saying then that his department is responsible for funding that particular office but it's under another division. I'm trying to find out who's responsible for funding.

**HON. E. KOSTYRA:** I'd really have to take that as notice and get back to the member. As I indicated, the area of EPF funding and the relationship with the coalition and the Fair Share comes under that general area and I would have the answer at that point.

**MR. C. MANNESS:** Mr. Chairman, covered in the review of the Auditor's Report, many of his recommendations with respect to internal administrative control and to monitoring, I'm wondering if the Minister for the record could again broaden some of the discussion that he gave to us in his opening notes with respect to greater fiscal management and control within the various departments, and could he tell us specifically what policy objectives will be in place over the next year and what they would like to see done. Or is this again not the right area? Well, we'll wait, the Minister indicated it was under the Comptroller's Division and we certainly can wait till that time — pass.

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

**MR. J. WALDING:** Mr. Chairman, I don't want to ask questions out of order but my question is quite brief.

**MR. CHAIRMAN:** It must be relevant to the item under discussion, Executive Support, Salaries.

**MR. J. WALDING:** My question is quite a brief one and it has to do with the effects of the Scientific Research Tax Credit as it affects the province, and I don't expect the Minister to know the amounts off the top of his head. But I would like to know how much revenue has been foregone by the province as a result of that Scientific Research Tax Credit, either on a total basis over some two years that it was in effect and preferably by each of the two years, either fiscal or — well, I presume it will be fiscal then.

**HON. E. KOSTYRA:** That question was asked of me previously by the Member for Morris. We do not have that information; we have requested that information of the Federal Government under the terms of our Federal-Provincial Tax Sharing Agreement. One has to recognize that one of the years in question is the current tax filing year and the previous year was the past one, and obviously it'll take some time before that statistical information is available from the Federal Government.

**MR. CHAIRMAN:** 1.(b)(1) — pass. 1.(b)(2) Other Expenditures — the Member for Morris.

**MR. C. MANNESS:** Mr. Chairman, this department advises the Minister of Finance on financial and revenue matters. I'm wondering if the Minister could tell us with respect to revenue matters how the economy of this province is going to generate the taxation necessary to support the levels of expenditures that the government has laid before us and are laying before us at this time?

Mr. Chairman, Executive Support. Under this heading it indicates, the supplementary information indicates that this group of people advise the Minister of Finance on financial and revenue matters. My question to the Minister, could he share with us the advice given by this group as to how our economy would perform in '86 and into the '87 year, such that we know that the revenues that have been laid before us will be met with certainty and will continue to increase into the 1987 year?

**HON. E. KOSTYRA:** The detail that goes into those reviews, a lot is contained in the Budget Address outlining the various economic indices or factors that we review in terms of setting the targets with respect to taxation revenue and there's a very detailed analysis that is the Appendix B of the Budget Address which is the overall economic review which is derived from a variety of sources including Stats Canada and the various forecasting agencies, and as a result of that it is determined what impact those projections will have on tax revenues, and the member reviews the report. Just by way of example the report, the Preliminary Financial Report for the year ending March 31, 1986 you'll note that in the majority of cases other than the Federal transfer payments, most of the projections on the revenue side were reasonably close to the projections that were made at the time of the Budget. The areas where there were reductions were relatively small, in the majority of cases other than ones that are obvious

where there was a significant change mid-term and that relates to areas like oil and natural gas taxation and other which were impacted by changes that I don't think anybody saw in the earlier part of that last year.

So in terms of the revenue projections, we've been reasonably close to what has been projected in the past. Those projections are based on the various economic indicators and how they may impact on the various tax revenues that are available to the province.

**MR. C. MANNES:** Mr. Chairman, it's my understanding, when the Budget came down there was a national — or there was an understanding nationally is probably a better way to put it — that real growth throughout the nation would approach 4 percent. I just heard a week ago that indeed growth nationally may not achieve that level. It could be closer to 3 percent, which of course spells out a number of — I suppose it would increase the deficit in a federal sense and, I'd have to think, may have some impact on the deficit provincially.

I would ask the Minister whether or not that forecast indeed has changed, whether there will be an impact on Manitoba, which I would have to think there would. Furthermore, in greater detail, can he tell us what impact a major drop-off in agricultural-related commodity prices will have to the economy or to the economic forecasts? Have they been totally included in the forecasts of economic growth?

