



Third Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
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EVANS, Leonard S.	Brandon East	N.D.P.
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KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
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Vacant	Portage la Prairie	

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 30, 1997

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Committee of Supply

Mr. Gerry McAlpine (Acting Chairperson of the Committee of Supply): Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for Turtle Mountain (Mr. Tweed), that the report of the committee be received.

Motion agreed to.

MINISTERIAL STATEMENTS

Flooding Disaster Assistance

Hon. Gary Filmon (Premier): Madam Speaker, I have a statement with copies for members of the opposition.

Over the past several days what I have seen and all Manitobans have witnessed will remain with me for the rest of my life. I can tell you that the footage and the pictures you may have seen on your television or in your newspapers does not even begin to convey the full extent of this flood. Lifting off from within the safety of a dike, one is completely overwhelmed by the immense stretches of water beyond its protection. Even from the air, to see these flood waters reaching to the horizon makes one respect the power of nature.

During our tours I have met with the mayors, reeves, municipal officials and residents to discuss the overall

flood situation in their communities. I have nothing but the highest praise for the various local officials, emergency volunteers, provincial and city officials and the military who have been working literally around the clock to make the emergency preparations go so well. The attitudes and spirit of the people I have talked to has reassured me that the people of Manitoba are not about to give up the fight.

Let me assure you, Madam Speaker, no efforts are being spared to continue to fight the flood. However, thousands of Manitobans are currently out of their homes and can only sit by daily to watch as the flood waters continue to affect what many Manitobans have spent a lifetime building. Our objective at this point is to provide them with the comfort, relief and assurance that the government of Manitoba and indeed all citizens of our province stand behind them and will continue to stand behind them when they have the opportunity to rebuild their homes, their businesses and their properties.

Under federal-provincial disaster assistance guidelines and programs, compensation is provided to homeowners and property owners. The upper limits to individual claim amounts were set some 20 years ago and have not been revised or adjusted since.

Officials have reviewed the current guidelines that exist in other provinces. Most recently, in the province of Quebec last year after the disaster of the Saguenay floods, the Province of Quebec raised the limit. Accordingly, I am announcing today that the government of Manitoba is increasing the individual property owner claim settlement limit to \$100,000. This will put us on the same level that exists in the provinces of Quebec, Alberta and British Columbia. Specific details of the programming will be announced in due course.

The purpose of my rising to make this announcement today is to provide assurances to the citizens of Manitoba who have been affected or will be affected, as well as members of the opposition who raised the issue here yesterday, that we are sensitive to their

concerns and will implement those changes immediately. I believe the Government of Canada concurs with these moves, and I will be seeking early confirmation from them.

Madam Speaker, my heart and my sincere thanks, as well as those of all Manitobans, goes out to those people on the front line who every day face great adversity and the biggest challenge of our generation. The flood of 1997 is a natural disaster of the highest magnitude, and I am confident that the people of Manitoba can handle this emergency if we continue to work together. Thank you.

* (1335)

Mr. Gary Doer (Leader of the Opposition): I would like to thank the Premier for his statement in the House today. I, too, and all of us want to continue our praise and respect for the thousands and thousands of Manitobans that have been pulling together as one community. Whether they are directly affected in this flood or whether they are removed from the flood, we are all working as one co-operative community together to deal with the crisis that we face and the crisis that our fellow citizens face.

I also want to pay tribute to our fellow Canadians that are also initiating efforts of help and support, whether it is in schools in Alberta or communities in other provinces across Canada. This has obviously touched the value system of our country, a country that is tolerant, that is fair, and a country that cares about each other. I want to thank on behalf of all of us the people across this great nation that are also coming together on behalf of our citizens.

As the Premier has indicated, there are thousands of people working night and day on this effort to stop the river and protect their communities and protect the safety of their citizens. I will reiterate that we believe the first and No. 1 priority, as the Premier has stated before, must be the personal safety of our citizens. We have already had loss of life with this flood and the waters in our province, and we will respect any decision and have respected decisions that have been made by the government, difficult decisions, when a loss of life or injury is at stake. That must remain the No. 1 priority for all of us.

In recognition of this, I also know that there are people that are fighting for their property and for their families. I have heard, as the Premier has heard, many people say that we built our communities by being fighters; we did not build our communities by being quitters. Let us stay. Let us fight. Let us be able to fight all the water that is coming across those dikes and be able to drain that water so that we can protect the families and materials that we have built up over generation after generation.

I respect those very difficult decisions and will respect the government while they are making those decisions. We are all working as one province together in dealing with the common enemy, and that is, of course, the water and the flood that is right throughout the Red River Valley.

I want to thank the Premier for his statement today about the limits of flood compensation. We, of course, have been reviewing this matter because constituents have been calling us. When we looked at the limit of \$30,000 and raised it yesterday in the Chamber and researched the material, it seemed to us that the Province of Quebec, the Province of Alberta, the Province of British Columbia had raised the levels to \$100,000. They had raised those levels, and we had felt that the Province of Manitoba should similarly raise those values.

We also believe that the federal government would have to, under that formula, treat Manitobans the same way as they treated the people in the Saguenay or the people in the Alberta situation flood of two weeks ago. We are pleased the government has made this announcement. We believe today the federal lead minister has stated that it is up to the province to set the limits. I am glad they have raised it. It makes a lot more sense for the families who are going to try to rebuild from this disaster and will want to have peace of mind in that rebuilding process and some part of that peace of mind will come from knowing what actually will be in the compensation package announced today. Thank you very, very much, Madam Speaker.

Madam Speaker: Does the honourable member for Inkster have leave? [agreed]

Mr. Kevin Lamoureux (Inkster): Madam Speaker, on behalf of my Liberal colleagues in the Chamber, I also wanted to say just a few short, brief words on this particular issue. We indeed do applaud the Premier and the government for taking very quick action to resolve an issue that many Manitobans were greatly concerned with, because after the flood waters recede the issue of compensation is going to be on the top of minds of Manitobans throughout the province.

It is indeed encouraging, and I listened very closely to what the Premier (Mr. Filmon) and the Leader of the New Democratic Party (Mr. Doer) were saying in terms of as we try to visualize just the significance of this particular event as we watch through cameras and so forth being first-hand on some of the dikes and participating, all the different things that are occurring, whether it is the people, it is businesses, it is levels of government, and what I wanted just to quickly make reference to is levels of government. Madam Speaker, I look at you, the member for St. Norbert (Mr. Laurendeau), other members of different political parties who are chipping in. We see gestures from different levels of government, the city, the provincial and the federal governments, working in a very co-operative fashion in order to resolve this issue in the best way in which we can.

* (1340)

It is encouraging at times, when we sit inside a Chamber and we expect to see a lot of advocacy on behalf of a political party, that it shows that political parties when it comes time or when necessary, in fact, we can work together. That is really encouraging to see as an individual that people are prepared to put the politics of the day to the side so that when I, for example, saw Madam Speaker, you, with Reg Alcock and the Deputy Speaker, city councillors like John Angus, when I saw at the Scotia line individuals like Gord Mackintosh and others participating, trying to send a message that this is indeed a nonpolitical issue and let us get the issue dealt with at hand.

That is why I wanted just to, on behalf of the Liberal colleagues inside this Chamber, applaud the government on its very quick action in dealing with the compensation package.

Flooding Emergency Response Plans

Hon. Glen Cummings (Minister of Natural Resources): Madam Speaker, I would like to, along with my colleague the Minister of Government Services (Mr. Pitura), provide a brief update to the House on the matter surrounding the flood.

The levels at the Red River rose a quarter of a foot at Ste. Agathe and three-quarters of a foot at St. Adolphe over the last 24 hours. City of Winnipeg levels rose one foot in the downtown area to up to two feet in Fort Garry. In the Selkirk area the river rose half a foot, and levels from Morris southward are now steady. The relatively rapid rise from St. Adolphe through Winnipeg is due to a surge of water that has arrived from the record levels that are passing past Ste. Agathe. The record levels on Lake Morris have pushed through the lake's relatively narrow outlet in that area, and the roads west of Ste. Agathe have been washed out by the surge of water.

The crest of the Red River is presently at Ste. Agathe and is expected at St. Adolphe tomorrow morning and at the floodway structure and the city of Winnipeg late tomorrow. The crest will reach Lockport on May 2 and Selkirk May 3 and Breezy Point May 4. After the crest is reached at any given location, we should be reminded that these levels will remain relatively steady for the following five days or so. Crest elevations remain unchanged from St. Adolphe to Breezy Point.

In addition to the record flooding along the Red River, serious flooding is also taking place in the downstream areas of the Red River tributaries due to backup from the swollen condition of the Red River. Levels at the Grande Pointe area rose another inch since Tuesday and will likely rise another few inches before the crest late tomorrow. Severe flooding is anticipated on the lower Netley Creek in the Petersfield area.

Flows at the Portage diversion have been increased in recent days to greatly reduce Assiniboine River flows, and, in fact, Assiniboine is cut to a very marginal flow as a result of this. This will result in a slight decline of the levels of the Red River in downtown Winnipeg beginning on Friday. The crest in downtown Winnipeg

is expected to be 24.5 feet above datum late on Thursday. The highest previous level since the floodway went into operation 28 years ago was 19.4. The 1950 crest was 30.3.

* (1345)

Hon. Frank Pitura (Minister of Government Services): Madam Speaker, with regard to an update on the Emergency Management Organization, I just have a couple of brief comments. First, in the area of Natural Resources, the department is developing a pass system for those persons re-entering to look after their operations. The other area that I wish to inform the House about is a fact mentioned yesterday about a re-entry committee being struck having representatives from many departments and agencies. I would just like to inform the House that that committee is progressing well, and I think that in a matter of days they will have a system available for those areas that will be available to re-enter so that re-entry can be made safe for those returning to their homes.

One other thing that MEMO is now doing is assessing the inventory of sandbags in the event that we do need additional supplies as the Red River passes through the city and onwards north up to the lake, and each day daily information on conditions will be provided to all the local authorities of impacted municipalities.

There is one other thing, Madam Speaker. I just want to inform the House, as well, that within—from April 26 to yesterday, the R.M. of East St. Paul, West St. Paul and the R.M. of St. Andrews have declared states of local emergency.

That is my update for today.

Mr. Stan Struthers (Dauphin): Madam Speaker, again, thanks to the ministers for providing that information to the House and for the people of Manitoba. The Minister of Natural Resources makes a good point that I would like to reiterate concerning the crests, the level of the water that we will be facing over the next little while. I think the minister is correct in pointing out that it is not just a one-day event with a crest, that the pressure on the dikes will remain high several days after the crest has been hit. We must be

absolutely ever vigilant with our diking and with our inspections of the dikes, and inspections of the dikes following the hitting the crest.

So I would encourage the minister and the government to continue that line of communication and let people be absolutely aware of what they are in for once the crests hit closer to the city. I think the lessons that we can learn are lessons that were hopefully learned by officials in areas further south where the crest has already moved through.

I also want to congratulate the Minister of Government Services on mentioning the committee that is designed to increase the amount of communication between different government levels. It is our hope that this will reduce the amount of confusion concerning some of the facts that are out there, because of course we want all Manitobans to know what the facts are so they can make appropriate decisions to protect their lives and properties and that way minimize the amount of harm that our citizens will eventually come across.

So with those few words, again I pledge our cooperation on this side of the House in working against a flood that could damage a lot in our city and in our province. Thank you.

ORAL QUESTION PERIOD

Flooding Disaster Assistance

Mr. Gary Doer (Leader of the Opposition): I would like to again thank the Premier for his commitment today on the \$100,000. I forgot to mention there are some pamphlets out, dated April '97, on the \$30,000 limit. I think we should make sure that those do not confuse the public. They were just recently published and released.

Yesterday I asked the Premier some questions dealing with the levels in other provinces, and it was unclear to us and it is unclear from the interviews today about who establishes the upper limit. It was our understanding when we asked the question to the Premier yesterday that the provincial government is able to

establish the upper-limit ceiling. Today that was confirmed by Mr. Axworthy in an interview in the media.

Does the province have the right to set that upper limit, and how does the confirmation work with the federal government that the Premier indicated?

Hon. Gary Filmon (Premier): It is our understanding that we do have the latitude to set those levels, and that appears to be confirmed by Mr. Axworthy's comments on CBC this morning.

There are some issues to do with the eligibility decisions that have to be made. I do not want to get into the detail of this because I think that it is best for us to attempt to clarify all of this by some discussions with federal counterparts, but I am told, for instance, on a specific example, that there is an anomaly whereby a church which is considered to be a secular institution would not be covered and that it has been rejected in the past by virtue of some interpretation of their guidelines.

* (1350)

There are a number of things as to the application with respect to businesses that would deem things ineligible. We would hope to work out all of those things, so we wanted to make the major announcement today about the \$100,000 limit now replacing the \$30,000 limit and work out all of the details to ensure that there is no contradiction in what we might be saying to people who ask us about eligibility.

Disaster Assistance—Cleanup

Mr. Gary Doer (Leader of the Opposition): Yesterday I raised the issue of cleanup and repairs, which are discretionary on the part of the provincial government. Red River gumbo and muck that will be coming from the river presents a horrendous cleanup problem for any of those victims in Ste. Agathe, Rosenort, Aubigny and other farmhouses in our communities and other houses that may be affected.

The provincial government, it seems to us, has the right to decide the cleanup and repair. Again, that is a

question we are getting from people that have already gone through this tragedy, will that be covered or not.

Will the Premier be providing the decision on cleanup of that Red River muck in the homes that have been flooded to date, and can we give a definitive answer to the people that are calling us and calling the Premier on this issue?

Hon. Gary Filmon (Premier): Subject again to the detail which I might not be aware of because of the federal government's guidelines and our own guidelines, I can say that the new pamphlet which the member referenced in his opening preamble has been outdated now because the \$30,000 limit being changed refers specifically to restoration to a predisaster condition as being an eligible cost, and it refers specifically to cleanup and debris removal including allowances for persons undertaking their own cleanup.

So I believe it is covered, and unless there is any further clarification that can be provided by my colleague the Minister of Government Services (Mr. Pitura), that is my interpretation of it.

Mr. Doer: It is our interpretation that this government can make that decision on the "may be covered," and it would be covered upon that decision.

Disaster Assistance—GST

Mr. Gary Doer (Leader of the Opposition): A final question: The Premier mentioned in his statement that the existing policy is dated in terms of its application. I asked yesterday the GST question which has come through since the flood relief policy and the disaster relief policy were established. The GST is not articulated as an item to be covered. We also note that some people unfortunately have been laid off because of the flood and the disaster that it presents. Motor Coach Industries has lost some people for some four to six weeks and the UI provisions or the EI provisions, whatever they are called now, have been changed dramatically over time affecting the livelihood of people.

Will the Premier be looking at updating the April '97 guidelines to deal with the GST and unemployment

insurance and be discussing that with the federal government in terms of its impact on families?

Hon. Gary Filmon (Premier): Since both of those would fall under the realm of responsibility of the federal government, I will undertake to put that on the agenda for my discussions with the federal government in the very near future.

Flooding EI Benefits—Layoffs

Mr. Daryl Reid (Transcona): Madam Speaker, at this point in time some 25,000 Manitobans have been evacuated from their homes due to the flood waters. In addition to the risk or loss of property, many families are without income at this point in time. It is my understanding, in looking at the government's pamphlet, that loss of income is one of the ineligible costs.

I would like to ask the Premier whether or not he will be able to, in his discussions with the federal government, ask them to waive the two-week waiting period for those who have been laid off—and that is currently the waiting period under the unemployment insurance system—so that these families do not have to undergo further financial hardship as a result of layoffs due to the flood conditions of this province.

Hon. Gary Filmon (Premier): I will undertake to put that item on the agenda for discussion with the federal counterparts as well.

* (1355)

Mr. Reid: I would like to also ask the First Minister, when he has his discussions with his cabinet, whether he will make a determination on whether or not—since the people who are eligible for unemployment insurance, having been laid off due to flood conditions—this government will undertake to top up the unemployment insurance payments to these families, so that they do not, in addition, suffer financial loss as a result of the flood conditions. Will you top up those funds in addition through the compensation package to these families, since they are not eligible for 100 percent of their lost income?

Mr. Filmon: Madam Speaker, one thing that strikes me is that people do carry income replacement

insurance, and there is such a thing available. Under our disaster assistance program, we do not normally cover matters for which people could insure themselves. I will take a look at that issue and see whether or not there are things that we might consider, but the first thing that strikes me is that there is insurance available for loss of income.

Evacuations—Financial Support

Mr. Daryl Reid (Transcona): I would like to also ask the First Minister: Because there are many displaced families from southern Manitoba and families here within the boundaries of the city of Winnipeg who have been laid off, members of the workforce who have been laid off as a result of flood conditions, what financial assistance is the government providing to these families in particular who have been displaced? It is my understanding that in the Saguenay region those families received some \$2,500 to assist them over the rough period of time. Can the minister advise what support the government is providing to these families through this difficult period of time?

Hon. Frank Pitura (Minister of Government Services): Madam Speaker, in response to the honourable member's question, when people are advised to evacuate an area and they register at the local authority from which they are leaving, upon arrival at the reception centre, once they are registered, they are provided with, I guess, a variety of packages depending on what their accommodation will be. If it is a congregate setting, then there is a certain package of assistance that is available. If they are staying with friends and relatives, there is also a compensation package available. If they are staying in a hotel- or motel-type facility, there is, as well, a compensation package available for aid to these families, so that they can in fact be looking after all their basic needs in terms of accommodation, food and other sundry effects.

Flooding Disaster Assistance—Advance Payment

Mr. Stan Struthers (Dauphin): Madam Speaker, my question is for the Premier (Mr. Filmon). For some time the municipalities have waited for decisions to be made regarding their compensation for equipment and overtime costs. The provincial government can apply

to the federal government for advance payment, thus speeding the process and providing cash to municipalities sooner.

Can the Premier indicate whether the province will apply to the federal government for an advance payment to cover costs incurred in this flood?

Hon. Frank Pitura (Minister of Government Services): Madam Speaker, of course that is something that we have had some ongoing discussion with the federal government about—advance payments. At the present time, I would like to inform the member that we have applied for an advance payment for the 1997 flood.

Mr. Struthers: I thank the minister for that answer. Can he tell me then when municipalities can look forward to receiving their first compensation package?

Mr. Pitura: Well, Madam Speaker, that is a difficult question to answer specifically at this time. Right now we have municipalities that are still very much in the thick of trying to keep flood waters from doing more damage than they have.

I think that once the flood event is over and re-entry has taken place into a lot of the communities, municipalities at that time will be prepared to come forward with a request for assistance, and, of course, it is difficult to respond unless they ask for assistance from us in that regard.

* (1400)

Mr. Struthers: According to federal guidelines, the province must have already incurred the expenditure. I am wondering can the minister tell me: Does this mean that the province has to pay out money before the federal government releases dollars to the province?

Mr. Pitura: That is, of course, what has happened historically, and as a result it sometimes takes up to two—the province pays for all the flood costs up front and then applies to the federal government for the amount that is cost-shared. By the time all the paper work is done and the auditing is done by the federal government, it can take up to two years to receive our payment. In fact, I would share with the House right

now that we are still awaiting federal compensation from the 1995 flood and also from the 1996 flood. So, to have had to keep on going, we could have a tremendous receivable from the federal government by the time 1997 is over.

Federal-Provincial Agreements Tabling Protocol

Ms. Jean Friesen (Wolseley): Madam Speaker, yesterday I asked the Minister of Education to table the federal-provincial agreement on training. The minister appeared to think that a government press release would suffice, but later outside the House her staff did provide that agreement. For that, I would like to thank the minister and to thank her staff.