**HON. E. KOSTYRA:** In terms of the latest figures, we don't know what specific impact those projections may have on Manitoba. The reason for that is: No. 1, it's not that long ago; and No. 2, that is again one agency, and there are a number that make projections with respect to economic growth. They are done nationally, rather than more specifically to the provinces. But we do monitor that on an ongoing basis and make revisions based on those projections.

Also obviously, as we have just completed the first quarter of the year, in the near future we'll have some idea of how revenues and expenditures are proceeding through the first quarter of this year. If there are any significant changes, then obviously we will look at that in the context of what assumptions were laid down at the time of the Budget and, if necessary, make changes if need be on the expenditure side.

In terms of the impact of the commodity crisis, as the member appreciates, that was taken into account in terms of the projections that were made at the time of the Budget. But again, in terms of the more serious impact, I think it is still some time on the way and will be well into the fall and winter months and we'll be impacted also by the success of the crop, understanding that prices are depressed. So on one side, I guess we're looking at a fairly good crop year — that's the good news there — but the bad news is that the prices are considerably down.

But still, some of that was known in terms of the projections. It was looked at, at the beginning of the year. In any case, the major impact of the commodity price developments, we will see probably into next year if they go as being projected at this point.

**MR. C. MANNES:** Mr. Chairman, this discussion may seem a little bit too detailed, but I bring it up for good

reason. Firstly, I'd like to know where a Manitoba authority under the Department of Finance makes a forecast of what our gross provincial product will be. It may be within the Budget. I just haven't been able to find a proper portion of that, if indeed there is one.

I would also like to know to what degree of detail does the department become involved in attempting to forecast, because I can tell you in one very specific area — and I'm thinking particularly of agriculture — even though it's specific, it has great impact on the total economy of the province. I won't move into a discussion on that, but the point is I see around me on a daily basis where, as the Minister indicates, commodity prices may not really reflect on my income as a farmer in a serious fashion until the latter half of 1986, it still very much has influenced my purchasing as of as early as three months previous. You can see it in the consumption of chemicals; you can see within the area of machine purchases over the last half-year, so it's very real. It's occurring right now, and it will all be translated into a dampening of the activities of the economy.

So what I'm trying to find out, by way of answer from the Minister, is to what degree are these changes of spending manageable; and secondly, in what fashion have they been reflected in the estimate of the gross provincial product in a global sense for the year 1986?

**HON. E. KOSTYRA:** The specific area in the Budget is on Page B-27. Those projections are a bringing together of all the projections by private forecasting agencies with respect to the Manitoba economy.

In terms of the area that the member was speaking of, we haven't, I don't think, seen any major shifts in terms of provincial revenues to this point in time, as impacted by what he sees in terms of purchases. I would just point out that most of those direct areas are non-taxable purchases, so they would not have any revenue directly in terms of sales tax in the province, though the larger or broader concern is what the overall economic impact is and how it starts impacting down the line, so to speak, in terms of other purchases by others further down the line who derive their income from those products or related areas. But at this point, we don't see any significant trends to alter what projections were made at the time of the Budget.

**MR. C. MANNES:** Mr. Chairman, I thank the Minister for pointing out that page to me, but I guess in reading that one paragraph and then flipping the page to B-28 and B-29, where the sectorial breakout occurs; I have to ask the question whether or not those projections by sectors are available for 1986, or indeed has the method been used to determine — again on B-27 — and I quote the operative part of that paragraph. It says: "It is currently expected that real growth in the Manitoba economy will match or exceed the 3 to 3.5 percent expected for Canada in 1986."

Again, the question is the government — and when they put this into print — have they gone through a sector-by-sector analysis allowing them projections in a form similar to that offered on B-29, or has somebody in the government just read all they could, looked at the 1985 preliminaries and then somehow thrown it into some mix and come out with that comment that



our economy in '86 will show real growth of 3 to 3.5 percent plus? It's a question that I've been dying to receive an answer for really over the last three years, and hopefully the Minister can give me that answer.

**HON. E. KOSTYRA:** In regard to the one question on projections with respect to the statistics on B-29, we don't believe that exists in any fashion in terms of projections, but we'll do a check on that.

In terms of the statements made on the out page of B-27 that, again, as I indicated, is taking all of the projections that are provided to us by the various forecasting agencies and coming up with the overall picture for Manitoba. I don't have the specific list here, but when we next sit I'll provide for a specific list of all those agencies and what their projections were and that gave result to the statement on that page.