I would like to table that agreement in the House and to ask the Premier if he would consider adopting a protocol on the formal tabling in the Legislature of all federal-provincial agreements signed on behalf of the people of Manitoba.

Hon. Gary Filmon (Premier): Madam Speaker, I think that is a reasonable request. Given time limitations—you know, I do not know if I could do it two hours after or the day after, but as long as we have some understanding that we will do it as quickly, as expediently after, then I would certainly undertake to do that—oh, sorry, as long as the federal government agrees. They have the right to say no to that.

Ms. Friesen: I would like to thank the Premier for that response.

Labour-Market Training Urban Aboriginals

Ms. Jean Friesen (Wolseley): I wanted to ask the Minister of Education if she could explain to the House the roles of both the federal and provincial governments in this agreement in respect of the training of aboriginal people both on and off reserve since it appears to be the only agreement signed so far which has specific mention of urban aboriginals.

Hon. Linda McIntosh (Minister of Education and Training): Madam Speaker, I must clarify to the member, first of all, that yesterday I had indicated that

I would gladly share the details of the agreement with her. Read Hansard, please. It says I will gladly "share the details later with the member." I brought it today to table. It is in the Legislative Library, which is about 20 feet there, and could have been picked up easily. It has been broadly distributed to a wide variety of groups around the province, but she did not know that and yesterday I did not have it with me. I just want to clarify that because in the preamble I think the member owes me a little bit of an apology for having misled my answer yesterday.

Madam Speaker, in answer to the question—

Point of Order

Madam Speaker: The honourable member for Thompson, on a point of order.

Mr. Steve Ashton (Opposition House Leader): On a point of order, Madam Speaker, the first question that the member asked was to the Premier (Mr. Filmon), and the Premier did answer that question I think very satisfactorily, that those documents should be tabled. Now the Minister of Education, in response to a supplementary that was on a specific question about this, is trying to answer the first question when indeed I think the Premier just spoke for the government. I would like to ask—[interjection]

You might also ask the Minister of Education to be a little bit more patient when points of order are raised. I would ask that she answer the second question that was explained instead of trying to justify why she did not follow the government policy as outlined by the Premier, which is to table those documents.

Madam Speaker: The honourable Minister of Education, on the same point of order.

Mrs. McIntosh: Madam Speaker, yesterday in Question Period the member for Wolseley (Ms. Friesen) asked if I would table the agreement because it was secret. I said it was not secret, and I would be pleased to share the details of the agreement with her. We did not get a second or third question. I subsequently had my staff take her the agreement and brought it here to table today. I was to rise today in response to that question. I have another one I want to

rise on, too. I only indicate for the record this is not a secret agreement; it is in the Legislative Library, and the Premier has indicated our willingness to table it.

So the member, I think, has no point of order. I was responding to yesterday's request.

Madam Speaker: The honourable member for Thompson did have a point of order. I would remind the honourable Minister of Education to respond to the question asked.

* * *

Madam Speaker: The honourable Minister of Education, to quickly respond to the question asked.

Mrs. McIntosh: The member had asked if there was to be satisfactory work done between aboriginals and the governments in terms of training. [interjection] Well, perhaps then she could repeat it, Madam Speaker, because I understood her to ask what the federal and provincial governments would be doing in regard to training for aboriginals as a result of this agreement. [interjection] That is the question? [interjection] Okay.

Then I indicate that we will be developing specific details on that. We expect to be signing a bilateral agreement on this particular issue only. We have indicated in here our desire and intention to proceed to develop specific training for aboriginals due to the fact that Manitoba has a very different makeup in terms of population than other provinces and per capita numbers of native peoples in this province.

Ms. Friesen: Madam Speaker, could the minister indicate what process she is going to undertake for consultation with aboriginal people in the preparation of that bilateral agreement?

Mrs. McIntosh: Madam Speaker, we have a whole series of people with whom we are in regular contact. We also have organizations with whom we are in regular contact in the aboriginal community. We have a number of programs currently underway that are provincial only, and those are headed by a wide variety of native leaders in Manitoba. We have begun work as well on a whole aboriginal strategy government-wide, so all of those people and all of those organizations—the

member may be familiar with many of the people that we consult with on a regular basis and that we have on our aboriginal steering committee, native leaders in Manitoba. So we will be looking at all of those organizations as we work with them to develop items for that.

Flooding Permanent Dikes

Mr. Kevin Lamoureux (Inkster): My question is for either the Premier (Mr. Filmon) or the minister responsible for emergency measures. There has been a lot of time, effort and resources put into constructing new dikes in many different areas of the province, particularly in the south and in the city of Winnipeg. I understand that there is a bit of a problem in terms of compensation if in fact some deem that they would like to, through landscaping, make these more of a permanent diking facility.

My question to the government is: Is the government currently looking at areas in which we could have some of these dikes remain as a permanent fixture with proper landscaping?

Hon. Frank Pitura (Minister of Government Services): Madam Speaker, I think the honourable member for Inkster poses a good question. It is one that we have had considerable discussion on with the federal government because, as you may be aware, under the disaster assistance policy, if a temporary dike is constructed, it must be removed in order to receive assistance. So, during the 1996 flood, as an example, we do have some outstanding claims as a result of temporary dikes being placed and not taken down and returned back to their original form, and so therefore assistance could not be paid.

Now the conversation that we have had thus far with the federal government would indicate verbally at this point in time that they are prepared to allow a temporary dike that has been constructed and then converted to a permanent dike to be available or at least have an allowance for compensation, but at this point in time I just want to assure the member that it has been a verbal exchange so far. We are awaiting confirmation on that, but we feel fairly positive that that is going to occur.

* (1410)

Mr. Lamoureux: Madam Speaker, would the minister be prepared to share with the Chamber a list of those potential dikes that the minister makes reference to so that we also might be able to participate in lobbying or whatever might be necessary in order to allow for these dikes where warranted to continue on with the proper, as I say, landscaping?

Mr. Pitura: Madam Speaker, the types of dikes that are being put into place, either to protect a residence—well, in most cases they are to protect residences, and if they are of earthen dike and made as a ring dike as part of the potential landscaping of the yard, the decision and the criteria under which the dike would be deemed to be permanent or temporary would have to be left until such point in time as an inspection takes place once a disaster claim has been submitted, and then the inspection would take place, and there would be evaluation of the diking structure at that time as to whether it can be left as a permanent dike or it would be considered temporary and should be removed.

Green Team Funding—Flood Cleanup

Mr. Kevin Lamoureux (Inkster): My final supplementary is to the Minister of Finance (Mr. Stefanson), where we have a program known as the Green Team, which is an environment job creation for young people program.

My question to the minister is: Is the government prepared to add additional resources so that this particular program can be expanded, given the cleanup effort that is going to be required? I think it would be a very positive gesture, and we would like to see the government make that if at all possible.

Hon. Glen Cummings (Minister of Natural Resources): Madam Speaker, the components of that program associated with Natural Resources and Rural Development, we have already had discussions in that respect, and certainly the intention is that we will be looking to have an expanded opportunity to assist with cleanup and using that opportunity to involve the youth and provide them with the experience and certainly the opportunity to assist in the very extensive cleanup.

ManGlobe Partnership Agreement

Mr. Jim Maloway (Elmwood): My question is to the Deputy Premier. Madam Speaker, on Monday, the minister once again attempted to deny information on ManGlobe by saying that he did not know what ManGlobe agreement I was referring to.

Madam Speaker, since October 28, '96, this minister has taken as notice many questions about the Canada-Manitoba Communications Agreement with ManGlobe, so he knows what agreement we are talking about, and I want to know: Has he found his copy of the agreement, and will he now table it in this House?

Hon. James Downey (Minister of Industry, Trade and Tourism): I am trying to be as co-operative as possible with the member. He makes reference to questions that were raised in the House last October. We have researched the Hansard, Madam Speaker, and find that we have in fact responded to the questions that the member has asked and, given the information that was requested, because it relates to the private nature of the company we are dealing with, there are certain things that can or cannot be released. However, I can tell the member that we have as a province participated in a research and development project with a company known as ManGlobe, of which the province has put in three different tranches of money which have equalled \$500,000.

The money was not used for travel in the magnitude of which the member has referenced. The money was not used to the magnitude that the member has referred to as salaries. The money has been used appropriately as it relates to the project, and that is what I have been told by my department.

Salaries—Information Request

Mr. Jim Maloway (Elmwood): My supplementary to the same minister is—the minister is clearly afraid to release this agreement. I would like to ask the minister: If Tracey Deleuw as the project director did not get a salary of \$240,000, and if Karen Alcock as the project manager did not get a salary of \$120,000 as phase one of the ManGlobe project as the documents indicate,

will this minister table any information he has that suggests what their salaries were?

Hon. James Downey (Minister of Industry, Trade and Tourism): As it relates to the questions and the federal government and the involvement of—

An Honourable Member: Karen Alcock.

Mr. Downey: Oh, that is right. Any questions may be better asked of the federal government as it relates to the participation of individuals whom he has mentioned.

I can, and I am somewhat reluctant to do this, Madam Speaker, but maybe in this situation I will, because it just clearly demonstrates how inaccurate the information is that the member brings to the House. But I am informed that the individual referred to received something like \$130,000 for some 18 months of work, not \$240,000 for salaries. Now that could have been for wages and other research work carried out by that individual.

Again, it is a research and development project. There are some 10 to 12 jobs employed in this company. It is still operating, and they have new private-sector money involved in the project.

Partnership Agreement

Mr. Jim Maloway (Elmwood): My final supplementary to the same minister is this: Since November 4 of '96 and on April 15, '97, this minister misled the House when he said the \$500,000 was a loan, will he come clean and admit now that the \$500,000 was indeed a grant under the Canada-Manitoba Communications Agreement, and will he now table that agreement as asked for many times in this House?

Hon. James Downey (Minister of Industry, Trade and Tourism): I am not aware of the fact that I made reference to the fact that it was a loan. If I did, I apologize to the House.

Mr. Steve Ashton (Thompson): Apologize twice; you said it twice.

Mr. Downey: Well, I apologize twice then if that makes the member for Thompson feel better, but there was no intent to in any way, shape or form to mislead this House, unlike the member for Elmwood who continues to bring inaccurate information to this Assembly.

Public Housing Reduction—Westman Area

Mr. Leonard Evans (Brandon East): I have a question for the Minister of Housing. I have been advised by a constituent that Manitoba Housing is in the process of selling off some of its social housing inventory in the Westman area, including units in towns such as Deloraine, Melita and Boissevain.

Can the minister advise the House if this is the case and the rationale for this reduction in social housing in the Westman area of this province?

Hon. Jack Reimer (Minister of Housing): Madam Speaker, as the member for Brandon is well aware, part of the problems that the—

An Honourable Member: Brandon East.

Mr. Reimer: Carman.

An Honourable Member: Brandon East.

Mr. Reimer: Brandon East, I am sorry. We are in the process of an evaluation of the offer from the federal government for the devolution of their portfolio to Manitoba. No decision has been made on that, but part of the analysis is looking at the total assets of not only the federal offer but also the assets that we have under Manitoba Housing. It is a position of evaluation of worth. No decision has been made as to what units would or should be sold off. It is just a matter of going through the process of trying to come up with an idea of what type of program the federal government is bringing forth for an evaluation process.

Mr. Leonard Evans: I am not quite clear from the minister's statement where they stand on this matter. I want to ask him then: Is he telling us that he is satisfied that Westman has more than adequate social housing for families in need, or is he suggesting that they may at some point have plans to improve the situation in those various towns where there is a need for social family housing?

Mr. Reimer: Madam Speaker, what I was relating to the member for Brandon East was the fact that Manitoba Housing has placed a very high priority on accommodating the people's needs in particular areas. The areas that he is relating to have a certain amount of homes and housing accommodations that we will evaluate from time to time as to the needs and the vacancies. The vacancies will dictate the amount of people who are living in the unit. The fact that we are in the process of doing this type of analysis is a normal process in trying to come to some sort of direction as to the decision that the federal government is bringing forth for us.

* (1420)

Program Expansion—Brandon

Mr. Leonard Evans (Brandon East): I wonder if the minister could tell the House whether, in his work and his looking into matters, he has any studies of the social housing situation in the city of Brandon and, specifically, any plans to construct more social housing where there, indeed, are just too many slum housing units in the city of Brandon.

Hon. Jack Reimer (Minister of Housing): Madam Speaker, Brandon has been well served with public housing. We are in the process of always evaluating the needs. There have been additional units put through through the EPH programs. These are units that have been brought on stream since we have come into government. We are not in a process of expanding the program because, as the member knows, the federal government has pulled out of the cost-shared approach of expanding any type of public housing in Manitoba. We are of the position that we can always try to improve with creative partnerships with other organizations in places where there is a need. So we will continue to look at any type of innovative way to provide housing in and around Brandon or in any places in Manitoba.

Canadian National Institute for the Blind Layoffs

Mr. Doug Martindale (Burrows): Madam Speaker, the Canadian National Institute for the Blind was organized in 1918, and they have provided many important services to the visually impaired since that

time. A consumer group, the coalition for service accountability, has written to the minister with questions, and I would like to ask the Minister of Family Services the same questions. That is: Would she be willing to talk to CNIB in Winnipeg and ask them why they are laying off front-line service delivery staff and hiring more people in management? What is she prepared to do to see that people provide services to those who need the services instead of increasing the management staff?

Hon. Bonnie Mitchelson (Minister of Family Services): Madam Speaker, I thank my honourable friend for that question. I want to indicate to him, though, that we have funded to a significant degree the CNIB over many, many years to provide a very valuable service, and we have maintained that funding. If internally at CNIB they are making decisions that are not in the best interests of the clients that they serve, I think it is incumbent that we all know and understand and try to work towards ensuring that appropriate services are being provided, but those are decisions that CNIB makes, and from time to time there is criticism. We want to work with those that are receiving services to ensure the services they need are there for them when they need them.

Mr. Martindale: I would like to ask the Minister of Family Services what she is prepared to do, since taxpayers of Manitoba give the CNIB over a million dollars a year, to have them accountable for how they spend that money so that the maximum amount of service goes to people in the community that need the service, and whether or not those services are appropriate. She certainly has been prepared to step in, in other situations, like with WASO and with the Anishinaabe Child and Family Services. Here I am only asking that she make inquiries on behalf of the clients who are served in the community.

Mrs. Mitchelson: Madam Speaker, I certainly am not going to sit by and see services for people who need those services being withdrawn. I do want to indicate that I have in other instances worked with members of the community. When you had those who are adventitiously blind and deaf that were experiencing some difficulty with the kinds of services and supports that were being provided, we worked very co-

operatively with them and the Canadian National Institute for the Blind, and we came up with a solution that would allow them more opportunity to make decisions over the kinds of care they needed as a result of that. We will continue with the United Way and the government of Manitoba, who are significant funders of CNIB, and we will be endeavouring to ensure that the services that are provided are meeting the needs of those that require those services.

Membership Policy

Mr. Doug Martindale (Burrows): Will the Minister of Family Services also work with CNIB and with consumers to see that they have a more open membership policy so that consumers do indeed have much more input into the level of services and the appropriateness of services since this organization really needs to be restructured in order to serve its client group much more efficiently?

Hon. Bonnie Mitchelson (Minister of Family Services): Again, I say to my honourable friend that we want to ensure the services that are needed by people will be there for those people, that they have some ability to make the decisions on how those services can be delivered. We do know that CNIB is a national organization; they have a Manitoba chapter. Again, I will repeat that, in the best interests of the people that need the service, we will work with them to ensure that that service is appropriate to their needs.

Education System Canadian History Curriculum

Hon. Linda McIntosh (Minister of Education and Training): Madam Speaker, I took as notice some time ago a question from the member for Wolseley (Ms. Friesen) who had inquired about the progress of the development of the history curriculum through the western protocol, asking if it would be ready in time for this September and, if not, would we be continuing as we currently are with the current offering of history.

The answer is that she is correct in her understanding that the western protocol is slowing things down a bit. I think it is a good reason to slow down because we will end up with something that is completely acceptable to

British Columbia, Saskatchewan, Manitoba, Alberta, Northwest Territories and the Yukon, but it is going to take longer. We had indicated to the field, in 1996, that until the new curriculum was ready, the current system would apply and that holds in the field. We will be having confirmation of that because our plan of 1997 has indeed been delayed because of the western protocol collaboration.

Eaton's Store Closures—Garden City Location

Ms. Becky Barrett (Wellington): Madam Speaker, we have just heard on the radio and I would like to ask the Minister of Industry, Trade and Tourism to confirm the fact that it is highly probable or it looks very likely that the Garden City Eaton's will be closing. I would like the minister to confirm if that is his understanding, and if that is the case, what is his committee and his group doing to try and stem this decision, turn this decision around, and give us an update on what his committee is doing about the Eaton's situation in the city of Winnipeg which includes not only the Garden City Eaton's but the downtown Eaton's and the Warehouse Store.

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, I understand that information is accurate as it relates to the Garden City Eaton's store, that they in fact have given announcements or notices that they plan to close sometime. I think it is in February of 1998 that they have asked them to retain the operation of that store to. The committee is still working with Eaton's to try and make sure that they minimize the loss of stores in the province of Manitoba, including Brandon, the downtown store and the Warehouse Store. It is unfortunate. However, I can assure the member that the province, the city and all those people who are interested in our province are working aggressively to try and bring forward some options that may well be part of the commercial part of the city, but the decisions will initially be made by Eaton's as it relates to their future and their financial backers.

Ms. Barrett: Madam Speaker, I know we are all sorry to hear that decision that has been made by Eaton's, even though the implementation of it will not be until February of next year.

Store Closures—Alternatives

Ms. Becky Barrett (Wellington): I am wondering if the minister can share with us some of the areas of suggestions that his committee is working on with the city and with Eaton's to try and keep the closures of Eaton's throughout Manitoba to a minimum, if in fact any of them do need to close. What kinds of things are you looking at doing and working with Eaton's to try and make the losses as minimal as possible?

* (1430)

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, I can tell the member that one of the messages that is going through to Eaton's is the fact that the province of Manitoba and the people who have bought retail products from them have been supporters of that company for many, many years, and the message is that we would hope they would give a lot more consideration to the province of Manitoba and to the business that they have carried out in the province of Manitoba.

As it relates to any specific options, I am not at liberty and do not have any of that information right at my fingertips. I do know there are a lot of people working and working very aggressively to try and maintain the services of Eaton's and/or a similar type activity in the province of Manitoba.

Madam Speaker: Time for Oral Questions has expired.

ORDERS OF THE DAY

Hon. James McCrae (Government House Leader): Madam Speaker, I move, seconded by the honourable Minister of Industry, Trade and Tourism (Mr. Downey), that Madam Speaker do now leave the Chair— [interjection] I understand there are some difficulties being experienced by the opposition in terms of the critic for Environment not being available this afternoon. The honourable opposition House leader and I have had some brief discussions. That was not made known to me a few minutes ago when we discussed it. I think prior to beginning Estimates, we may have to adjourn the House for a few minutes this

afternoon. So I suggest we recess the House for 10 minutes.

Mr. Steve Ashton (Opposition House Leader): Just to explain. I think part of the confusion came because I did raise the question as to whether we should be sitting at all. We are in the situation now where there are several ministers, several MLAs who are being called out for flood-related emergencies. Given the fact we had already scheduled Estimates this afternoon, the suggestion was to go into Finance, because I know the Minister of Finance (Mr. Stefanson) and the Finance critic are here, also Consumer and Corporate Affairs, which we could consider this afternoon.