**MR. C. MANNES:** Mr. Chairman, the Minister seems to be saying then the figure offered on B-27, the 3 to 3.5 percent increase in real growth, is sort of a qualitative number that has been arrived at by staff after they've reviewed all the other qualitative analyses done, which has then led somebody within the department to temper whatever remarks they may have, or whatever comments and input they may have from all the sources to come up with a figure. I guess what I'm asking the Minister, it's not a mathematically derived figure, as I gather from his answer?

**HON. E. KOSTYRA:** Well, that's entirely correct. In fact, if you look at the statement, it does suggest that there is a range, because as has been proven by experience, particularly of the last decade, economic forecasting is not an exact science. There obviously is a range of possibilities in terms of growth and they're based on certain assumptions; and sometimes those assumptions are not as they were presumed at the time of making those projections. I will provide the list of those, and we can review how these figures match up with those of all of the forecasting agencies that we reviewed in terms of coming up with how we see the projections for economic growth.

**MR. C. MANNES:** Well, is this then the scale of forecasting that's available in all respects? When one wants to know something about future revenues, the department has available to it right now forecasts that are qualitative in nature that have come in from various sources and the government or people within the department, plus the Minister of the Day, just sort of ballparking a figure somewhere in the range of forecasts, is that to the degree that our forecasting is within the province when we try to ascertain what the level of economic activity will be two, five, ten years in the future?

**HON. E. KOSTYRA:** In terms of the specific revenue projections that are contained in the budget, each of those areas is reviewed on the basis of the various impacts that go into that area of taxation. As the member is aware, you can use one example, oil and gas revenue is shown as a significant decrease this year because of the obvious situation with respect to what's happening in that sector, so we're able to look

at the impact of reduced crisis in that area and make some assumptions in terms of where that revenue may go.

Other areas like retail sales tax, the overall situation of the economy is reviewed in terms of what is expected to happen with respect to consumer spending over the next period of time. There's one area that I guess for the last few years we've been below what has been the actual increase in that revenue source, because consumer spending has increasingly been strong, and obviously in other areas, like the health and post-secondary education levy, the general economic situation is reviewed plus what's expected to happen over the next year in terms of direct and indirect wage costs in the province. So each area of revenue is reviewed in terms of looking at the general economic and what specific factors go into that area of taxation. It is dependent on the area, and if it's one that's dependent on a particular sector, then obviously the economics of that sector play a significant role rather than the more general outlook. Obviously, there's a good general outlook in terms of economic growth. It doesn't do much for the revenues that we get out of the small oil patch in Manitoba because that sector is considerably down.

**MR. C. MANNES:** Mr. Chairman, I fully understand what the Minister was saying with respect to the itemized taxation areas. Certainly, I have no quarrel with the method in which Estimates of revenue are made within those areas, but I'm still more concerned about the general economy. When the Government of the Day is sitting planning as to what level expenditure they may want to achieve for the year, obviously that has to bear some resemblance as to the amount of revenues they're receiving, even though in the last five years it's been roughly \$500 million in excess of revenues.

My greater concern is with respect to the deferred taxation associated with paying back or meeting, somehow, that debt. It then becomes incumbent upon all of us, particularly the government who are making these decisions, that the economy 10 years hence or 15 years hence have some ability to meet them. That's why I'm trying to get some understanding as to what degree we've done any forecasting or the scientific degree to which we do any type of forecasting. What the Minister tells me is that when we look at the economy as a whole, we basically put some subjective figures as to how it'll perform the next year. My only claim is that how then can we be certain that the economy five or ten years hence will generate the revenues necessary to give us some basic degrees of service to the public plus being able to meet these costs.

For an example, Mr. Chairman, we passed last year in this House a bill dealing with removal of penalty associated in giving full early retirement to teachers. I wanted to know what impact that would have on budgets in the future of government. Quite frankly, I never did receive a satisfactory answer. I just really think all I got back was the economy will produce in a fashion that there will be money in there to support that expenditure. I guess all I'm trying to do in this process is try to find out specifically how the government is forecasting the activity, and I know, Mr. Chairman, it's almost impossible.

I know that the variations that come into place because of world events, international events, would make any forecast that you make today almost meaningless maybe tomorrow, let alone a year or two years from now. But I honestly believe, the way we're going at these deficit levels, particularly when economy is supposedly doing well, and we are still having them, that the government and all governments are sort of leading the people in a rather blind fashion.