I would also suggest, Madam Speaker—and I know there have been various discussions back and forth between the government House leader—we should I think assess what happens tomorrow. On a daily basis we are seeing a more rapid flood crest than was expected. People are being called out into their constituencies, and I think we all realize, too, that should be the top priority. I think our intent this week has been to try and operate as much as possible, but we have run into a situation today where there are several ministers out sandbagging, several critics. So what I would suggest we do, if we do that this afternoon, is assess tomorrow morning prior to ten o'clock and leave open the possibility of not sitting tomorrow and assessing that on a daily basis.

I want to indicate that, from the official opposition's standpoint, we are quite prepared to do that, not only not to sit but to reallocate any time that might be lost from the calendar plus set a calendar to another time whether it be Estimates or bills. So that is my suggestion—Finance and Consumer and Corporate Affairs today, and then let us assess tomorrow morning whether we even in fact sit tomorrow morning.

Mr. McCrae: Madam Speaker, those comments are helpful. Indeed, the honourable Leader of the Opposition (Mr. Doer) and I did discuss the potential of discussing the Estimates related to the Department of Finance. It was not made clear to me that that would happen instead of the Environment department, and I believe, having checked with the Minister of Finance (Mr. Stefanson), that would be acceptable.

I am always available and have been and so is the honourable member for Thompson (Mr. Ashton) for discussions on how we might carry on the work of the House at a time when members do indeed need to be away. The key to all of this is indeed working together in co-operation, and that has been evidenced by honourable members in the New Democratic Party and the Liberal Party and by members on this side of the House as well.

So what the honourable member is suggesting, Madam Speaker, would call for an adjustment to the order of Estimates filed in the House on March 27 such that the Estimates for the Department of Finance would be moved from the committee and into the House. That would interrupt the proceedings with respect to the Department of Environment and move that down on the list after Finance. So I think that describes what needs to happen. Is that clear enough for the table?

Madam Speaker: Is there leave to have the Department of Finance Estimates moved from the committee outside the Chamber into the Chamber? [agreed]

Mr. McCrae: I thank the honourable member for that and apologize for any confusion, but it had been my clear understanding that it would have been something different from what we are talking about now. This is just fine, because we do have a very co-operative Minister of Finance and that is very helpful, and it is especially helpful at this time in Manitoba. With the accommodations that we are making, it should indeed be possible for us to carry on with the business of the people in this House while honourable members such as yourself, Madam Speaker, can be available to constituents, which is vitally necessary just about now.

So I move, seconded by the Minister of Industry, Trade and Tourism (Mr. Downey), that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to, and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty with the honourable member for Pembina (Mr. Dyck) in the Chair for the Department of Consumer and Corporate Affairs; and the honourable

member for Sturgeon Creek (Mr. McAlpine) in the Chair for the Department of Finance.

* (1440)

Madam Speaker: As the Deputy Speaker is unavailable, the honourable member for Sturgeon Creek (Mr. McAlpine) will be chairing the Committee of Supply in the Chamber, and the honourable member for Pembina (Mr. Dyck) will be acting as Chair of the Committee of Supply outside the Chamber.

COMMITTEE OF SUPPLY (Concurrent Sections)

CONSUMER AND CORPORATE AFFAIRS

The Acting Chairperson (Mr. Peter Dyck): Order, please. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Consumer and Corporate Affairs.

When the committee last sat it had been considering item 2.(b) Residential Tenancies on page 25 of the Estimates book.

Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs): Mr. Chairman, I believe that as we adjourned last night my honourable colleague had asked me a question with regard to disposition of issues, the relationship between a landlord and a tenant in situations of domestic violence. I believe that my response I had perhaps formulated but not got on the record was that my honourable colleague had posed that if there were two individuals, male and female who had signed a lease, one of the tenants was to go to the landlord and to say, I cajole you, I plead with you not to let the other tenant have access to the property because of domestic violence or apprehension thereof, what was the status of the law at the present time?

My response to that is that at the present time, barring any restraint order, the landlord is obliged to give equal access to both signatories to the lease. If there is an individual in the flat who is not a signatory to the lease but rather a resident only, then I believe that the tenant signatory would have the authority to advise the

landlord to bar somebody from the premises, but the way to ensure any sort of security in a situation like this would be to get a restraint order.

Ms. Marianne Cerilli (Radisson): In this kind of a situation involving domestic violence, what the minister is saying is that the victim must get a restraining order, and yet the earlier question, it was going to be up to the victim to then inform the landlord. That was the other question, that it was up to the woman to inform the landlord, and that would still hold true that then once the restraining order—and that is the only way that there would be any legal recourse to prevent the entry of the abusive partner into the apartment.

So there must be a restraining order, and then it is up to the victim to then take that restraining order and show it to the landlord in order to have the person who is, according to the lease agreement, justified to have entry into the suite to not have that happen?

Mr. Radcliffe: I would agree with most of what my honourable colleague has said; however, I would add to her remarks that my knowledge of the zero tolerance application of the law nowadays is that if a partner or a person in a domestic violence situation calls the police, the police are obliged to attend. If, on an initial scrutiny, it is apparent to the police that any violence has occurred or that there is any apprehension of violence that is about to occur they must take the offending person into custody, and that person is then released on conditions.

* (1450)

My experience, although brief with this branch of domestic law before I left private practice, was that if there was a domestic situation where two partners were living together, the person would be released from custody on the understanding that the presiding magistrate would order that that person not attend at the residential premises where the alleged victim was found, and so these would be interim orders until such time as the charges were disposed of before the court. So you can often have up to three or four months before one of these charges can work its way through the whole Provincial Judges Court process. During that interval both individuals would be functioning under an order of the Provincial Judges Court magistrate. The resident tenant alleged victim could then take a copy of

those conditions of release, share that with the landlord and that would be, I would think, sufficient justification for a landlord to deny somebody access to an apartment and, in fact, further, call the police to have somebody barred from the premises and to have the balance of the Crown offered to protect any supposed victim.

Ms. Cerilli: So if all that occurred in the scenario that the minister has just described, then the landlord would have the responsibility for ensuring that locks are changed and keys are made for the tenant to ensure that the abusive partner does not have access to the suite.

That is the first part of the question. The second part is if all this scenario occurred, as the minister has just described, and a landlord still allowed the abusive partner into the unit, what could be the consequences legally to that landlord?

Mr. Radcliffe: I believe I should correct the record because I do not know, and I do not want to leave on the record any remarks that might be imputed to me to say that there is a positive obligation on the part of the landlord to actually change locks. That might well be, and it makes common sense, what my honourable colleague has mentioned, but I do not know that there has been judicial interpretation on that, and so I would hesitate to say that that is the status of the law.

With regard to the second question posed by my honourable colleague, I would say to that that if a landlord knowingly flouted or assisted in enabling an individual to flout an order of the Provincial Judges Court, there is due process which is to haul that landlord into Provincial Judges Court on a contempt motion and have the landlord answerable to the magistrate with regard to the security of the person at question.

Ms. Cerilli: This could be for some very interesting cases if that kind of situation occurred and there were injuries or even death to a tenant after a restraining order or even police reports were made, and the landlord did allow access to the unit, and if then charges could be laid against a landlord in terms of assisting in an assault.

I am not sure of the legal terms that would be used, the types of charges that would be laid, but I think that

these are probably scenarios that not everyone has thought through, and I know that the other day, when we were discussing this yesterday, you did say that this would now be included in the training and information that goes forward for landlords and for tenants to make sure that they know of their responsibilities in this area. So I think that this has been a worthwhile exchange.

Mr. Radcliffe: I can add to my honourable colleague's remarks that I have been a solicitor in some of these cases where, in fact, women have been shot, clients of mine in situations like this, so that I have had a working knowledge of it and feel quite intensely about some of this material.

Ms. Cerilli: All right, then. That whole issue was actually raised by questions from the member for Osborne (Ms. McGifford), and I had been, though, discussing issues around rent control, so I want to resume dealing with that issue and going back to some of the arguments that are being put forward by some of the landlord groups and asking for the government's interpretation or their acknowledgement of some of their claims or if they have done any of their own research on this area. One of them is to do with the assertion, I guess you could say, that the rent control guidelines are contributing to having single-family residents ending up to have to have an increase in their property taxes because of the reduced assessment on the rental properties because of the effects of the rent control guideline, to put it succinctly, I guess.

So I am wondering if that has been part of the discussions in the department and through the ad hoc committee that has been working on these issues and if there is any additional research that has been done to clarify that type of claim.

Mr. Radcliffe: This argument was made to me by one of the landlord groups when they appeared in my office in late January. For purposes of the record, I would say that the argument runs thusly: that the capital value of a residential tenancy unit, a multiple unit, is determined by the value of the income that it can generate.

The landlords, this one group of landlords, argue that if you suppress the revenue and suppress it unjustifiably to keep it below what market would demand, then that suppresses the capital value because the revenue, the

total income for that block, is depressed, and therefore the capital value is depressed, and therefore—and this is a real domino argument, and I would not castigate my honourable friend, but I might typify this argument as somewhat imaginative and reaching. Nonetheless, the argument then goes that the capital value of the building is depressed, and therefore the municipal authority is taxing on a depressed land base. I am familiar with that argument, and that is how the argument goes as it was explained to me.

I have no additional research on this at this point in time. There was an ad hoc committee assisting the director to consider many of these issues, and I received a report back from the director, I think, oh, about the second week in April, so all this material is quite fresh on my desk. I would advise my honourable colleague that I run a very open office where any pressure group or advocacy group is open to come to me and present their arguments. However, my policy is that any issues that are raised are then referred back through the deputy into the department for such advice and consideration as the department may consider. I will take no action and form no opinion and do nothing until I receive advice back from that chain of command out of the department.

* (1500)

I can advise my honourable colleague that the consensus, I believe, of this ad hoc group—which is not a widely consultative group, I would add as well. It is a select group of a small number of individuals who met long and hard, did come up with a number of different suggestions of issues that I might consider, but there has been no economic information provided to me either by the landlords nor by the ad hoc group nor by the director nor by the deputy to date. I think, before we were to take any legislative direction or legislative steps on this, that some of those types of steps and research that my honourable colleague is suggesting would be well advised so that we can speak not from suspicion nor from a position of one particular advocate but rather from a balanced position and one of fact. For example, I would like to know what the tax base is for residential tenancies in the city of Winnipeg within the redline district, without the redline district. Does that cause a diminution in tax rolls and tax income? I believe that the argument may be spurious or may even

be affected by the fact that I believe the City of Winnipeg has weighted their tax base—and I am no expert on assessment—against single-family residential rather than multiple and commercial, and that there has been a real shift or change in the policy of the City of Winnipeg over the last five or six years. I can say that because I used to act for some foreign landlords, some foreign landowners, I should say, who owned land in the city of Winnipeg, both houses and businesses, and we saw the shift come from year to year in the taxes we were paying as we were administering their property. I do not know if one can conclude, such as my honourable friend has posed, but it is certainly an argument and it is something that I would like to address.

Ms. Cerilli: In his answer the minister has sort of agreed with part of it, and I guess the question would be if you can equate those two issues together, the fact that the city has transferred a greater tax burden to single family-owned properties, residential properties as opposed to businesses and residential tenancies, but equating that with these other issues is the question that he has raised.

Just a quick question related to this, especially given that the minister has said that there is a need for more research and analysis in this area. I am wondering what the capacity is currently in his department to do that kind of research and analysis or if they rely heavily on CMHC. I know I get the benefit of a lot of their publications, as I am sure the department does, but I am concerned because I know there are a lot of changes happening over with CMHC and I am concerned if some of their research, the very good work they do in this whole area for the entire country is going to be reduced and if that is going to occur, is that really going to affect this department in terms of the Residential Tenancies branch and the ability for you to have access to information to do the kind of analysis we need to do for policy in this area.

On a point of clarification for Mr. Martindale, the member for Burrows, I want to be co-operative on this committee particularly because of the flood and I know that our critic for Consumer and Corporate Affairs may have received an evacuation notice today, so we are trying to give some more certainty to the proceedings of the committee. I am prepared to go until five o'clock,

and I am wanting to ask the minister if at that time we could have the head of the branch for Vital Statistics here, so the member for Burrows would ask some questions and then after that we would proceed back with the critic for Consumer and Corporate Affairs.

Mr. Radcliffe: Absolutely, I would be delighted to do that. My honourable colleague had asked me what the capacity for research was in the Residential Tenancies branch of the Department of Consumer and Corporate Affairs, and I would advise that the director does rely on CMHC for their vacancy information. They apparently have vacancy stats that they supply on a regular basis.

I would also advise that Consumer and Corporate Affairs has a Research department, albeit modest, of two research analysts and a support person. The department is headed by Mr. Ian Anderson, and they research a whole plethora of activities for us right across the department. So, for example, if there was an issue which as we are discussing now of what is the impact on the assessment rates on residential rent control on the capital value of commercial property in the city of Winnipeg, residential tenancy property in the city of Winnipeg, this is quite logically and reasonably an issue which could be referred to the Research branch of the department.

In addition, I have seized the initiative. There is an advisory group of landlords and tenants which had been dormant for some time, and I have just completed some appointments to this group. It is my intention that this group be started up again and that they would meet. I do not believe they have met for a couple of years, and it has become quite inactive. They do not have research capacity per se, but what they do, I think, bring to the mosaic is public opinion, street sense. They would bring the milieu, the temper of the milieu in which we are functioning. So I think that, before one commits oneself to any branch of legislation, you have got to do some consultation with the people involved.

I would cite to my honourable colleague that I had the experience in the Child and Family Services environment to travel across the country and found it very rewarding to speak to or hear presentations from an incredible cross-section of individuals in the province of Manitoba on Child and Family Services

legislative proposed changes. That proved to me the value of consulting the individuals that you are going to be legislating over before you can take any such steps, and so therefore I would look to this advisory group to bring this sort of wisdom to the table.

Ms. Cerilli: The other part of that question, then, given that the minister has said that they would rely on CMHC for this type of analysis and research, does the minister have concerns or knowledge of changes at CMHC that could affect the availability of information in these kinds of areas, and is that a concern, I mean, if we are going to then have to seek to get that information elsewhere?

Mr. Radcliffe: Mr. Chairman, we have no information at this time that CMHC is going to discontinue providing vacancy rates, information for the city of Winnipeg at this time. So I can respond to my honourable colleague that in fact we do not see that any prospective changes of CMHC of which we are aware right now will impact on our research capacity in this department.

* (1510)

Ms. Cerilli: One of the other things that the minister had said yesterday during this discussion was that public housing was filling a gap in the availability of accommodation at the low end for low-income Manitobans, and one of the other claims by some of the landlord groups is that public housing is unfair competition, that they would like to see the government "get out of the housing business." We see that the federal government, in a large way, is doing that, and provincial governments are following suit, even this provincial government. Since the feds have stopped funding new construction of social housing in '94, there has been no new money from the provincial government of Manitoba either for new social or public housing.

I am wondering how the minister and this government respond to the assertions of groups like AIM or other landlord groups that try and suggest that the government has no business in providing housing for low-income Manitobans or seniors or those with disabilities or any of the other Manitobans that benefit from Manitoba Housing properties programs?

Mr. Radcliffe: Well, Mr. Chairman, I am sure you are aware, as is my honourable friend, that when you occupy public office, you are subject to a full range of opinion from the entire spectrum of the business world in the department in which you administer, and one must be tolerant and open to listen to everybody's views. But I can tell this particular member that I would have great difficulty—given the level of information and knowledge that I have at this point in time, the arguments that AIM has presented to date to me in support of abolishing subsidized housing or public housing because it was undue competition for their particular niche market, I do not believe it really has a lot of weight at this point in time.

Ms. Cerilli: This gets me into another area that I want to spend some time on, particularly because I do have with me the rent market report for '96 from Canada Mortgage and Housing Corporation. This report provides more than just vacancy rates. It also provides the average costs for apartments in the province and breaks down the city of Winnipeg into different areas and then shows some comparison between capital cities across the country. So it is a really good resource, and one of the things that we are concerned about is the availability of a full range of housing across the province.

I know, again, from talking to some of the landlord groups, one of the things that they have said to me is that there is a shortage of two-bedroom units in the province. I am wondering if the ministry has any information of their own or if they could confirm that or produce some information to show that there is a lower vacancy and there is a need for two-bedroom units in the city or in the province.

Mr. Radcliffe: In response to my honourable colleague, the information we have in the department is that we know what the supply of two-bedroom housing units is in the province, but we have no way of assessing what is the demand for that. Of course, obviously, all you can do is assume or conclude if the supply is very low that there is a high demand.

My honourable colleague's remarks now are the first that we have heard of this information that the supply of two-bedroom housing units does not meet the current demand for this type of rental accommodation in the

city of Winnipeg or the province of Manitoba, and, in fact, we have no way of measuring the demand. We know what the supply is because we see the vacancy rates, but we do not know what the unqualified or unsatisfied demand is that is out there for that.

Ms. Cerilli: I guess one would be able to make some assumption though. If there is a higher vacancy rate, then you would know that there perhaps is a greater demand in there. But one of the other reasons that some of the landlord groups are raising this is because they believe that there is a problem in terms of—again, this deals with some of the rent control issues, but one of the things that they are concerned about is the cost. The difference between a one-bedroom and a two-bedroom is reduced. I guess they are equating this, that people tend to stay in the two-bedroom units, perhaps then the rent control guidelines, or there has not been as much increase in the rents because people stay there longer.

What is happening is there is a skewing in terms of the rents in Manitoba. I am just trying to look through the statistics here from this report and see if this is borne out in this research from CMHC, and I am wondering if that is something that the department has had raised with them through this ad hoc committee, through meetings that you have had, and if this is something that is of concern or being looked at.

Mr. Radcliffe: Again, Mr. Chair, on a general philosophical basis, whenever one enters an economic market with a regulation or a regulatory environment of any sort, be it on the Public Utilities Board level or on the Residential Tenancies board, you are interfering with the free flow of economic forces of supply and demand.

So it cannot but skew the market to some extent or another, and I would define skew as to change away from the unchecked forces of supply and demand. However, I have not been met with the argument that the people are retaining, unjustifiably or unduly, the occupancy of two-bedroom units to the detriment of people searching for that sort of accommodation or to deplete the market of that supply.

If somebody were to make that case to me, I am certainly open to doing the appropriate research on it to

see what is available, but this is the first time I have heard that.

Ms. Cerilli: I guess it can just be added to the list. I am starting to, after listening to the minister, have more questions about this department's role through Research or the branch, the Residential Tenancies branch in trying to do some type of analysis. I am glad to see that you have your committee, your tenant and landlord committee up and working again, because I think that a lot of these issues will come forward. I mean, there are all sorts of other issues we have not even started dealing with yet in terms of rental properties.

I guess what I am wanting to find out is the attention that is being paid in this department through Research or the Residential Tenancies branch to issues of social policy around residential tenancies, of trying to have—I do not know if there even is any kind of mandate within this department to pay attention to housing for low-income people, to do research in this area, to look at some of the issues around, like I am wanting to get into yet, the percentage of the market that is available at the low end, or if the government simply views that as the purview of the Department of Housing, through social and public housing, and that there is no social policy role as part of the mandate for Consumer and Corporate Affairs and the Residential Tenancies branch.

* (1520)

Mr. Radcliffe: In response to my honourable colleague, I would say that the cabinet in its deliberations from year to year where it sets the recommended level of increase, not an automatic increase, I might add, but the allowable ceiling to which rents can rise, taking into account the rising costs and the rise and the devaluation of our currency and all those sort of imponderables, does consider the overall impact of the availability of decent, clean, safe accommodation for our citizens at all ends of the economic spectrum. So from a broad philosophical base, I would say that is the consideration. Then, more particularly, my sense, and albeit I am very new in the chair as the minister responsible for residential housing, but I can add that the sense I get from listening to the reports coming up from the department is that great focus is placed on mediation, resolution of disputes by conciliation, that there is a very collegial and open

environment in the Residential Tenancies which tries to be open to the disenfranchised, those individuals who do come forward, and albeit we only see the ones who do come forward, and I am aware of the argument that for every one that comes forward, there are probably many, many others who suffer in silence.

Nonetheless, I would say that the environment created by the director with his employees, with the processes that he invokes and with the constant checking, the constant education of the employees and the quality of the employees in the branch, are such that they are aimed at making this a responsive environment for both sides, not only for the landlords but for the tenants as well. Of course, as my honourable colleague would argue, the landlords have an economic advantage that the tenants do not have, and they have the advantage of organization and probably access to research and development that individual tenants do not have because they do not appear in this province to be an organized group of individuals.

However, I would not say that the department has a particular bent or a particular overriding philosophy in favour of one group or the other. They try scrupulously to maintain a balance so that housing of all types are available to the citizens of Manitoba, and in fact, being mindful of the issue, that it has got to be a source of investment which is appealing to individuals so that people will invest their capital to produce private housing of a quality and nature that people want to live in. This is over and above the public housing which my honourable colleague has referred to.

So I have not given you much specifics. I have given you sort of a generality of what the direction and focus of the department is. From my observation to date, is there any special mandate. I know of no special mandate at this point in time, but I can tell you that we are in a self-analytical evaluative process right now right across the department, in fact right across government, whereby we are looking at benchmarking, we are looking at measurements of objectives, we are looking at accountability from our departments and asking our employees to bring back to us their concept of measurement, so that we have government that is responsive so that we can then give some direction to the front-line workers rather than having it as a mindless reactive entity.

Mr. Chair. I was wondering if I could prevail upon the kindness of the committee to have about a two-minute adjournment. I just want to step outside the committee room for one minute.

An Honourable Member: Recess.

Mr. Radcliffe: Yes, if I could have a recess for two minutes. [interjection] Wonderful, thank you.

The Acting Chairperson (Mr. Dyck): Is there leave from the committee? [agreed]

The committee recessed at 3:25 p.m.

After Recess

The committee resumed at 3:27 p.m.

Ms. Cerilli: I guess what the minister has said is in some ways then rent control is a social policy or social justice policy, and, other than that, there is not really a mandate to do research or try and develop other similar policies. But they do, through The Residential Tenancies Act, they have tried to develop a fair act, and their job is to uphold that act in a fair way. I accept that, and I know that there are some things built into that act to try and address the imbalance of power between tenants and landlords.

One that comes to mind is the fact that landlords are not to bring lawyers to Residential Tenancies Commission hearings. I know I have, though, had complaints given to me by tenants who feel that that has not been followed all the time, but that is another issue.

I am stilling wanting, though, to press the minister a little bit more on this to see if I am understanding this correctly, if I am understanding his answer correctly, and if there are any other initiatives in his branch to deal with socioeconomic inequities in the whole area of residential tenancies. You know, I was talking the other day about how low income people still really do get gouged in terms of renting housing, and the minister had also said that part of the responsibilities of his department is to create the climate for investment,

ensure that is one of the purposes or one of the priorities of the department. I am wondering how the whole issue of the fairness and the social and economic justice for tenants fits into that in terms of other social policy and research and development in this whole area of housing Manitobans.

Mr. Radcliffe: I would add to my previous answer, I guess, to my honourable colleague, in part in answer to this question that she has posed, that the preamble to the act, Chapter R119 of Continuing Statutes of Manitoba, which was passed in September of '93, has a preamble, about four whereases which set out the philosophical base for the functioning of The Residential Tenancies Act. In part, it says that the mandate is to preserve the ongoing harmonious relationships between landlords and tenants, require innovative dispute resolution which is informal, accessible, expeditious, amicable; that to resolve these disputes in an informal administrative setting and that skill be brought to the table by the individuals who are settling these disputes.

* (1530)

That is perhaps the philosophy that has already gone into this whole area of governmental administration. Then in addition to that, I would add that Section 125(3) of the act itself sets out some criteria, that before making an order under this section, the director shall consider the rents charged for rental units, the increase in actual expenses, change in service and facilities privileges, any grounds for objections from a tenant, findings by the director that the landlord is in contravention of an obligation to repair; that the residential complex has been sold, et cetera, et cetera. So there are minutiae list of criteria there that go into the making of the order which, I guess, is the culmination of research, thought, policy planning of previous governments in previous years.

Over and above that, the Residential Tenancies tries scrupulously so far as is humanly possible to maintain an impartial face to the community, so that they cannot be perceived as an advocate or as being prejudiced either for one group or the other in order to maintain a face of credibility. That is, in part, answer to my honourable colleague's question.

The other part of her question was, are there any other facilities for research with regard to social planning within this department, and I would say no, not at this time. With the volume of work, with the area of responsibility that, in fact, the resources of this department are currently taxed, not beyond their capacity, but as you can see from the annual report there is a carry-over of issues from year to year, so that they are working to full potential at this point in time and do not have a capacity for research or think tank on social issues.

Now, having said that, of course, I think it is probably incumbent upon the minister from time to time, being responsive to the winds of opinion and needs of the community, to bring issues to the attention of the director and to have those directed either on a policy level, a regulatory level or, indeed, on a legislative level.

As my honourable colleague knows, if any minister of a department gets out of touch with the community whom he or she may represent, then there is a right-sizing or a change that would be made in the fullness of time by the electorate, if any government is not truly representing the social policy that the community itself demands.

So that is perhaps a global solution and goes into the thinking. I say that quite sincerely, that I think many of my colleagues and cabinet, when they sit down once a year to set the allowable rates, that they are mindful of those sort of issues of social planning.

Do we have a group within the department that looks upon domestic violence or on poverty issues? No. No, there is nothing within the department on the specifics that my honourable colleague is referring to.

Ms. Cerilli: Well, toward the end there, the minister started getting into the kinds of questions or concerns or even suggestions that I might have, and that is looking at the big picture beyond just trying to have a fair process for a fair Residential Tenancies Act and then a fair process for enforcing and following that act. I understand that that is what the department is trying to do.

Beyond that, I know that—I do not know how recent the statistic is—but that low-income Manitobans and

Canadians, the lowest quintile pay now more than 30 percent of their income for rent, and that has gone up since the late 1980s. The percentage of their income has gone up. On the other hand, the highest quintile of the population in terms of income, they pay only, I think it is 9.5 percent of their income into housing, that their percentage has gone down since the '80s and that this is a trend which shows that the gap between the lower-income citizens and higher-income citizens is growing.

I know that your government now is—through the throne speech, they have made claims that they want to address poverty. We have been raising a lot of these issues for a long time. Housing policy is one of the best areas to do that in terms of any department, whether it is social allowance, residential tenancies, housing, wherever. One of the other things that is always a concern is the millions of dollars that are expended through social allowance each year that go directly to landlords. When the social allowance changes were made with the reductions this year, all those reductions were taken out of food and other allowances. None of them came out of rent.

Now, in some ways that has guaranteed landlords that they will not lose any of their revenue from social allowance tenants, but what it means is there are a lot of low-income tenants on social allowance who have to take from their food budget and supplement their rent, and that that problem is getting worse as well.

I have heard the figure of \$90 million in Manitoba goes from social allowance to landlords every year. That figure includes a lot of housing that is substandard, that as the minister has acknowledged, all these tenants are out there fending for themselves, and this is a complaint-driven process.

I was surprised to learn when I became the critic for Housing that even the rent supplement programs in the Department of Housing, which benefit landlords, the SAFER and the SAFFR programs, there is no inspection tied to those programs. Again, provincial revenue or tax dollars are going to landlords without ensuring that prior to that the properties are meeting standard. So this is the kind of area that I am talking about.

* (1540)

When I am talking about having a mandate to look at social policy, socioeconomic justice through all departments of government, and what all departments can do to try to close the gap between low-income people and higher-income people, realizing that housing is one of the areas where wealth is transferred from low-income people to higher-income people, that in paying rents—and I raised this the other day—if you have a house in the inner city that is divided into four apartments, and each of those tenants, for example, are paying I think it is about \$286 now that can go toward rent—I am not sure that is the exact figure, I cannot remember off the top of my head—what ends up happening is the amount of social allowance that is allowed for rent is what ends up being charged in the market or by the private landlords. Then what ends up happening is a given landlord who has separated their house into four apartments collects that amount from all those tenants and ends up often more than paying for their mortgage, more than twice what they are paying in their mortgage. They make quite a hefty profit on housing low-income Manitobans or those on social allowance.

These are the kinds of issues that I am encouraging the minister to take a look at and asking if there is the capacity in his department, or if this can be raised with the social policy group of cabinet. I do not think the minister is part of that group. I know he is not. These are the kinds of issues related to residential tenancies and housing that really need to be addressed, because as I have said, the trends are meaning that things are getting worse. That is the other thing I was going to ask the minister. From listening to his answers so far, I do not think he is going to be able to tell me if they have done any research on it in this area, or if there is any information to confirm that those trends are getting worse. The rents being paid by lower-income Manitobans is getting higher and more costly, while it is not going up to the same degree for those that are more advantaged and affluent.

Mr. Radcliffe: I would agree with my honourable colleague that I cannot tell you at this time, and I have no research which I have available, which I have at my fingertips. I am aware that there are policy people who research even beyond the limits of the department in

government, but I do not know if they even have addressed this issue. The only response I can make at this point is to say, no, I have nothing at this point in time. I think these are some very meaningful and very important issues and perhaps touches well on some of the other departments, that of my colleague Mrs. Mitchelson and perhaps even Mr. Praznik in Health, because I am mindful that poor housing begets the sort of mindless cycle of poor education results, poor health, lack of social motivation, justice, et cetera, which I am sure my honourable colleague is aware, so there may be some research in some of these other departments that I am not aware of.

Ms. Cerilli: To continue on the same vein, I would like to ask the minister then if he is confirming he will be having discussions with the Minister of Family Services (Mrs. Mitchelson) and Minister of Health (Mr. Praznik). I could also suggest Education, because one of the other things that occurs, particularly in the inner city of Winnipeg with the problems with affordable housing for many families, is many schools in the inner city have their entire enrollment turn over in one year because the families move so frequently, and there is that disruption on the education of students.

I know that there are a number of agencies in the city of Winnipeg that do research on this. CEDA, Community Education Development Associations, are very active on these kinds of issues. They have staff who are looking at alternatives, as we speak, to develop affordable, stable, safe, up-to-standard housing for low-income citizens, and as the minister said, there are issues related to health and all sorts of different areas.

So I am wanting to just emphasize that and see if he is making then the commitment to have discussions dealing with some of these issues with his cabinet colleagues.

Mr. Radcliffe: I am certainly quite prepared to do that, to have that conversation with my honourable colleagues.

I would add, Mr. Chair, as a model perhaps, I am sure my honourable colleague is aware of this, but I have had occasion through my contact with Child and Family Services to come in contact with an individual woman by the name of Josie Hill. Josie Hill was an aboriginal

woman who was instrumental in starting up the Andrews Street station. [interjection] My honourable colleague says she is aware.

I have had the opportunity to attend at the Andrews Street station to meet a number of the residents who use that facility. In fact, I went there one morning and cooked breakfast for them. I bought breakfast, cooked it and served it. It blew them away that a little boy from the south end would come up to Andrews Street and do this for them, and we had a wonderful morning on that.

I think the telling point there was that Andrews Street station, as I see it, was started with a modicum of seed money from the provincial government, but basically the empowerment, the motivation and the drive for that community activity came out of the community itself, rather than somebody coming from the outside and saying I am going to do good to you whether you like it or not.

In fact, I think the approach that was used there was, what do you want; what is meaningful to you; what are your real needs and, in fact, that the Andrews Street station started because a number of women in the district said look, we need a safe, clean, secure place where we can go and do our laundry, because many of the homes in that area did not have at-home laundry facilities. The local wishy-washer laundromat was across from a needle park. Their children were subjected to abuse and violence. These women desperately wanted a place where they could go and, as I say, do their domestic chores in some sort of sense of security.

Then the whole project expanded and layered from that, but the important part is that the individuals who use the program drive it. My observation of it was that they have a real sense of ownership, they have a real sense of pride of accomplishment, so they are not subject to the attitude of somebody from a paternalistic height giving them a handout, which is even more demeaning in itself. Rather they have helped themselves.

I would also recommend to my honourable colleague the issue of the Lions home on Portage Avenue where a number of the individuals who reside there pay

according to their means. I have some family friends that reside in that tower. Again, there, there is the sense of pride of ownership which I think is essential. I think that that is an issue that my honourable colleague Mrs. Mitchelson is actively trying to promote; first of all, a truly consultative process to determine real need and then a neighbourhood empowerment, rather than something that is administratively or bureaucratically ridden, something that comes out of the community itself.

Ms. Cerilli: I think at the beginning there, the minister said that he would agree to discuss these issues with his cabinet colleagues.

Mr. Radcliffe: Absolutely.

Ms. Cerilli: I also appreciate his enthusiasm for the Andrews Street Family Centre. I, too, have made and served breakfast there. I think that they make it a policy in trying to educate government and other agencies to invite people to visit there and make their staff breakfast. So I think they have done, and Josie Hill especially has done a great job of educating people about the realities of the residents in that community.

The other thing I do not know if the minister is aware of, that that agency is connected to William Whyte School, the Hope Centre and the north end housing project, and the study they did which was initiated because of the number of substandard rental properties, boarded up buildings, sniff houses, crack houses in the area. They did a door-to-door survey which then, in turn, has led to a lot of the needs assessing that has gone into this centre that you are talking about.

* (1550)

So projects like that need revenue, they need support, and I agree that a lot of good things have come out of this centre. I know one of the other things that that neighbourhood is looking at doing is creating a co-op to help with renovation and retrofitting of buildings, of housing. One of the groups that is looking at how to finance housing for low-income people is working out of that neighbourhood as well.

My concern is that the population that we hear, in some ways, so little of, but in some ways a lot about in

sort of a statistical way, is Manitobans who are really struggling. I am concerned that while we are in a phase of reducing government support through reductions in social housing—there have been reductions in social allowance, there have been cuts in all sorts of health care and education programs—that the housing standards drop as people have to take money that would have gone there and transfer it to purchase other services.

Also, this is all occurring in a climate where the affordability of housing is just becoming more of a problem as well. I think this whole issue needs some attention and I do not know if this minister, in cooperation with the Minister for Housing—I did finish my Estimates already with that ministry and they are preoccupied with the devolution of social housing from the federal government. I am concerned that there is no vision in terms of how—if the public sector is backing out—we are going to ensure that we are not getting into more problems for middle- and low-income Manitobans in terms of housing.

Mr. Radcliffe: I just want to put on the record and I am sure my honourable colleague has heard the rhetoric from my side of the House many, many times, but I just wanted to make the point that in health care there have been no global overall cuts and that, in fact, we are spending \$1.87 billion in Manitoba on supporting our health care in Manitoba.

We have heard the Honourable Mrs. McIntosh, who does not waste an opportunity to tell us that we are spending \$115 million more over '88, albeit with the import of the school boards and the inflation and the growth of collective agreements, that less and less of these dollars are trickling down to program and more and more of these dollars are being consumed by wages in these areas.

So, therefore, we are being cast as cutting back on education, whereas overall year over year, there has been an increase and, in fact, I would point out to my honourable colleague, that last year just in the area of home care alone we budgeted for, I think it was \$80 million to go into the home care budget and we exceed that by \$60 million, and government spent that in support of home care. I would react and say that cuts to health care—there are changes going on in health care, there are technological advances.

I can advise my honourable colleague that, in fact, a member of my family had some surgery about two weeks ago, and she was in the hospital for two days on a procedure that a decade ago she would have been there probably for eight to 10 days. So there are radical changes that are ongoing with health care. I think we in many, many cases are better off for it, although, you know, we can always anecdotally point to particular cases where individuals have been released too quickly, they have gone home, and there has not been a support system for them.

I would also note, and I believe I was corrected by members opposite at one point in the Chamber, but I think that Manitobans can take pride in the fact that the category of children 12 to 18, if you remove the housing component from the social allowance award, they receive the highest level of support, that category of children on social allowance, of anywhere in the country. When I heard that figure I was astounded. I had the opportunity while sitting in Treasury one day to see those figures going by. In fact, I do not think that this government gets enough recognition of that fact, that comparing it across the country, this is the best level of support for our marginalized and our poor in that category of people.

The Manitoba government tries to at least maintain a middle of the road level of support for our less enhanced individuals. But I just wanted to point out to my honourable colleague and for the purposes of the record in this discussion today that, in fact, this government is a pragmatic government and is doing its best with the resources that we have available to us without raising significant taxes, although costs are going up, to supply a sustained level of support.

Now, my honourable colleague raises the issue of there are Manitobans out there whom we do not hear from who may well be the truly bereft. My reflection on that would be that there are probably what I would typify as the working poor. The truly socially sustained people on public assistance have access to a myriad, a plethora of programs that they can use for self-advancement and development, but probably the working poor are a category of people who get caught.

I do not know that there is enough attention paid to that category of people. These are people who are

paying their bills, getting by, but they get caught. They are the first ones to suffer with the ravages of inflation. So I think, from a social policy perspective, that some attention ought to be given to that category of our population as well as the individuals who fall on the public assistance rolls.

Ms. Cerilli: I guess the purpose of these Estimates to some extent is to debate. The minister has opened this wide up in terms of other departments. I am going to encourage him to take a look first of all at his reference to education and teachers' salaries, at the Administration line in the Department of Education. What he will find is it has gone up. So while the Minister of Education (Mrs. McIntosh) has been harping at school divisions to reduce their education administration costs, her own department administration has increased.

The other thing is, ask people who are going to get their eyes tested about costs in health care. Ask people who need drugs and the reductions under this government of Pharmacare. The cuts, the real cuts in social allowance, as the minister has said, are affecting the people who are collecting social allowance.

I was amazed that the government rejected recommendations from its own Children and Youth Secretariat on the SAFER and SAFFR programs in the Department of Housing, where it was recommended that they promote those programs which I have already said are a guaranteed supplement for landlords to get the rent from lower-income people and rather than using that program to the utmost that it has budgeted in the Department of Housing, by promoting the program to low-income Manitobans, because the uptake on the program in the last couple of years has left approximately \$300,000 in the budget, this government chose to eliminate \$250,000 from that program budget line in the budget this year, even though they have recommendations in a government report suggesting that they promote it and use up the slack rather than cutting it out of the budget.

One of the other things that I will follow up is the claim that the minister has made in terms of if you take out the housing costs and this government being the most affluent in the country, but I would encourage him to look at the percentage of income spent by the people

that he is talking about, the working poor, those who are earning \$5.40 an hour to even like \$8 or \$10 if you have a family—you would probably still fit into that income level—and look at the percentage of their income that is going to housing. I think that you will find that you will understand why there are 34,000 Winnipeggers using the food bank.

* (1600)

I guess I am encouraging, and I have used quite a bit of time here in Estimates today, but I think it is worth it because I can see that the minister is taking notes, and I believe that he is going to follow these up. So I feel like the time here is well spent, but what we are finding is that, as I have said, rent issues and housing issues are a large part of the expense for these families and that the policy in this area is desperately needed. I am concerned that the situation is going to get worse as governments back out more and more of social housing, not only the buildings in public housing but even programs for rent supplements like SAFER and SAFFR and all those other ones.

This government no longer has any program other than the Emergency Home Repair—[interjection] the Home Renovation Program is gone. It is just the emergency loan program which is very small that still remains, so there is nothing anymore for people to improve the standard and quality of their housing. Some of those programs did not apply to residential tenancies properties. They were for homeowners. The point that I am making is this whole area deserves some attention in terms of government policy. If you are really serious about dealing with poverty, you have to look at rental issues for these families.