I was hoping to hear from the Minister that as impossible as maybe an input-output table is, you can't totally measure everything in a Manitoba context — you can't do it; I know you can't — but that we had something more reliable, more scientific in place to give us some better estimate as to whether or not the economy three or four years from now will be growing at a real rate of 2 percent instead of saying that by way of the deferred taxation coming about because of deficit budgeting that indeed we don't know what the situation will be during that.

The Minister may want to make one final comment on it, but it's my only reason for engaging in the discussion.

**HON. E. KOSTYRA:** It seems to me in some respects the member answered his own question from where he started the question earlier and by the time he finished his remarks.

The one specific comment I would make, just to dispute what the member said, to an extent, where he suggested that the projections of the department are subjective, they are taking supposedly objective opinions of a variety of sources and combining them in a way to look at what we see for the Province of Manitoba. But I don't believe the kind of information that the member seeks in terms of long-term economic rejections are done with any expertise anywhere in terms of this country. In a national economy you look at a number of years, but those projections are ones that have proven to be significantly off, particularly as you try to project longer term.

But I certainly agree; I think we have to do much more in terms of looking at longer-term projections, longer-term planning as it relates to economic issues. We should be looking at our economy in the long term and not always dealing with short term and specific situations, but look at longer term where we want to see our province and our country develop and start making longer-term decisions that will impact on our economy in our province.

In terms of the government's financial situation, as I indicated not too long ago in terms of a question from the member, and that is we're certainly looking and reviewing very actively getting into longer-term projections in terms of government expenditure so that we can start dealing with groups, agencies and individuals that depend on governments, and to look at how we want to deal on multi-year expenditures so that we all can do better planning in terms of the need for expenditures and the costs associated with that and how we derive the necessary revenues to pay for various levels of expenditure.

I certainly agree with him. I think it would be in all of our interests, both provincially and federally and throughout Canada, to look at better long-term planning

as it relates to economy as it relates to government activities.

**MR. C. MANNESS:** Two comments, Mr. Chairman, and as I started off by saying, what we're doing when we continue to have these deficits is saying, using the Minister's explanation, what we're saying is that something is going to come along in the future and they will be met. They won't represent the real problem in the year they fall due.

I know that we refinance them as they come due, but ultimately they're going to create a problem unless we have some type of inflation. All I'm seeking from the Minister is how we're going to deal with the debt we have, whether it's 15 or 20 years, because I know the Minister won't be sitting in that chair 15 or 20 years from now. I don't think a Minister of Finance could last that long, I don't care who he is; but the point being he won't be there in 15 or 20 years but major decisions are being made today with respect to having to fund the indebtedness that we are now allowing ourselves to fall into.

I'm asking him whether or not the only thing that my children, when they become of tax-paying age during that age, the only note that they will have before them as they come into that period is that the Minister of Finance today, not only in Manitoba but indeed in all provinces, indeed within all parts of the Western World, says ah, we know you'll be able to produce enough economic activity to pay for that. Of course, what's behind all that are so many people's pension funds and all they have put aside to live in a decent manner in another time in another day.

So, Mr. Chairman, the only reason I again engage in the conversation is that I know revenues that are coming in on a yearly basis can be watched and they can be charted and, as the Minister has pointed out, they can be estimated pretty accurately. Yet when we look into this whole situation of debt, I think it forces us then to also try to do our best to forecast where the economy is going in those years in which that debt has to be paid back no differently, indeed, than I would have to forecast that if I went to a bank for the purposes of a long-term loan over 20 years. I would have to show that banker how it was that I'd be repaying that loan back or generating enough income that I could move it into the next period.

I would then ask the Minister, Mr. Chairman, how seriously he takes the Auditor's request with respect to a multi-year financial plan, and is what he has told me that his department is attempting to do with respect to bringing into place a longer-range forecasting, in his view, is that an attempt on the government's part to follow the recommendation of the Auditor?

**HON. E. KOSTYRA:** I think the reasons for it are not simply those recommendations from the Auditor, because he comes at it from a particular focus, but I know my predecessor in this position received a great deal of interest and comments from various organizations that are involved in government, in receipt of government funding, particularly as we're dealing with times of pretty minimal expenditure growth, that they would see the value of looking at multi-year financial arrangements with governments so that they

have some expectation as to what resources may be available.

As the member is aware, so much of government expenditures are not directly under provincial government control. They're, in essence, transfer payments to municipalities, to school boards, to health care organizations, to a whole variety of organizations that exist within our communities to provide public services to people.