Mr. Radcliffe: I concur with many of the remarks that my honourable colleague has made with regard to these issues. It is scripturally based that I remember a great leader and personal philosopher once said that the poor will always be with us, and that was in response to somebody wanting to wash his feet with oil, but one of the philosophical issues I guess, which I have often reflected upon and I had occasion to encounter this personally, is the universality of programs. I had occasion at one point—I have a 20-year-old son and he had a lump on his head, so I had occasion to take him down to a surgeon. I was told by that surgeon after he

had looked at him very quickly that I could pay \$60 for a tray fee and come back at four o'clock on Thursday, which was the next day, and in five minutes the problem would be looked after, or I could line up and in six months the child would be looked after. So as far as I was concerned, there was no doubt what I chose. I chose the \$60 route, and the child was looked after the next day.

Now I realized that my honourable colleague would be bristling with this, but I wonder why provision is not made for people who have the means to get service supplied to them immediately, where physicians and facilities are underutilized—and I have done some survey of health care institutions across the city. I have had occasion to go into the St. Boniface surgeries, the Pan Am centre surgeries, and see facilities brand new, up-to-date operating rooms that are not being used. We say we are not using them because we do not have the money, and yet I know there are waiting lists for individuals who want service. I know that there are professionals who are dying to supply the service and, yet, because of the philosophical bent of universality and a rigid, doctrinaire application of that philosophy, we are unable to put together the two components of the society, those people with the need and the means and those people who are willing and able to supply the service.

I cannot but help reflect that that is also an inequity in our community today and should deserve some address. Now that is, perhaps, a major leap from residential housing and rent control, but it touches on some of the resolution of poverty issues and social philosophy that we have been discussing today.

Ms. Cerilli: It sure does and it sure is. It sure is a straying away from the issue of residential tenancies, but it does relate to what we were just talking about in terms of social policy. The question of universality is always brought up by the right who want means tests and then to institutionalize a two-tier system rather than having it be developed by starving the existing system is what we have seen happening across the country.

Both situations, I think, are abhorrent and not what we want to see, but I will tell him and I believe that he is listening that the problem is—and what we are trying to do is redistribute services and we want to create

more equity and condition. We want to ensure that the services provided to all those people you are talking about are going to be the same quality and level of services. So you do not want to have a situation where someone who can afford the \$100 to go the next day, is going to get better care, particularly in health care.

The other point then is, what we really have to see is a change in the tax system so that people do pay, but they pay through their taxes. Then it does not even just rest on the individual. It rests on society and those that generate wealth for the large part in our society, industry and business and commerce. We could get into a long discussion about the inequities of our tax system and how we are not doing a very good job of ensuring that they invest into the community through paying, what I would say are, fair share in terms of taxes to ensure that the employees that work in their factories and offices do, indeed, have adequate health care and education.

So that is the big picture and I do not know if the minister is now going to defend the banks that some of his colleagues had and claim that the banks indeed are paying their fair share, but I know that from surveys I have done with my constituents—recently I asked them about service charges and banks and regulating and having more accountability in that area and there is, I think, a lot of revenue that could go into our health care system, education system, systems to increase the quality and standard of housing in this country, if we would look to where the money is.

I agree to not continue to look to citizens as individuals to increase taxes, but to increase taxation in other ways. We could get into a long discussion about that. I mean, there are a lot of other ways we could generate tax revenue from industry, but I wanted just to put that on the record as why—I know the party that I belong to has fought long and hard for universality, particularly in the area of health care. We could talk about fee for service and how part of the vision is to deal with that issue.

The other thing I wanted to raise with the minister in terms of the question I put to him about looking into the whole area of the percentage of income, from working poor families, that is going toward housing. The other part of that would be to look at the percentage of the

housing market in residential tenancies that is available to those families, both that are on social allowance and then those that are not, but are still struggling and are working at minimum wage.

I do not know if the minister has ever sat down with any of his constituents and gone through their monthly budget, but when I do that with some of my constituents, whether they are seniors, whether they are single parents, I cannot believe it. I cannot believe the way that they have to be often more frugal in terms of their budgeting than any Minister of Finance or any government official to try and ensure that they are able to buy glasses when they need them, to be able to ensure that they can get a bus pass, to be able to ensure that their kids are going to be able to go on a school trip. All those kinds of things that could come up and yet, when they are going to have to pay the ongoing expenses of hydro and rent and food.

So, I think that if the minister is saying that he is willing to look at some of these areas, if he would also look at the percentage of the market that is available to the kinds of families that we are talking about. I wish I had with me some other information that I know I have downstairs in my office in terms of the statistics that are available. There was a wonderful report that was just put out by some Canadian association on the status of children and youth. It shows what we have been saying for ages it seems, that the income for the lowest two quintiles is going down. It has gone down for the lowest quintile by a lot. It has gone up by over 8 percent for the highest, the fifth quintile.

* (1610)

So when you look at those kinds of statistics and you look at the amount of money that people are having to spend on rent, you can see that that is one of the areas where a government could really develop some social policy that would make a difference.

Mr. Radcliffe: By way of response, I just want to make sure I have the issue squarely. My honourable colleague's point is to look at the percentage of residential tenancy housing that is available to the categories of the population that we are talking about. So of all the rental accommodation that is available, what percentage is either in subsidized housing or in

the lower rental areas that social allowance or income-producing people just slightly above that would be able to access?

Ms. Cerilli: That is correct. What I am also saying is—I can also provide him with some charts that I have and information I have downstairs which shows the average income. It is a national study, so it is Canadian. It is not specific to Manitoba, but it divides it. When we are talking the lowest quintile, we are talking in Canada of people who are earning \$7,000 a year.

So when you look at the housing that is available for them and then the next quintile up—the middle quintile, if I am remembering correctly, is approximately \$23,000 a year. So even going to that level, if you look at the housing that is available, the percentage, the standards of the housing, the location, all that kind of thing, I think that would be very illuminating, and it would be important work to do for our city and our province.

Mr. Radcliffe: I would also, perhaps in sort of the free-ranging discussion that we have moved to, comment that my information that I am told is that a lot of these surveys to which my honourable colleague makes reference do not take into account many of our people who live in the North, many of our people who live on reservations, many of our people who are in the bush, who would change the proportions, the averages, the numbers and the stats significantly more.

My information is that many of these surveys and stats are derived from information basically coming out of eastern Canada or eastern United States and then forecast across the country.

Ms. Cerilli: I know that when the statistics on unemployment and poverty are often quoted, they do not include aboriginal people on reserve in the North. If you want to start talking about housing standards, I know that this department probably does not have a lot of responsibility for residential tenancies in any of those communities. I see the minister nodding.

But that is an entirely other world and other issue. The conditions in some parts of Winnipeg may approach that, but we know that there are entire

communities in the North that have housing situations that would never even begin to come close to meeting the standards that are laid out in your act, in The Residential Tenancies Act, in terms of sanitation, in terms of heating and ventilation, any area, in terms of locks on the doors.

That would be an interesting question for me to ask. How many properties in the North are governed by the legislation that we are dealing with through this department, through The Residential Tenancies Act, particularly on reserve communities, if there are any?

Even in communities like Churchill and The Pas, they would have properties that were governed under this legislation, but I am sure that if we looked at some of those properties there is probably a lot of concern that you get.

That was one of the other questions I was thinking of asking when we were dealing with the staffing in the department. I notice that there is specific consideration for Brandon and Thompson, but I was wondering if there is provincial government responsibility to do inspections on housing in other communities in the North and in rural Manitoba besides those, and if some of that is up to the municipalities. So there are a few more things to throw at you.

(Mr. Mervin Tweed, Acting Chairperson, in the Chair)

Mr. Radcliffe: I would advise that our department has no jurisdiction constitutionally on reservations. We do have jurisdiction in northern communities, nonreservation communities, and in fact are active in Thompson, Snow Lake, The Pas, Flin Flon. Staff do inspections in those communities albeit my honourable colleagues realize that this is a complaint-driven system so that it has to depend upon that.

The director has brought to my attention that a number of years ago, apparently in Thompson, there was a housing complex in an area of Thompson called Cree Road which was quasi-derelict, and the owners refused to respond to repair orders. Therefore, the department went in and closed them down and took the property into receivership. This property has been subsequently renovated and is open for business again.

I am not sure who the owner of that is today, but, nonetheless, just to give my honourable colleagues some idea of the fact that the department does work out of northern Manitoba as well.

Ms. Cerilli: Okay. I think that I want to move on to another area. I appreciate the minister's answers so far. I must say this minister is, compared to other ministers, you are a pleasure to do Estimates with. I have enjoyed your answers. There is not a lot of rambling. We get some good information, so I am pleased. I am just looking for my file that has the next issue I want to deal with.

Mr. Radcliffe: I would say those comments are reciprocal.

Ms. Cerilli: Here is a good issue to ask you about. I am pretty sure that this would be through this department, given that I have looked at the list of legislation you are responsible for right now, but I am wondering if the government is looking at any legislation in the area of life leases.

Mr. Radcliffe: Yes, indeed, we are. We have a draft bill coming up which we will be presenting imminently. In fact, a lot of work has gone on with regard to life leases. The areas that we are concerning ourselves with on life leases right now is, first of all, the issue of disclosure and to make sure that the—I guess you would call them the developers of the life-lease projects do give full and adequate disclosure to the individuals who are proposing to buy in, and then the other principle or concept that we are concerned with is to try to create an environment where there is some assurance that the individual who is leaving the life-lease environment is able to get their money out.

* (1620)

As my honourable colleague is smiling, I am sure she is very much aware that this is dependent upon the reserve that is created in the life-lease corporation. The other thing we are concerned about as well is that the life-lease interest, which is an almost inchoate incorporeal right to ownership of property is in some way secured on the title to the land. What we perceive is that there are perhaps a number of well-meaning, well-intentioned individuals who are starting up these

types of multiple-housing units, and they are dealing with unsophisticated purchasers, and that out of the best of intentions that people do not fall into difficulties and not be able to get money out of the life-lease operation when they are heading to the nursing home or if somebody should die or they decide to move to Arizona or whatever their personal circumstances might be. So these are a number of the issues that we have been coping with. We are not through with the polishing and the drafting at this point in time, but I can advise my honourable colleague that a lot of time, effort and expertise has gone into these issues from the department.

Ms. Cerilli: Just a few follow-up questions on this issue. So the situation could occur right now, that if someone invested a few thousand dollars into property for a life lease, let us say four or five tenants did that and decided to all move out at the same time, there could be a problem where they would not be able to get their money out. That is a situation that could occur.

The other thing is I am wanting the minister to give me a little more information about what will be involved in the requirements for full disclosure, and when are we going to see the legislation. Will that be in this sitting?

Mr. Radcliffe: Yes, first of all, working backwards, yes. We propose to introduce this bill in this sitting. The extent and nature—and that is God willing and the river does not keep on rising, but the extent of the disclosure touches on the issues of how much is in the reserve account. We are proposing that there will be annual disclosure to the individual members, I guess you might call them, of the life-lease organization

Mr. Chairman, I just had to refresh my memory. We had this conversation about four or five days ago, and some of these ideas were still rolling around in my head.

Some of the extent of disclosure that we are discussing and debating right now is to make sure that the prospective purchaser coming in—at the outset, they sign almost a statement of intent when they sign up for a life lease, so the member should have a clear idea of the specifications of the space that they are buying. If they take their \$40,000 or their \$60,000, whatever it

may be, which they have rolled out of a free-standing home and are going into a life-lease, multiple residential tenancy, that they know that they are going to end up with a two-bedroom, a three-bedroom or whatever, in fact, the specifications of the space is. So that is important.

It is also important to have the manager or the developer set out the limits and the availability of the refund, so that the individual knows before they go in, do I get my money out on demand; do I have to wait for my money to come out; am I guaranteed that my money is going to come out, and this is a very, very important issue, I think, in these sorts of projects; then the nature and extent of the capital reserve, the nature and extent of the refund reserve, because there has to be an allocation for common area expenses, and then there has to be an allocation for the reserve itself.

What we are proposing is that there be a trustee, an individual independent trustee, who would be the recipient and the stakeholder for these funds. Then there has to be some annual communication of the operating expenses, so far as the common area is concerned, along the lines of how we run a condominium, because this is truly a hybrid cross between a condominium ownership and a rental tenancy arrangement, so we are incorporating concepts from both those environments. Now, I have not discussed or outlined exhaustively the areas of disclosure, but these are some of the concepts on disclosure.

One of the areas of concern right now which we are struggling with is that we believe some schemes in the province are saying that there is a tax advantage to be determined, that you can pay an additional lump of capital and get a diminution in your monthly contribution to your common-area expenses. These we want to be very clear, and this probably comes in under the disclosure area, that one must be very careful that the individual going into this project knows that there may be some attribution of tax, taxable benefit coming back. So the individual who is going into this must have the full package of information, as much as we can anticipate, before they commit the money.

Then one of the other issues with life leases is when does the money roll over from the initial stakeholder to

the contractor. There is an optimum time, there is a critical mass level of when you have so many people signed up for the project then the capital rolls over to actual construction, and until then it is held basically in an escrow account.

Ms. Cerilli: I appreciate the minister for that information. Just to wrap up in this area, I am wondering if the minister knows the number of life-lease properties currently in the province right now. I am also wanting to know if the department knows how many of those are vacant and how many new constructions are sort of on the way in terms of life-lease units and then, finally, if there are currently any disputes in court related to this issue, because there is not legislation to protect people currently.

Mr. Radcliffe: Mr. Chair, I can advise my honourable colleague that there are approximately 60 multiple units right now, either in existence or in the hopper ready to go at this point in time. In other words, they are new construction that is almost imminent—[interjection] Sixty, and I can advise my honourable colleague that this is perhaps the most active form of multiple-unit building that we have seen in the province in a number of years. The apartment building has flattened out and there has been no new construction for a number of years in Manitoba of any appreciable amount, whereas this seems to be a very fashionable, very active, very vigorous area of activity right now as our population ages.

* (1630)

I am sure my honourable colleague is aware of the demographics of Manitoba, that it is a greying face and that as people roll out of their independent, free-standing homes, they look to this as a viable option if you do not have the income level to buy a condominium and, in fact, in some ways this gives further advantages because it is almost a ready-made community structure in these life-lease organizations. Often they are an outgrowth from either church community organizations or service groups so that there is social fabric and a network involved with many of them that are sponsoring them.

The disputes go to the Residential Tenancies board at this point in time and that is because these are still

tenancies. So there are no court adjudicated disputes that we are aware of.

With regard to vacancy, there may be a number of units that are vacant within the projects, but we do not have any figures on that. There are no multiple-unit groupings that are vacant, the whole unit being vacant.

Ms. Cerilli: I just want to clarify then. The minister said that there are no cases in court relating to disputes—

Mr. Radcliffe: Correct.

Ms. Cerilli: —related to life leases, but are there disputes that are either at the stage of the Residential Tenancies Commission, and how many?

Mr. Radcliffe: Mr. Chairman, there are a small number of cases, I am told, before Residential Tenancies. I do not have the exact number at hand at this point in time, and I would advise my honourable colleague that, in fact, the whole concept of mediation is fruitfully evoked with these sorts of groups, and I think that the Tenancies branch has had some success rate at resolving many of the disputes that are involved, and there have not been a large number.

Ms. Cerilli: One of the other areas that I wanted to deal with, as well, is something that the minister mentioned in one of his other answers, and that is the whole issue around redlining insurance and mortgages.

I am wondering if there are any working groups or committees active in the department related to this since the minister has brought it up, and he had also mentioned that there is a line, that there is a red line, so to speak, in the city of Winnipeg that has been identified by his department by either receiving complaints or doing any work that they have been involved with.

Can he describe sort of the area that is being affected by this?

Mr. Radcliffe: Well, I can advise, Mr. Chair, that I, in company with my colleague Mr. Newman, had occasion to call on the president of Wawanesa last year when, I believe, this issue was in the local press. I had

received some information by way of correspondence as well, an individual complaint, not from one of my constituents but from an individual in the community who I think had copied all government MLAs.

The response I received at that time from Wawanesa was that they definitely rated areas, communities, in the city of Winnipeg and that the premiums they charged were actuarially driven and that they were predicated and based on risk, so, consequently, if there was a high vandalism rate, if there were poor construction materials, if there was a high incidence of violence and break-ins, then those areas of the city which were subject to that sort of human behaviour definitely were identified by the insurance companies privately, and the premium that they charged reflected the elevated risk.

One of the solutions—and actually it was a very proactive conversation that Mr. Newman and I had with the chap who is the head of Wawanesa. He pointed out that where the citizens in a community get together and combat the crime, combat the incidence of vandalism and break-in, that the insurance companies were prepared to readdress the issue. I cannot recall them now, but he did cite to me some incidents in areas of the city where this had happened.

I am further advised, Mr. Chair, that this is a matter of some concern to our government because we must again walk the tightrope between the sanctity of contract, the ability of private individuals to choose with whom they will contract, and the overriding social needs of the citizens of the province.

To that end, our efforts to date have been more persuasive and of a nature, such as what I have just described to my honourable colleague, of individual members calling on and discussing the problem with members of the insurance industry. We have received assurances in the Insurance branch—this is perhaps more an issue for the insurance—that the industry wishes to be more proactive themselves as well. Having said all of those warm, fuzzy things, I am certainly very much aware that it is an ongoing social problem. It has not gone away, it has not diminished, and we have no legislation to mandate or order that insurance companies must extend coverage to areas of the city that are at high risk.

At this point in time, I do not believe we have any legislative will or intent to do this, but we are mindful of the problem and moral suasion, I guess, is the extent to which we have entered into this forum at this point in time.

Ms. Cerilli: Those are two different issues here. The issue, first one, is what I think the minister is dealing with and that is for insurance for properties, homes, so that they can get insurance on the home and the contents. I am wondering if he is talking about both for residential tenancies properties and for homes owned by the homeowner.

The other question I have based on his answer is he has acknowledged that there are areas of the city that are being priced differently in terms of insurance coverage, and that is based on risk. I am wondering if the insurance industry is basing that on reports from the City of Winnipeg on crime or how are they assessing that risk. I appreciate what he said is that the community has sort of organized itself and has made an attempt to deal with some problems, that there is a response by the insurance agency. I am wondering how they assess that as well, once their community decides that they want to do something about the problem.

* (1640)

The other whole area is for acquiring mortgages for properties in certain parts, particularly in the city. I am wondering if that is also part of the problem that is being identified for Winnipeg or if it is only for insurance, but it is for actually getting a mortgage, having the financing on a certain property and getting a mortgage.

Mr. Radcliffe: Just by way of clarification, my honourable colleague is referring to the fact that in order to get a mortgage you have to have fire insurance on the dwelling with first loss payable to the mortgagee, is that what she is addressing?

Ms. Cerilli: No. I am talking about banks agreeing to do a loan for a mortgage for a certain part of the city.

Mr. Radcliffe: Mr. Chairman, in response to my honourable colleague's remarks, we have no information, nor history of complaints or issues related

to a dearth of insurance in residential tenancies in apartment dwelling. We are not aware that there is a problem with regard to that with the redline insurance. I am aware, and I guess probably from the same articles in the newspaper last year that my honourable colleague is, that the problem relates to free-standing homes. Many of those were in the core area of the city.

My information of how risk is assessed is that the insurance company will look at its claims record, and that is how it determines risk. They maintain a history of claims, and they then forecast those on an actuarial basis from their actual experience. So it is driven by pragmatic, objective evidence rather than second-hand evidence of what my honourable colleague was referring to.

With regard to mortgages not being granted to home owners in certain areas of the city, I have no knowledge on that. In fact to the contrary, I have had occasion when I was in the private bar to act for individuals who did purchase property in the core area of the city. The parameters of granting the mortgage was the creditworthiness of the mortgagor and an onsite, of course, evaluation of the real estate itself. Those were the two determining factors. The loan would be predicated on the worth of the individual building; in other words, was there a full basement, what was the heating process, how old was the wiring, what was the square footage, building materials, approximate age of the building, et cetera. So that is one of the determinants of granting a mortgage. Then the other thing, of course, is the net worth of the mortgagor, and do they have the capacity to repay the loan.

My honourable colleague was talking earlier, Mr. Chair, about the figure of 30 percent. I believe the banks do look on the fact that you cannot exceed 33 percent of your net income—I think it is net income—that must be available for repayment of a mortgage loan on a monthly basis.

Ms. Cerilli: Some of the issues that have been raised with me—and I am wanting to see if the minister can find out if they are occurring in any part of the province—are practices such as requiring down payments of a higher amount than are usually required for financing comparable properties in other areas. That would be one. Fixing loan interest rates at higher

than those set for other mortgages in other areas, I do not think that is correct.

Mr. Radcliffe: Sorry. Repeat that, please.

Ms. Cerilli: Fixing loan interest rates at amounts higher than those set for other areas that are generally set. Perhaps, what I can do is, what I am considering doing on this maybe is putting some of this in a letter or just reading it into the record, and you can get the information back to me. I am just wondering if this is even related to residential tenancies.

Mr. Radcliffe: That is what we were just—interjection] I did not want to interrupt my honourable colleague, but that was just the debate that was going on on this side of the table, and we were speculating. My decision was that I wanted you to proceed, we would put it on the record, and then we would look at it and see if, in fact, this is information that we had accessible, but I would obviously be governed by my honourable colleague's discretion.

Ms. Cerilli: Maybe what I will do, since this is sort of related to my area in Housing, but it is not Residential Tenancies, I will do this in the form of a letter to the minister because it does relate to some other areas of his department.

I will move on to something else. Actually the next issue I was going to ask is not Residential Tenancies either so I will have to go somewhere else. So just bear with me for a moment.

The Acting Chairperson (Mr. Tweed): Just for the record, we will suggest that we are done doing Residential Tenancies, but we are still having open discussion.

An Honourable Member: No, no.

The Acting Chairperson (Mr. Tweed): You are back to that now?

An Honourable Member: Yes.

The Acting Chairperson (Mr. Tweed): It is a general discussion as opposed to line by line. We just want to have that on the record so when the next people come

in they will know what we are—because we are moving ahead of the line by line process.

Ms. Cerilli: I guess some of the questions I was just asking pertaining to redlining were outside of the Residential Tenancies branch. However, that is the area we are going to stay on until I am finished my questions.

* (1650)

One of the things that I had discussed previously at these Estimates, and I think that the previous minister had expressed some willingness in two areas, was to look at a program to have intensive inspections done in certain parts of the city of Winnipeg. Perhaps there are other jurisdictions of residential tenancies properties looking for particularly safety and repair questions. So I guess it would be a departure from the complaint-driven nature of the process, particularly given the demographics and the nature of some of the parts of the city of Winnipeg which have been identified in some cases through studies that are being done by different community groups: William Whyte, West Broadway. There are different areas in different parts of the city.

I am wondering if that has been pursued at all by the department. We had had some discussions about also having the city give more information to the province in terms of automatic referral of properties so that the full weight of The Residential Tenancies Act could be applied.

Mr. Radcliffe: Mr. Chair, I am advised that, in fact, the department does not have the capacity or facility to go out and to initiate on its own block by block or street by street inspections of residential tenancies in the city. It is, has been and remains a complaint-driven process.

However, having said that, the Residential Tenancies board has piggybacked with the City of Winnipeg on health orders, so that if there is a health concern or an order from the Health department coming out of the municipality that is lodged and registered with the Residential Tenancies board, in some cases the Tenancies board has gone in and either redirected rent or issued an order that no rents be allowed to be charged for a particular piece of property until certain renovations have been done.

In addition to those powers, Residential Tenancies has the authority to, as we mentioned earlier, put the property into receivership, and I think in rare cases this has been done.

Ms. Cerilli: I was just checking because we discussed the other day the number of times a year that the powers of redirecting rent is used and that it is not that often either, a few more than taking possession over a building or taking management over in a building.

But what I am suggesting is that there be specific projects, again, maybe with a community-based group co-sponsoring it where there are some specific areas where there are intensive inspections done. I have listed a few areas where I think that there are existing community groups to try and do this, and I think that they would be able to canvass the area, and the community would be more proactive either in having the tenants who are living there give their acknowledgement that they would like to be part of the program and then to call the health inspectors in and have them go down the block and clean up the area basically.

Mr. Radcliffe: Mr. Chair, in response to my honourable colleague, I would say that the initial crossing the threshold for the Tenancies branch, the way it is structured, the way it operates, is that there must be a response, an initial response, out of the community.

Now, having said that, the Tenancies branch does liaise and communicate with community groups, and perhaps picking up on my honourable colleague's remarks, I think there may well be a role for community groups to react as she has suggested in areas where there has been health abuse.

At that point, I think she would find that the Residential Tenancies board is responsive but, in fact, we do not have the capacity, the person power, to get out on the streets at this point in time.

Ms. Cerilli: Okay. I do not want to belabour that anymore. We could get into a whole discussion there.

I want to ask a couple of other related questions. I brought some different recommendations here for how

to deal with absentee landlords. These are the folks we were talking about earlier that are raking in a lot of rent and not turning any of it back into their buildings. I know there are supposed to be some formulas that require a certain percentage to go back into maintenance and that for landlords. But what I understand often happens is the fines for noncompliance with orders or for requests for landlords to do certain things do not keep up with the benefits that they have in terms of the rent that they collect from these properties.

Basically what I am wondering is: What are the rates in terms of fines, if that has occurred very often? I have articles with me going back a few years where there are landlords that are well known to the city and to your branch for a number of violations to fire codes, to maintenance violations, health violations. There could be quite a long list of convictions, and what ends up happening is the fine is a few hundred dollars, and once that is paid the landlord continues on charging the usual rent and does not necessarily do much to the property. So there are a lot of problems in this system.

* (1700)

The average penalty is \$300. This, I guess, has to do with the City of Winnipeg as well. I am wanting clarification in there, and I do not know if there is a revenue line anywhere in government, I do not think so, for revenue that is collected under these convictions.

Mr. Radcliffe: Mr. Chairman, I am advised that in fact the process for violation of health, fire codes, maintenance, issues of this nature, contravenes City of Winnipeg building by-laws, and in fact the municipality, in this case the City of Winnipeg perhaps, for example, under discussion, would lay charges—and I do remember by-law court which used to be held on Friday mornings, but it would be proceedings that would go before a Provincial Judges Court judge, and there would be determinations made. Once the determination has been made that, in fact, there is a violation of a city ordinance or a city by-law, that order is then registered at the Residential Tenancies branch. The Residential Tenancies branch then becomes the enforcer of the order and at that point they have the power and do, I am told, redirect rents.

I am also told that there is an emergency fund, a body of money that the director has access to an emergency fund which can be used to implement immediate repairs to residential tenancies. Then the fund is built up again by virtue of an assessment against that particular building or that particular owner so that they are forced to repay from the rents back into the fund.

The role of the Residential Tenancies board is to implement the repairs and see that there is compliance. That is the role of the board versus the role of the city and the role of the court, all of which have different levels of activity. So we cannot comment on the penalties that are adjudicated because that would be beyond our jurisdiction.

Ms. Cerilli: What I am trying to clarify then is, these are all court decisions and court-determined levels. I am just looking here at one where it is the Provincial Court that decided that one landlord had \$3,700, and there is no system, even with the city, for there to be fines that are directly levied by the City of Winnipeg, for example. This is all dealt with through the courts. That is correct, yes?

Mr. Radcliffe: I believe that is correct.

Ms. Cerilli: Unfortunately, I think that is all the time that I am going to have to ask the minister questions on Residential Tenancies, even though we could probably go on for a little while longer. I have not even got through all my files here, but let me just check with my colleagues here.

The Acting Chairperson (Mr. Tweed): Could I ask then, as we have been moving back and forth, are we prepared to pass line 5.2.(b) Residential Tenancies (1) Salaries and Employee Benefits \$2,474,600—pass; (2) Other Expenditures \$634,000—pass.

Mr. Radcliffe: I would like to thank the honourable colleague for the discussions that we have had today, the quality of the questions that she has posed today. I have enjoyed the experience very much.

Mr. Chairperson: We thank the honourable minister. I would like to advise the members of the committee that the correct procedure for considering items in the

Committee of Supply is in a line-by-line manner. In order to skip ahead or to revert back to lines already passed, unanimous consent of the committee is required. Agreed. [agreed].

Do we have an area that we would like to move into first?

Mr. Jim Maloway (Elmwood): I believe by previous agreement we should be moving back to the Vital Statistics SOA. The member for Burrows (Mr. Martindale) has a number of questions.

The Acting Chairperson (Mr. Tweed): Okay then. For the consideration of line 5.1.(e) Vital Statistics Agency, for no money—

Mr. Doug Martindale (Burrows): I would like to thank the minister and his staff for being so accommodating. I would like to go back and clarify some of the answers that the minister gave me the last time I was here. I think the minister might have been obtuse or even obfuscating, however, the minister might want to use another “o” word. I know he likes words. He might think up a more appropriate word.

Mr. Radcliffe: Objective and omnipotent.

Mr. Martindale: I knew the minister could come up with other “o” words.

About the United Church archive materials, first of all, it is our belief, since I am on the United Church archives committee for the Conference of Northwestern Ontario and Manitoba, that our materials are stored appropriately and properly. They are actually in the rare book room at the University of Winnipeg which is a humidity-controlled, secure room. I appreciate that the minister acknowledged that the United Church owns certain records and he said that upon request the records would be returned.

My question for clarification is: Does the minister mean that the information would be turned over to the United Church or that the actual church registers would be returned to the United Church upon request?

(Mr. Peter Dyck, Acting Chairperson, in the Chair)

Mr. Radcliffe: Mr. Chairman, I am advised that in fact there are some books at the University of Winnipeg, as my honourable colleague has indicated, and we believe that we also have possession of some other registries at the Vital Statistics office. In fact, the actual registers will be returned upon request to the United Church, because they are the property of the United Church. We have only been an instrument of safekeeping and, in fact, they should be returned to the original repository from whence they came.

Mr. Martindale: Mr. Minister, I think that the archives committee and the archivists will be happy to hear that positive response.

Just two other corrections. I intended to say that some of the records were gathered by the Wesleyan Methodist Church, named after the Wesley brothers, and also that I do know how to spell banns, just in case any future historian is reading these words. It was spelled correctly when the minister used the word “banns” but incorrectly when I spelled it, but I do know that it has two “n's.” Thank you, Mr. Minister.

Mr. Radcliffe: Mr. Chairman, I am sure the remarks and undertaking that I issued with regard to the United Church records would also apply to any other church records that we have which belong to other Christian denominations that formed part of the United Church which I believe came into being about 1925.

That brings up another issue which the department must be sensitive and mindful of is that I do believe, although I am not of the Protestant persuasion, that there is still a subsisting Presbyterian Church that still exists and functions today in Canada. So, therefore, if we do hold records of the Presbyterian Church, we would have to get the permission of the heirs at law to that original congregation of the Presbyterian Church if in fact they have any claim to them. So, therefore, albeit we want to be as proactive as possible, we must ensure that any other denomination that has any claim to this property is protected and so I am sure my honourable colleague is aware of this and would facilitate this sort of a transfer under that sort of understanding.

The Acting Chairperson (Mr. Dyck): Item 5.1.(e) Vital Statistics Agency—pass. (d) Research and Planning (1) Salaries and Employee Benefits \$153,100.

Mr. Maloway: Mr. Chairman, we have agreed that we would go back to this particular section, Research and Planning, and spend the next 45 minutes or so talking about this part of the department.

Mr. Chairman, we had left off last day talking about franchise legislation and the merits of it or demerits of it, and what I wanted to deal with just initially today was for us to go back for a few minutes to talk about the condition of the Elmwood Cemetery. We spent some time talking about it the other day, but in the last hour or two I had occasion to visit the cemetery because of a complaint from a constituent about the water being almost high enough that it was going to go over the banks. There is some erosion very near, in close proximity to where the graves were removed just recently, that it is going to cave in any moment now. Whether that will lead to further erosion and get closer to the graves that you are trying to protect, and how quick that will happen, I am not sure, but just thought that you should know that.

What I really wanted to ask you today was that it is my understanding that the owner of the Elmwood Cemetery evidently owns another cemetery in Winnipeg. Were you aware of that, and is that in fact true?

Mr. Radcliffe: I am aware, Mr. Chair, that the owner of the Elmwood Cemetery did own another cemetery. I think it was the Garry Memorial. This was a graveyard out on McGillivray Boulevard, and I am advised that this particular piece of property was sold off a number of years ago and so is no longer in the corporate ownership of the corporation that owns the Elmwood Cemetery. Now I only have secondhand information on this. I have not done land titles research on this, but this is information that has been relayed to me so that, unfortunately, because I followed down the very path that my honourable colleague is thinking about right now, although I am being anticipatory, there is no other source of wealth or production of income available to this corporation right now. It has, in fact, been denuded or stripped of any other assets than the Elmwood Cemetery. I was also inquiring whether there

was another source of income or revenue which could be used to flow into supporting or maintaining the Elmwood location, and I am told that there is not.

Mr. Maloway: Mr. Chairman, I just became aware of this myself, and it was suggested to me that one of the city councillors had made this suggestion that in fact this owner did own another cemetery in south Winnipeg and evidently came here occasionally to pick up his cheques, the point being that this south-end Winnipeg cemetery was supposed to be a profitable operation. So, if that were true—I have no reason to disbelieve an elected city councillor for the City of Winnipeg—then we have a situation where we are probably being played with.

The whole scenario has been presented to me as an owner who has done his best and who lives in Ontario and is just not here anymore and that the good times are all gone. There is no money left, and he is some financial duress in terms of having to take care of these problems. The problems are being shovelled off on the taxpayers at the provincial and the city level. But, if in fact this owner has another profitable cemetery here and is doing quite well in life, I do not know what moral imperatives there are here, but some effort should be made to, if not legally, enforce what we can to make him make amends here. There should be some effort made to get him to fulfill his obligations, as I see them anyway.

Mr. Radcliffe: The information that I have, and I am certainly willing to research this some more, is that there was another cemetery out on McGillivray Boulevard that was owned by the same corporation or the same individual. That second site out on McGillivray has been sold and the value for that has gone. I believe that that is a profitable graveyard and, in fact, has additional vacant land within that graveyard site which is available to be sold to members of the public to generate more income. What the particulars of that sale were, I do not know, but in fact the bottom line that I was advised was that there are no other assets within the province of Manitoba, which are exigible, owned by this particular individual.

Mr. Maloway: Mr. Chairman, in the Research and Planning report given here, there is an indication of work that has been done by the Research and Planning

department vis-a-vis the federal government and federal legislation regulating disclosure of the cost or credit, and then the harmonization of these two areas would make it easier for businesses to operate in more than one province. Can the minister update us as to what, in fact, is being accomplished here and what is being done?

Mr. Radcliffe: I am pleased to be able to advise my honourable colleague that under the harmonization of direct sellers, there were a number of Consumer Protection Act amendments effected last year under the act. They were passed in the last session of the Legislature. They have yet to be proclaimed, but they are as a direct result of research, planning and policy direction coming from this department of Research and Planning, with regard to harmonizing the regulations being imposed on direct sellers, to bring our environment into compliance with the regulatory environment of other provinces across the country.

I am told that currently we are now working on the regulations and the forms which will be used. Once that step is done, then the changes to the legislation will be proclaimed; that we are expecting soon.

* (1720)

With regard to the cost of credit, I am told that here again there is a very distinct initiative that is being effected by our department of Research and Planning in communicating, conferring and collaborating with other provinces to develop legislative templates to again show consistency of wording, consistency of forms. This will be, I am told, a long-term exercise and a long-term product. We do not anticipate that we will see any tangible results in this department for at least one to two years, because it is a highly technical field, and it is a very collaborative exercise. We have a lot of players involved and a lot of people with different opinions and different environments that have got to be brought on line.

Those are just two examples in that area where Mr. Anderson and his department have been communicating, working and exchanging ideas and correspondence with all the different provinces across the country. I might add that the initiative of our department has been that although we jealously guard

individual provincial autonomy on our regulatory areas, we equally are as vigorous and proactive at working as quickly as we can towards harmonizing regulations, harmonizing forms, harmonizing standards and regulatory environment, so that individual corporations or individuals operating in areas of commercial credit or in any areas of finance and security will have consistent treatment, be they operating in Vancouver; or be they operating in Sydney, Nova Scotia; or even operating in Winnipeg.

We believe that if we are able to do this, then the overall long-term impact to Winnipeg and to the province of Manitoba will be that it will not then be as significant where a particular direct seller or a security issue or an individual is physically located, and, in fact, if they so chose because of quality of life or family connections or whatever, they could locate in Winnipeg and not be obligated to gravitate to the large commercial centres of Toronto and Montreal or Vancouver or Calgary, but rather that would then put Winnipeg more on the competitive edge, and people would then look at Winnipeg as an opportunity of locating here.

The hodgepodge of rules would not work to defeat our commercial interest but rather make this a more advantageous environment for the financial and economic players to locate here and basically build up our economy. because what is interesting, for every individual, be they a security issuer or direct seller, who may choose to operate in the Winnipeg environment, they bring with them needs for support people, be they printers or salespeople or lawyers or accountants or actuaries. There is a whole resource group that supports this sort of activity.

So we see and recognize and identify that it is very, very important that Winnipeg reclaim its position in ranking in the country as a financial player.

Mr. Maloway: The internal trade agreement is the framework that you are working around, and I know from previous conversations with the department that you are grappling with different issues regarding the internal trade agreement.

I would like a bit of expansion as to what activities this particular section of the department has been

involved in as it relates to the internal trade agreement, because you have referenced two of them here in your report, but I understand there are other areas that they have been working on. Can you expand on that a bit?

Mr. Radcliffe: I would advise my honourable colleague that some other issues other than direct sellers and cost of credit, which we have already touched upon—one of them which I feel very strongly about is co-operative enforcement of business standards which is an issue that is talked about from province to province and falls under Research and Planning.

For example, a practical application of that would be some sort of enforcement of penalties, regulation or sourcing telemarketers, because I am sure my honourable colleague is aware, and I am particularly aware and put on the record at this point in time, that there are individuals in our country who will have the telephone numbers of vulnerable people, specifically in the city of Winnipeg. They will phone them up and they will inveigle these individuals to make useless purchases of a doubtful nature, of a small nature. It is a constant barrage. It is a constant—almost harassment sometimes of some of these individuals. To me this falls often in the area of elder abuse or vulnerable person abuse, and as my honourable colleague is aware, if these people are operating out of Toronto or Vancouver, or areas beyond our jurisdictional reach, then we are in effect powerless to invoke any penalty against them or to be able to contact them to moderate or to regulate how they behave.

Having said this, I do not want to create any unreasonable expectations that we are about to crack the telemarketing abuses in the world, but what this department does is discuss with other regulatory areas and identify individual corporations or individuals themselves who are abusing the interprovincial communication and being able to access them and to chastise or warn or mediate where these people can be identified.

Then, I am told, an additional area under the Internal trade agreement in which the department interacts with their colleagues in other departments for research and planning is out of franchising which we have already talked about at some length.

* (1730)

Thirdly, I guess there is almost an open national forum amongst the individuals in these corresponding departments from province to province where any issue of any national or intraprovincial concern can be put on the table and discussed. I have talked about four issues at this point in time, but it is in fact an open-ended forum so that it is a resource facility where, I guess, it sort of ties Canada together. Although we are spread across a vast geographic space, it means that we can communicate with each other and regulate our environment so that it is a more harmonious environment for people to do business and to live.