So the need for that is seen not only with respect to the concerns of the Provincial Auditor with respect to the management of the system, but also one that is responding to the community and those organizations out there that see the value in that. As I indicated, that is something that is under very active work right now and we expect to get into a position to do that. Within the next year or two I would expect to see it actually in place, because it may not be possible to get it all in place during the next fiscal year but certainly, in two fiscal years we should be able to get into a position of having that kind of multiyear plan in effect.

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

**MR. D. ORCHARD:** Thank you, Mr. Chairman.

I think my colleague, the MLA for Morris, probably made as close a statement as any in that he said that this Minister won't have to worry about future projections, because probably he's not going to be Minister of Finance then; but they're still there for the people of Manitoba to contend with, and whoever happens to be government and the Minister of Finance of the day.

In terms of the projections for the future that I think are dramatically demonstrative of the problem that we are facing as Manitoba taxpayers, and it comes from a simple comparison I made during the Budget Debate of two charts which we reproduce for each and every Budget document. These charts are the Province of Manitoba Direct and Guaranteed Debt based on the net refunding requirements by fiscal year. It lays out for us an approximate 25-30 year projection of repayment schedules of our accumulated debt and when those issues become due and have to either be paid off or refinanced at that time.

It's interesting to know, Mr. Chairman, that in the 1981 Manitoba Budget Address, which was the last Budget that was brought down by the Lyon administration, that the projection of refinancing — and you know, I think it's important to point out, Mr. Chairman, that these projections tell us how much we're going to have to refinance in future years — and the chart indicates the volume of dollars that we have to borrow, and I know the Minister's familiar with these charts.

They aren't telling us that we're going to have those debts repaid, for instance in Manitoba Hydro through sinking fund retirements based on contributions from our current rate structure. The same thing applies to the Manitoba Telephone System where we've gotten into the discussion in Telephones where our rate structure is the lowest in Canada, or amongst the lowest in Canada, but yet our debt equity ratio is amongst one of the highest in Canada.

In other words, our current rate schedules for Manitoba Telephone System are not sufficient to retire

the capital debt over a given period of time and what we are doing in MTS is refinancing. As issues become due, 10, 12, 8-year issues become due, we simply refinance them wherever we can line up the money in the financial markets.

There is some retirement of that debt through sinking funds at MTS, as there is in Manitoba Hydro but, by and large we are refinancing significant amounts of our borrowings that we've made over the past number of years. The two time slots that are referred to in the Budget Address, comparing 1981 with the Budget Address the Minister brought down and the Appended Table, A-7, in the Minister's Budget papers and accompanying papers with his Budget Address, if you take a look at a time period of 1990-94 — which was a five-year blocked out period in the 1981 Budget Address — going off this chart we were told that in the five-year period, 1990-94, we would have to find refinancing for some \$597-598 million worth of debt — and I'm referring, for the Minister's information, to the 1981 Budget Address — that was our projection in 1981. I'm sure he doesn't have it with him. In 1981, our projections for the five-year period, 1990-94, was that we were going to have to refinance approximately \$598 million worth of previously borrowed issues.

Now the interesting thing in terms of our debt picture is, that if you take that figure that was given to us in 1981 by the Department of Finance — figures prepared by the Manitoba Department of Finance, many of the same officials who are there now — we were told just five years ago that our refinancing requirements were \$598 million. If you total from the Minister's most recent Budget Address or his first Budget Address, the 1990-94 years which are now single years because we're down the schedule now, you will find a total refinancing requirement of \$1.992 billion. In five short years, our refinancing requirements have gone up by 333 percent.

Now if you want to take the next five years, and I refer the Minister back to the 1981 Budget Address, this chart had the years 1995-99 showing a refinancing requirement for that five-year period of time, 1995-99, needing \$310 million of refinancing.

Now if you go to the Minister's address that he delivered a month and one-half ago and total the individual years, 1995-99, you will find that in that same five-year period just five years later, we are faced with a projection which says we are going to have to refinance \$938 million in that five-year period, compared to a projected requirement of 310 million just five years ago. That's a 302 percent increase in our refinancing requirements.