Mr. Maloway: I would like to ask the minister then, this Internal trade agreement, are there any pressures being exerted on the government of Manitoba to compromise in some areas of regulation such as the Securities Commission and other areas like this?

For example, I have been told that, I guess if you were to run a streamlined efficient country, everything would be run out of Toronto. I guess that is where it is headed ultimately anyway, but there would be a desire on the part of people in Ontario to have a big super securities commission, because that is where all the trading is done and stuff like that. So the provinces are at a big disadvantage, trying to maintain their authority and control over that area. I am just wondering just what is in fact happening regarding that particular issue.

Mr. Radcliffe: Mr. Chairman, I am pleased to be able to tell my honourable colleague that Manitoba in fact formed a leadership position in being quite assertive with Mr. Martin, the Minister of Finance, to—not repel, because that perhaps has a diminutive or a deprecating overtone, but to respond to question, and challenge the need for a national securities commission. This is an issue that is very current, and it is intermittent. It comes and goes, waxes and wanes, but right now, as we are heading into a federal election, the pressure on the Manitoba jurisdiction for a national securities commission has now significantly diminished. But two months ago, I can tell my honourable colleague, Mr. Martin was writing to all the different ministers across the country recommending and advocating the imposition of a national securities commission. He had circulated a memorandum of understanding, which he

was inviting us to sign. I can tell my honourable colleague that I chose not to sign it. I chose to respond very vigorously and say that I had no problem with harmonization, which I have indicated already, but that I had absolutely no intention of surrendering any local autonomy over our trust company here in Manitoba or our securities people here in Manitoba.

We have reflected at some length on the vagaries of this particular issue, and I can tell my honourable colleague that the individual brokers across the country, the individual traders themselves, are not in agreement with this issue unless they happen to work in Toronto, but the Montreal securities commission, of course, are fiercely independent. They have a linguistic factor to take into account.

The Maritime investment dealers are, of course, not a vibrant issue at all. They are not major players, and equally Saskatchewan, but there is a securities commission in Alberta and another one in Vancouver, as well as the one in Ontario. We feel that quite possibly the—and this is again bordering on speculative, so I would want my honourable colleague to take my remarks on that basis that we do not have any hard evidence to support some of these conclusions that we have come to. Nonetheless, we felt that from our observation, the Ontario Securities Commission was looking for a source for financing, for funding, and had not been generously funded by the market in Toronto, although 85 percent of the trading in securities goes on. That is a reality in the environs of Toronto at this point in time.

So my honourable colleague is quite correct that the preponderance of the activity in the securities world does go on around Bay Street, and that is an economic reality which we must face. However, Investors Syndicate, which is our trust company out here, has a very, very active mutual fund business and, in fact, is pre-eminent in that particular activity and is a leader across the country.

What I chose to do, with appropriate consultation from people in the department, was to respond to Mr. Martin and say that we in Manitoba had no intention of entering into the memorandum of understanding. The memorandum of understanding called for a mutual surrender, a voluntary surrendering of authority or

jurisdiction under the BNA Act, because this is an area—and I am not sure whether it is Section 92 or 93 of the BNA Act—where there is concurrent jurisdiction. What the memo of understanding was going to call for was that the provinces would voluntarily surrender authority to regulate in this area to a federal group, that there would be a national presence in Winnipeg, in Calgary, in Vancouver and in Montreal; however, the decisions and the real authority would rest in Toronto.

I personally felt that this was perhaps—and this was, I might add, being very vigorously promoted by members of the Ontario Securities Commission. I felt probably because they anticipated that they might be able to access positions on that board and that a meaningful regulation and meaningful management of the securities world would then move out of the regional capitals. That would realistically mean that any viable and meaningful commercial activity, fiscal bond trading, the decisions would all be made then on a regulatory basis out of Toronto.

I am sure I do not need to tell my honourable colleague that from a demographic base, as I am sure my honourable colleague comes from a very strong populous background, that what passes for regulatory rightness on Bay Street may not be meaningful on Portage Avenue or in Calgary or in Vancouver. We had the example of what euphemistically used to be referred to as the Howe Street heroes, because they performed in the penny mining stocks. That was an environment that was unique across the country. So there would be behaviour, trades activity, which would be quite unique to British Columbia and to that environment, which could be shut down perhaps if somebody was looking at it from far away in Bay Street. So that we saw that there was a real risk for wiping out whatever chances we would have to be a trading centre.

What I would also add from a point of view of securities exchange or securities trading is that there is research going on right now as we speak into creation of an interactive exchange. We may be moving to ultimately the area of almost a virtual reality in securities exchange where it does not matter where you may reside. You could reside in Brandon or in Winnipeg or in Regina, and if you have a terminal and an outlet, you then would be able to conduct your

business on a national level through an exchange. So therefore this would, I would suggest, give the impetus for the Winnipeg Stock Exchange to become a much more viable and active entity again as it was back in the '20s and the '30s.

I would further add, for my honourable colleague's information, that the different exchanges across the country are working on a system of harmonization of regulation called SEDAR, which will bring some harmony of regulations for prospectuses, for behaviour of professional ethics, for traders, et cetera, so that this is a major step towards making us a unitary, bringing the best of a unitary control without abandoning the federalist component which is, I think, an integral reality to the national fabric of Canada. Some of the proponents of a national securities commission point to the United States and say, ah, well, but in the United States they have a national securities commission so that somebody who is wanting to do an issue coming from abroad has only one authority to deal with and one set of regulations and one set of prospectuses that then can be issued. Therefore those type of environments prosper more because they get much more activity, because somebody who wants to do this financing only does it in one jurisdiction.

* (1740)

I would counter that, and I did to Mr. Martin by saying that with the SEDAR harmonization, which is ongoing right now, that we will have all of the advantages of that unitary commission without giving up our local independence. I think that is really, truly a Canadian solution, plus this is something then as well that comes from the bottom up, and the participants are the local securities commissions as they are found across the country, and they participate and harmonize voluntarily rather than having something from a central government imposed from the top down, which I think would be a detriment to any sort of governance situation in our country.

Mr. Maloway: Well, it sounds like you are headed in the right direction on that one, so far anyway.

I would like to ask you which of the provinces then are allying themselves with Paul Martin on this issue

then, or is this just the federal government versus all of the provinces?

Mr. Radcliffe: It gets even more byzantine and obscure, Mr. Chairman, because what I have further been advised is that Mr. Martin's power base, his financial base comes out of the province of Quebec. The Quebecois are virulently opposed to any national securities commission, albeit Mr. Eves, who is the chair of the Ontario Securities Commission, where I think the major impetus comes, is one of the chief proponents of the national securities commission. One thing that was rather curious was that there had been, on one of the earlier drafts of the memorandum of understanding, a discussion of compensation to the different regional jurisdictions, which, in my mind, went nowhere near being appropriate because, of course, I can tell my honourable colleague that we derive a significant source of income from this area of securities registration.

All of a sudden, that compensation issue was dropped. If I were a betting man, which I am not, of course, one might assume that there might have been some sort of negotiations that had gone on amongst some of the proponents of this scheme. Again, I am giving my honourable colleague some of the news, some of the gossip, some of the analysis of this issue. I can tell my honourable friend, from an objective, documentary point of view, that there has not been a response, although I invited a response to my letter from Mr. Martin, but there have been a number of other provinces who, subsequent to Manitoba's lead, did circulate—all the appropriate ministers copy each other when they do respond. There have been a number of other provinces, I believe Alberta and British Columbia, who both copied me, who said they wanted more information and they were not keen to get on board.

Now, one of the problems that we are facing in this environment as well, Mr. Chair, and I would point out to my honourable colleague, is that nowadays many of the brokerage houses are owned by the line banks. All right. The line banks are all federally regulated. In fact, that has been an economic strength of our country to have national regulation of the line banks, the federal reserve system, the Bank of Canada and all that that brings to the fiscal picture.

So when one talks to a senior owner of Dominion Securities or Wood Gundy or Nesbitt Thomson or whatever, when they are in the banking environment, they say, well, what is your problem with national regulation? We are regulated nationally. We have prospered. Look how prosperous we are. Therefore, your fears are groundless. That is another one of the components that we are dealing with.

I would suggest that, when you are dealing with the head offices of these brokerage houses that impact on the Securities Commission, there is a different culture there. It is not a simplistic, straight-line problem. In fact, there is some merit to what Mr. Martin has suggested from the point of view of harmonization because you want to simplify, you want to make it consistent, have consistent regulation across the country, but then I bring to the table, as do a number of my other colleagues, the issue of local autonomy.

Mr. Maloway: I guess what I have been getting at here is what the hook is, if there in fact is one. I mean we saw what the federal government did surrounding the harmonization in the combining of the taxes. I mean, where it reached a roadblock, it got its way around it by writing cheques, so I suspect but I do not know that that is the same sort of approach that they would use on you in this kind of a situation, where they would work a trade-off where you give us this and we will give you something else in another area.

We know this to be true, that the Minister of Finance (Mr. Stefanson) must be under some pressure when he talks to Paul Martin to harmonize the Manitoba tax. We know that must be going on at every conference, every discussion they have.

So you have your own difficulties dealing with the national scene. I am sure that every minister in the government has the similar sort of problems, and at what point does it become sacrificed in a trade-off, or what is the price that at the end of the day the government will go along with some sort of national securities commission?

I know that you personally seem to be supportive and willing to fight, but how strong is the will and at what point does the dike crumble?

* (1750)

Mr. Radcliffe: Well, I can tell my honourable colleague that it will not be at 26.5 feet for this minister.

I think that I try to come to the table with an open mind on this, but the parameters of what I am proposing are that I want to see a viable securities environment in the city of Winnipeg. I want to see a viable securities exchange. I want to see Winnipeggers have access to commodity trading, to securities trading, and, in fact, I believe that our Securities Commission is developing a niche market for what they call the small fundings, which is something under \$50 million. To you and me, it is an academic figure, but in the world that we are talking about right now, this is looked upon as something almost beneath the interest or the notice of many of the security people who raise security financing in Toronto or Montreal.

We see the economic future of Manitoba and indeed western Canada to be based on support for small business. Small business has a need for public offerings, so if we have a securities exchange which focuses on producing financing where people can go public, corporations can go public, and solicit sufficient capital to finance enterprises in western Canada, that they do not have to go to Toronto for this, this again, as I mentioned earlier, not only enhances the viability of small corporations in Manitoba and western Canada, but it brings with it, as well, a whole support environment.

There are lawyers who are involved with this. There are actuaries and accountants; there are printers. There is a whole support group which comes with this sort of world which does nothing but add to the economic viability of Winnipeg and Manitoba as a whole.

Mr. Maloway: Before we leave this area, I would like to ask the minister whether he would endeavour to release a copy of the memorandum of understanding that he referred to that he received from Paul Martin and which I assume that he is simply not responding to or he has filed somewhere.

Mr. Radcliffe: I have responded and I have responded most vigorously to Mr. Martin, and I have my

honourable colleague's request. I will take it under advisement and contact him very shortly on that.

Mr. Maloway: Then perhaps the minister would endeavour to table both the memorandum of understanding and his response to it. As it sounds like it is going to enhance his position, I am sure he would be willing to do that.

Mr. Radcliffe: I will also take that request under advisement, and I thank my honourable colleague for that.

Mr. Maloway: Mr. Chairman, moving right along here in Research and Planning, I do have some very specific questions, but there is something that has come to mind that I should deal with because, as the minister knows, there is a time problem with the Estimates. We do not know how many hours we are going to have at this point.

I wanted to make certain that I would ask questions of the minister about the status of the grants that this department makes. There were a couple of years ago—well, you may not recall because you may not have been here then—but the government made a very political decision. At the same time while it was cutting funding to friendship centres in this province and cutting funding to a number of other valuable centres that had been receiving funding grants for a number of years, it, I think, increased the funding, and if not increased it, certainly maintained the funding, to the Consumers' Association. At that time that whole organization was subject to question because it was quite apparent to us that it was basically an extension of the provincial government. It was basically a propaganda outlet for the provincial government. The president, as a matter of fact, eventually moved on to be a Tory candidate in Crescentwood and was soundly defeated, as I recall. Anyway, she now sits on the PUB, on the Public Utilities Board, and has been on the—well, perhaps the minister could clarify that. In any event, now the minister is up to speed on where I am coming from with these questions.

I know that in the case, and the minister will recall the other day that when we were discussing—and there are just many examples. But, when we had committee hearings in this Legislature in 1988-89 and we were

introducing bills to deal with the lemon law and franchising, but certainly with lemon law, I do recall that the president of the Motor Dealers Association at that time and the president of the Consumers' Association at that time were deliberately working in concert misrepresenting the intent of the lemon-law legislation saying that it was going to harm car dealers when in fact even they knew that it was designed to protect the car dealers, in fact, as much as the public, from car manufacturers. This alliance kind of continued in a whole range of areas, and basically the president was acting as a mouthpiece for the government.

It was very interesting to us that, when it came time to cut grants and save the government money, the friendship centres were cut and a whole range of centres was cut in funding, but this organization was not. So I just wondered, I had not heard much about this organization over the last couple of years, and I was not sure whether the past president, past defeated Tory candidate, perhaps past member of the PUB, is involved in this or not. We just have not heard anything.

Mr. Radcliffe: Mr. Chairman, I can advise my honourable colleague that the individual to whom he is making reference is a fine upstanding member of our community by the name of Ms. Hillard, Jenny Hillard. He is quite correct when he recollects that Ms. Hillard did run for the Progressive Conservatives in, I think it was, the 1988 election or '90.

Mr. Maloway: It was a by-election.

Mr. Radcliffe: It was a by-election, indeed. It was a by-election, and despite her tireless efforts she was defeated and has gone on to greener pastures. She did continue, however, to serve the people of Manitoba because she is a consumers' advocate and has been a consumers' advocate for much of her life. I can tell my honourable colleague that I am personally acquainted with her because I in fact was her official agent during that election. So I can bring some personal, intimate knowledge to the table as to the quality of the commitment that she made to the people of Manitoba and the tireless effort she made in seeking public office. A finer candidate we would not want to find. I would, perhaps, question the perspicacity of the individual

voters of Fort Rouge-Crescentwood when they overlooked choosing her as their representative.

However, I remember in the words of Charlie Mayer, who is another fine public servant, who said during the federal election when I was seeking public office, that you may not always agree with them, and they may not always be polite, but the voter is always right. So you know the bottom line: We must live with the will of the voter. However, I can advise my honourable colleague that Ms. Hillard went on to serve on the Public Utilities Board, and I believe she sits on the Premier's Round Table on Economic Development as well. She has since resigned her position at the Public Utilities Board because she has gone on to what I think is a national or an international consumers' bureau, and she felt that she was going to be in conflict.

So, to her personal acknowledgement, I applaud her moral integrity that she gave up a very, very high income-producing fiscal plum of sitting on the board, because she got paid handsomely for that, and she gave that up in order to pursue her interests. This is not a person who is financially independent. It was to her detriment financially that she surrendered her position on the Public Utilities Board, so I think the record should show that she is a person of high moral worth and character.

However, to resort back to the two issues that my honourable colleague was mentioning, we do support, to the tune of about \$87,000, the Community Financial Counselling Service and the Consumers' Association of Canada, Manitoba branch. The Community Financial Counselling Service, we are one of their supporters, and I know a person, an acquaintance, Zoran Maksimovich, is the individual who is involved with that. These people go out and interact in the community, assist people who are having financial problems and give them advice as to how to get their financial affairs in order. Then, of course, the Consumers' Association of Canada, Manitoba branch, is a consumers' advocacy group which is a watchdog, perhaps a public watchdog for standards and values that we would want to see in the commercial world.

So these are the two groups that we have supported, and I am sure my honourable colleague is aware that—Mr. Chairman, you have indicated that my time is up.

The Acting Chairperson (Mr. Dyck): Order, please. The hour being 6 p.m., committee rise.

FINANCE

The Acting Chairperson (Mr. Gerry McAlpine): Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Finance. Does the honourable Minister of Finance have an opening statement?

Hon. Eric Stefanson (Minister of Finance): I have a very brief opening statement. It is my pleasure to present for your consideration and approval the Estimates of Expenditure of the Department of Finance for the 1997-98 fiscal year. I have this very brief opening statement, after which, obviously, I will be pleased to respond to any questions that members opposite might have.

The department proposes to spend \$729.5 million in 1997-98. This represents a decrease of 6.8 percent or \$53.1 million under the 1996-97 Estimates. A reduction of \$55 million in public debt expenditures has been made possible due to lower borrowing requirements as a result of continuing improvement in the province's fiscal position and, as well, a decrease in Canadian and U.S. interest rates.

Notwithstanding the 1997-98 expenditure reduction, public debt remains the single largest component of the department's spending, representing 71.3 percent of the department's budget and 9.7 percent of the entire provincial budget. The magnitude of this cost continues to underscore the importance to Manitobans of balancing our books and reducing the burden of debt.

Expenditures for Manitoba's 1997-98 tax credit program includes \$17.3 million for the Manitoba learning tax credit, \$5.3 million more than budgeted last year. Other tax credits have increased \$2 million for total tax credit program expenditures of \$199.9 million. The department's share of this total expenditure is \$182.5 million. Manitoba is the first and only province in Canada to provide a refundable learning tax credit to encourage students to invest in their own education and training.

Declines in expenditures related to the department's other appropriations reflect the department's continuing efforts to improve the efficiency of departmental operations. Some activities planned for 1997-98 include, first, the implementation of an integrated treasury management system to provide more efficient cash, investment and debt management and reporting.

Secondly, continued participation in Service First, Better Methods initiative for the Comptroller and Treasury divisions. The Department of Finance has been a key participant in the Better Methods initiative from its inception.

The overall goal of this initiative is the cost-effective reform and replacement of the government's corporate administrative and management systems. This goal supports government's objective of improved efficiency of operations and better value for expenditures made.

Phase 3, which is the final phase of the Better Methods initiative, is expected to start in July 1997, and the department will continue its active involvement.

Another activity planned for '97-98, is the implementation of a corporate correspondence tracing system for the Comptroller's Division. The department's Legislative Building Information Systems branch currently supports a correspondence tracking system that is implemented in over 40 Legislative Building offices. The current year objective is to implement the system throughout government departments to serve as a corporate standard and allow the efficient electronic exchange of information with departmental staff external to the Legislative Building.

Another initiative, the Treasury Board Secretariat, will continue to provide leadership, direction and co-ordination of the special operating agencies reform initiative. SOAs continue to help governments spend smarter, continuously improving the quality of public services and to test innovative management practices. The designation of the Property Registry as a special operating agency commencing April 1, 1997, brings the complement of SOAs to 16. Another activity is the progress of draft legislation presented to Parliament to amend the Canadian Pension Plan will be monitored through our Federal-Provincial Relations and Research Division.

During the past fiscal year, the department facilitated Manitoba's participation in the Canada Pension Plan review. The federal-provincial and territorial governments, including Manitoba, jointly participated in a process which resulted in a reform package for the plan. Draft legislation has been presented to Parliament, and the department will continue to monitor its progress.

Another activity is the department, in conjunction with the federal and other provincial governments, will continue its involvement in determining federal funding allocation formula related to social programs and in addressing related administrative issues. In addition, the department will continue to monitor all aspects of the equalization program.