Those are the kind of figures that my colleague, the MLA for Morris, and I and others are very, very greatly concerned about, Mr. Chairman, because these are refinancing of past incurred debt. If I can be specific with the Minister, and the Minister will no doubt want to tell the House why, in a five-year period of time in which the New Democrats have "governed this province", we have seen a 333 percent increase in our re-borrowing, our refinancing requirement for the five-year period, 1990-94, and a 302 percent increase for the period, 1995-99, based only on one thing, one difference, that in 1981 it was the last year of a Conservative Government and in 1986, it's the fifth year of a New Democratic Government which has run up \$500 million deficits for the last four of its fiscal

years, and is projecting a \$500 million deficit, give or take a million or two, for this upcoming fiscal year. What has happened in that five-year term of New Democratic Party Government, where our financial requirements for refinancing have tripled?

Mr. Chairman, if you don't think that is an alarming figure to be looking at, if anyone thinks that isn't an alarming figure to be looking at, then we've virtually got our heads buried in the sand, because that's dollars that we have to go out not, Mr. Chairman, to finance the current expenditures in the year 1990 or 1991 or 1992. That isn't money we have to borrow to pay off what may well be an \$800 million deficit in those years. Those aren't dollars we have to borrow to complete Limestone or to further expand the Manitoba Telephone System, or to build hospitals or schools, that is money we have to borrow simply to repay past borrowings, past overexpenditures.

When you see that in a five-year period of time that that financial requirement of reborrowing and refinancing has more than tripled, then we have got a tiger by the tail in terms of our future financial position in this province.

The question becomes very pertinent, as the Member for Morris has posed — what are the international financial houses saying about Manitoba's debt requirement in those future years? Do they believe that a population of 1,050,000 to 1,060,000 has the earning capacity to repay triple the size debt, 1990 to 1994, tripled over the last five years?

That answer has to be provided because when those issues become due we must pay them. We, certainly, if we follow the Minister's logic that he said that tax increases in his Budget were minimal because he didn't want to impact upon the taxpayers of Manitoba and reduce their spending power which would, in effect, have a downturn effect on the economy because fewer dollars in the average Manitoban's pocket means fewer dollars spent in the economy and, hence, the economy isn't moving and generating new wealth as it should be, but here we are faced — and 1990 is not very far away for the beginning of that five-year period — here we are faced with a tripling of the financial borrowings that this government needs simply to refinance past expenditures.

Clearly, Mr. Chairman, the trend we're on, the downhill slide we're on, can't be maintained, not with a population of only slightly over a million people in Manitoba and particularly not when we find, and this is an arguable position, when we find that most of the activity in Manitoba now has to be primed and has to be stimulated by some sort of massive government injection of spending; i.e., through Limestone; i.e., presumably if we get into potash development in the western part of the province with a substantial provincial influx of dollars.

The private sector is backing off this province and the private sector is the vehicle of a new generation of wealth. Governments simply spend money that they either take from Manitobans through taxation or borrow on their behalf, which is what we've been doing.

So it's very pertinent to know from the Minister today what the financial institutions are saying to him about his ability to go to the financial markets in the years 1990 to 1994 and borrow \$2 billion simply to refinance debt.

I didn't realize it was getting to be four-thirty, Mr. Chairman, and I've run the Minister out of time to reply. I'll sit down and let him reply and we'll continue on it tonight.

I've got other comments I'd like to make. For instance, in terms of the financial institutions, the Minister has made the point that Manitoba, in relative terms, compared to other provinces, isn't in a worsened position, and he's got one chart that I want to discuss with him later on which I think is an abominable chart to put in a financial statement and a Budget Address because it means nothing.

I think if the Minister were to survey the financial institutions and ask what their opinion was of provincial finances throughout the Canada, .. very few exceptions, I think the answer would be that they're in terrible shape and Manitoba is on the top of the heap for being in terrible shape. We've demonstrated it in a comparison of 1981 to 1986, Mr. Chairman, and we'll continue the discussion later on this evening.

**MR. CHAIRMAN:** The hour being 4:30 p.m., it is time for Private Members' Hour. I am therefore interrupting the proceedings of the committee and we will return at 8:00 p.m.

Call in the Speaker.

## IN SESSION

**MADAM SPEAKER:** Private Members' Business.  
The Honourable Government House Leader.

**HON. J. COWAN:** Madam Speaker, I think there is a disposition on the part of members opposite to call it 5:30 p.m. and forego Private Member's Hour to recommence the examination of the Estimates at 8:00 p.m.

**MADAM SPEAKER:** Is it the will of the House to call it 5:30 p.m. then? (Agreed)

The hour being 5:30 p.m., I am leaving the Chair with the understanding that the House will reconvene at 8:00 p.m. in Committee of Supply.