Some examples of prior year accomplishments include, first, a new Financial Administration Act which was developed, introduced and passed at the last session of the Legislature. It has come into effect as of April 1, 1997. Another accomplishment is the Manitoba Investment Pool Authority which was introduced and passed at the last session. Another area is an electronic funds transfer system has been implemented and has improved the efficiency and security of transactions related to debt servicing and investment activities. In another area, improvements have been made in the timeliness and content of the Public Accounts. The process that produces the Public Accounts has been re-engineered and allows them to be prepared on a much more timely basis.

Mr. Chairman, with these very brief opening comments, I would be pleased to listen to and to respond to any questions that honourable members may have. Thank you.

The Acting Chairperson (Mr. McAlpine): I thank the honourable minister for those comments. Does the honourable member for the opposition critic have an opening statement?

Mr. Leonard Evans (Brandon East): I thank the minister for those opening remarks and the information he has provided us. I realize that we are debating these Estimates under very special conditions, serious flood conditions that have affected many members of the Assembly. We recognize that because of that situation,

many members who normally would be present obviously are not able to be with us for those very special reasons.

There is a great deal to discuss and consider in this Department of Finance. I want to begin by saying that I have always said in the past, for some years now, and will repeat that this is a well-run department. I think, historically, it has played a very key role in government administration in this province and it continues to do so. I give credit to all who are involved in the department for providing these services to the people of Manitoba. We are very well served by the staff in the department, and the minister is fortunate to have very experienced people and dedicated people that he does have.

He makes reference to various initiatives and so on that perhaps we will be discussing as we go along in the Estimates process. One area he mentions is special operating agencies. This seems to be a very novel and relatively unique approach in governmental administration in this country. I might point out, however, that I recall discussions of these four or five years ago at attending meetings of the Auditors across the country, along with the Chairs of the various committees—I am sorry, the Public Accounts committees, where this idea was being put forward. I think the federal government was elaborating on it and saying that this was the way to go, so to speak, in terms of getting more efficiency. Obviously, Manitoba is going down that road and is finding that it is providing the flexibility and therefore, hopefully, improved efficiency that this kind of arrangement provides.

I am not suggesting for a moment that it does not from time to time present problems. I think people in the private sector sometimes might wonder what these special operating agencies are doing vis-a-vis the business that they may be in and how they may be impacted by those governmental agencies.

I think we might be interested in knowing too at some point whether the department, whether the minister believes that he and his department will have to make any special measures for flood victims, whether the flood situation will have a bearing on the delivery of some of his programs or in reverse whether the department can do something to assist flood victims. I

am not making any specific suggestions, I am just asking that as a general question.

I also note his reference to CPP. I would be interested in knowing just where are we standing in terms of the flows of revenues into Manitoba because I believe historically the provinces have shared CPP-pooled monies and have been able to use those for investments. I am not quite clear where we go from here under these new procedures that have been agreed to by the federal government and the provinces.

* (1500)

Certainly there are some very important questions on what is happening to equalization and what is happening to the Canadian health transfer and social services transfer. I gather this situation is very fluid now with the federal election. We find that the Prime Minister has announced that on re-election he is prepared to provide some compensation, some—what would we call it—balancing of the cuts that have been made. I do not think what is being proposed so far will make up for the cuts that we have experienced or may be experiencing, but it will go a bit towards alleviating that very, very serious problem.

I guess everyone would be interested in the balanced budget legislation and how it is working. I would comment though that I was opposed to the balanced budget legislation for the very simple reason that governments do not need legislation to balance budgets. If a government wishes to balance a budget or indeed wishes to have a surplus, it can do so without any legislation, assuming of course that they could find the revenues or make the appropriate expenditure cuts. I mean, that is obvious. Either you increase revenues or you cut expenditures or you do both in order to bring you out of a deficit into a balanced or perhaps a surplus situation. In fact, I think the ideal is not just balance because if you want to get out of debt you have to have surpluses as the minister very well knows. Maybe we should be talking about surplus legislation. At any rate the balanced budget legislation, I still maintain, is not necessary. Governments can do what they will without that legislation.

One thing I do regret about it, it seems that what it does do is hamstring governments in terms of taking special initiatives. I believe I read a comment a week

or so ago about the inability that the government might have in coping with a major investment that might be required, such as a Duff's Ditch. You know, could we get a Duff's Ditch today with this balanced budget legislation if this was necessary? This is an important question. I think governments have to be prepared to respond to these challenges.

Of course one does not make decisions on another Duff's Ditch or equivalent or whatever right in the middle of a crisis. I mean this decision was made after the 1950 flood, well after, many years after it, and if you do have to go to referenda on some, what might be considered very vital public works, you might find that the public at certain times are not quite as receptive. If you went to a referendum on it, I do not know whether they would agree to simply allowing the government to increase taxes or whatever it had to do to finance a major investment similar to the nature of Duff's Ditch, the floodway.

I recall that many years ago—and the minister probably remembers too—that it was the responsibility of school divisions to raise funds to build schools in their area. The situation was very serious because in many areas new schools were needed, but those schools required approval often from the citizens, and that meant a referendum. On many, many occasions schools that were badly needed were not built because the people voted against them for all kinds of reasons.

I recall too in the construction of the Keystone Centre in Brandon which has played a very critical role over the years. If there was a referendum on that issue back in, it was 1969, '70, '71, around there, that would have been defeated, and I will tell you why. Because at that time we had some problems with the federal government, again. The federal government, we thought, were going to contribute a third of the cost of the Keystone structure. We were going to pay a third at the provincial level and the City of Brandon was to pay a third.

Indeed, we went ahead in good faith and put some money in early, before all the documents were signed, I guess, because we wanted to get some winter works going in that area at that time. We actually put up some steel in place on good faith that everything would be A-okay, but as it turned out the federal government was

not prepared to put up a third of the funding, which meant that the City of Brandon and the Province of Manitoba each had to contribute more. In fact, we had to contribute virtually 50-50. Eventually, the feds came in with a little bit of money, but it was basically a challenge to the city and to the province to fund this.

At any rate, the mayor of Brandon at the time, Bill Wilton, said, we do not need a huge investment of this kind in Brandon. The Keystone, I might add, has well over 5,000 seats. The original Keystone that was built had over 5,000 seats, and I can still remember him making statements on the front page of the Brandon Sun: The city does not need this; we will do our own thing; we are not going to put up this extra money that is required; we can have a 2,000-seat arena; that would be quite adequate for our purposes.

At that time, this was a major municipal election, and we had the ward system for the first time; 10 councillors, 10 wards. Bill Wilton had his committee of concerned citizens or whatever they were called, and that was their big platform—vote for us and we will not put any more money into an arena of that kind. They swept into office. Every one of the councillors, every one of his team won their wards. Ten wards were Bill Wilton's team.

So I am just saying that is an indication. It was not a referendum, but if you had a referendum on it, that would not have been approved, but now people look back and say, hey, that is a great thing and it is. It has been and it is continuing to be.

So this is the problem with referenda, and I say with the balanced budget legislation you could run into similar cases where perhaps there should be certain investments made. One has to have long-term vision. One has to have a comprehensive view of things, but the citizens of the day, at that time, may not see fit to approve them.

Incidentally, a week after the election, Bill Wilton wanted to know where to sign, and when I had the privilege of announcing it in this House, I remember Gordon Johnson, the then Liberal member for Portage la Prairie got up and said, when can we have one of these for Portage?

Fortunately, over the years, and I guess this happened in the Roblin government which brought in—maybe the Minister of Agriculture, the member for Lakeside (Mr. Enns), will remember. I believe it brought in the legislation to set up the Public Schools Finance Board, and that was a great, progressive move, and I congratulate him and his government of that time because it removed that burden in a sense, and no longer do you need a referendum. The Public Schools Finance Board did the research and decided on the demographics and so on, whether a new facility was needed, and it has been that way ever since, and I think that is a far better way of doing it.

So we have those concerns with the balanced budget legislation. Having said that, Mr. Chairman, I guess we can proceed as we usually do and ask detailed questions of the department.

I do not mind standing each time. I notice the minister stood, but I notice in other committees they do not necessarily stand. We just sit and talk which we have to do in the committee room, of course. We do not stand there, so whichever way the minister likes. I do not mind the exercise, but I am quite happy just to sit down and ask questions if that is agreeable.

The Acting Chairperson (Mr. McAlpine): I thank the honourable member for those comments. I would also remind the members of the committee that the debate on the Minister's Salary, item 1.(a), is deferred until all items of the Estimates of this department have passed. At this time, I would invite the minister's staff to take their places in the Chamber.

I would invite the honourable Minister of Finance to introduce his staff present in the Chamber this afternoon.

Mr. Stefanson: Mr. Chairman, joining me at this time is the Deputy Minister of Finance, Mr. Pat Gannon; the assistant deputy minister responsible for the Treasury Division, Mr. Neil Benditt; and our director of Management Services, Mr. Erroll Kavanagh. I am pleased to have them with us and look forward to answering any questions.

Mr. Leonard Evans: I seek the Chair's guidance. Precisely, what line are we on? Are we on line under 7.1.(b) Executive Support?

The Acting Chairperson (Mr. McAlpine): Page 57, item 7.1 (b)(1) Salaries and Employee Benefits \$332,600.

* (1510)

Mr. Leonard Evans: I wonder if the minister can advise whether there has been any change in the Executive Support in terms of organization, for instance, or whether there is any change in the type of personnel that you have in your Executive Support.

Mr. Stefanson: It is always a challenge which documents to be working off, and I know that, in terms of the Estimates that we run through, this is our guide for you, Mr. Chairman, in terms of which line we are on, but the detailed Supplementary Information, page 25, lists the specifics of this particular line item. The member for Brandon East (Mr. Leonard Evans) has probably noted that the numbers of staffing positions are shown at seven for both budget years and the overall expenditures in this area are estimated to be \$401,800 for '97-98 compared to \$406,900 last year, so basically the same functions, the same responsibilities and so on.

Mr. Leonard Evans: The Managerial support would be the deputy minister, would it, or is that beyond the deputy minister's position?

Mr. Stefanson: That is correct, Mr. Chairman. The line that shows as Managerial, the one position is the deputy minister position.

Mr. Leonard Evans: Well, the two SY's Professional/Technical, what kind of professional assistance are we talking about here?

Mr. Stefanson: The glossary, on page 107, gives a description of the functional aspects of those positions. Specifically, the two positions that the member is asking about are the executive assistant position reporting to the minister and the special assistant position reporting to the minister, consistent with again

past practices and what would be the case in most departments.

Mr. Leonard Evans: So \$82,300 is for two SYs, one is an SA and one is an EA?

Mr. Stefanson: That is correct, Mr. Chairman. It would be the salaries for the executive assistant and special assistant position.

Mr. Leonard Evans: Could the minister break that down? What are we paying EAs these days and SAs?

Mr. Stefanson: In my case, those salaries are almost split equally, close to approximately \$40,000 each, but I will undertake to provide for the member the salary range classifications for those positions within government. I think you will probably find that more interesting in terms of the comparison and useful, so I will undertake to provide the range for both of those types of positions. In my particular office, that split is almost 50-50, with the SA being possibly slightly higher, the special assistant position.

Mr. Leonard Evans: What about the EA or support for the deputy minister? Does the deputy minister now have an executive assistant?

Mr. Stefanson: There is no change in the deputy minister's support. There is no EA position for the Deputy Minister of Finance. There is a secretarial position and an administrative officer position in that office, and, of course, the other two positions are in the minister's office.

Mr. Leonard Evans: It sounds like it is lean and mean. I recall as a former minister—mind you of a very large department, but experience in different departments that quite often the deputy did have an executive assistant, but at any rate that is fine.

Under Other Expenditures, Transportation, does that cover the transportation costs of the minister, the deputy and everyone and anyone who is under this category of Executive Support?

Mr. Stefanson: That is basically correct. It covers all travel related to a minister, deputy minister, other than

if the travel is related to servicing or issues around public debt.

Mr. Leonard Evans: Why would it not include the latter that the minister referred to?

* (1520)

Mr. Stefanson: Mr. Chairman, it has been a long-standing practice in Manitoba, going back prior to our time in government, that when it comes to the costs of servicing public debt, they are all inclusive. They include accounting, legal, any commissions, any underwriter fees, any travel relating to that public-debt issue and so on. So that has been an accounting practice that has been in place the entire time under our government, and certainly I would hazard a guess all of the time that the member for Brandon East was a part of government. It goes back many years. When you are looking at the public debt costs, it includes the direct interest cost plus the cost related to ultimately servicing that debt, as I have said, the most common ones being any commissions on the debt and accounting and legal being the most significant costs related to public debt.

Mr. Leonard Evans: I guess it is a matter of how you want to account for expenditures, and I am not disputing it. I just had not thought of it as a separate item in that respect.

Under Transportation, would that include all the minister's travel and deputy minister's travel? For instance, all your air services?

Mr. Stefanson: Yes, it would; it is exactly the same. That Transportation line of \$30,600 covers all of the travel related to the minister and deputy minister other than travel directly related to public debt, as I have already mentioned.

Mr. Leonard Evans: Could the minister tell the committee what kind of travelling is the minister, and perhaps the deputy minister, doing now? I realize there are certain critical trips that have to be taken regarding borrowing. It is not unusual for Ministers of Finance and the deputy and perhaps one or two others to go to places, such as New York or London or Tokyo or whatever, but I am just wondering what sort of

travelling is anticipated in this coming year that you have provided for.

Mr. Stefanson: Mr. Chairman, this component here would include, in the case of the minister and the deputy minister, mostly travel costs relating to attending ministerial meetings. As the member knows, the ministers of Finance across Canada get together usually at least a couple of times a year and, on occasion, deputies get together as well. I have had occasion and the opportunity to participate in First Ministers' meetings on a national basis sometimes because of the areas that are being dealt with by First Ministers. I have also had occasion to attend at western Premiers' meetings because of the agenda items. So, depending on agendas that unfold in those forums, there might be some travel related to my participation in those forums.

When it comes to our borrowing, we normally try to go to Toronto once a year very shortly after our budget. We have already done that this year, where we go and we meet with the bond rating agencies that are headquartered in Toronto, which are the two Canadian bond rating agencies, Dominion Bond Rating Service and Canadian Bond Rating Services. Standard and Poor's are now functioning primarily out of Toronto in terms of their Canadian clients. So we go and we meet with the bond rating agencies. We also then take the opportunity to meet with the investment dealers to talk about Manitoba's financial position. Usually the investment dealers will help co-ordinate some gatherings to talk to actual investors, people who invest in Manitoba bonds, so we can tell them about our financial position and our economy and so on. So we always try to go to Toronto once a year at least and very shortly after the budget.

We have not been going to New York annually. I would suggest we have probably been going about every second year lately. We did not go last year so at this point in time we are intending to go to New York because that is where Moody's still functions. Out of Moody's is the other large bond rating agency, so we would certainly meet with Moody's. Again, we would meet with our investment dealers who represent us as agents in the U.S. market. We also meet with any investors that they could pull together that invest in Manitoba bonds. So that will also be a trip that we will most likely be doing this year.

We have continued to borrow occasionally in the Japanese market, as the member knows. In fact, we have been in the Japanese market each of the last few years. I will remind the member when we do borrow in the Japanese market, we always swap that borrowing back either to Canadian exposure or U.S. exposure, depending on our needs at that particular point in time. Again, we have sort of looked at, depending on when we are doing an issue in Japan or what our financial needs are, how often we go there. So that, again, traditionally has been on average probably every couple of years. Beyond that, it would be on an as-required basis. If we were doing an issue in the Euro-Canadian market out of London, there might be a reason to have to go to that market, but that would be more usually on an as-required basis depending on how often we are going into that market.

So I guess these other international markets, we are not necessarily into them every year, but we certainly continue to utilize them no more than every couple of years or few years because we do think it is important to continue to maintain access to these various markets that served us well in the past and we think it will serve us well in the future. But at the end of the day I always remind the member that wherever we are borrowing, we always convert our exposure back to either Canadian or U.S. currency. We have no debt in any currency today other than Canadian or U.S. currency that is serviced in any currency other than Canadian or U.S. currency.

Mr. Leonard Evans: Does this include the cost of transportation around Manitoba? In some instances, I know the minister has been to various regional centres to discuss the budget forthcoming, to discuss some of the problems facing the province, the financial problems, and I know there is Manitoba Government Air, like jets available to the minister. Is that sort of cost in here as well, or is that elsewhere because it is a government Manitoba aircraft?

Mr. Stefanson: Mr. Chairman, a good portion of it is in here. There might be an occasion sometimes to do it out of a different department or area, but certainly this would represent a significant amount of the travel related to the prebudget consultation that takes place throughout Manitoba.

Mr. Leonard Evans: In other words, that department—I do not know which it is now—that runs the Government Air Services bills the department for that service, and therefore it would be paid for out of this particular appropriation.

Mr. Stefanson: That is absolutely correct. The government services related to air service and so on are billed to all of the user departments. That would certainly be the case with us utilizing any of those services for prebudget consultations throughout Manitoba.

Mr. Leonard Evans: Perhaps we could pass (b) Executive Support (1) Salaries and Employee Benefits and (2) Other Expenditures, and then go on to Management Services (c), Mr. Chairman.

The Acting Chairperson (Mr. McAlpine): Item 7.1.(b) Executive Support (1) Salaries and Employee Benefits \$332,600—pass; (2) Other Expenditures \$69,200—pass.

Item 7.1.(c) Management Services (1) Salaries and Employee Benefits.

* (1530)

Mr. Leonard Evans: Under Management Services, one of the major objectives is to provide departmental comptrollership framework to ensure appropriate management and accountability of the department's resources.

Has there been any change in the approach in this respect? Are there any developments in departmental accounting or financial management activities from the previous year?

Mr. Stefanson: I think the member for Brandon East recalls that this is the department comptrollership function, as opposed to later on we will get into where Finance is providing various services government-wide, so in terms of the department comptrollership function there really are no changes in terms of how we are functioning.

Mr. Leonard Evans: There are no changes anticipated in this forthcoming fiscal year?

Mr. Stefanson: Mr. Chairman, I think I would rather get into that when I get into our comptrollership function government-wide, because I think that will also potentially have some impact on Finance and some of our services. I discussed with the member for Brandon East before my view that we need to be updating some aspects of our system in terms of our financial reporting. I think that, when we get into the comptrollership section of our department, that will be an opportune time to discuss what we are doing government-wide and also relate it back to some of the things we are looking to do in Finance.

Mr. Leonard Evans: It may be rather mundane, but it is pretty basic. I am just wondering if the minister could tell the committee just where the department is housed physically now. Obviously, there are a few key people in the building, but where is Finance physically located in the province now?

Mr. Stefanson: Mr. Chairman, the vast majority are still in the Norquay Building. There are a few functional areas that are outside of the Norquay Building, but certainly the vast majority of the department is in that building. Our Federal-Provincial Division and Treasury Board are in the ManuLife Building just adjacent to the grounds here and so on, but those would be the two main locations with maybe the odd other functional area elsewhere, but that would literally be the vast majority of the department in those two locations, with the majority of it being in the Norquay Building.

Mr. Leonard Evans: Can the minister advise what personnel are outside the city of Winnipeg and where they may be?

Mr. Stefanson: I believe the only offices we have outside of Winnipeg relate to Taxation. Again, when we have that department in here with us, I will confirm the locations. But to the best of my knowledge they have a presence certainly in Brandon, and I believe there are officers in, if I recall correctly, Emerson, Gimli and potentially Beausejour. When we have Taxation here, I am sure we can confirm that.

Mr. Leonard Evans: Among the activities of Management Services is the challenge or function to handle The Freedom of Information Act applications.

Can the minister tell us whether he has had many requests under Freedom of Information and what kind of requests do they normally get in this area?

(Mr. Edward Helwer, Acting Chairperson, in the Chair)

Mr. Stefanson: Mr. Chairman, to give the member a sense of the magnitude or number, which was his first question, I have got information for the calendar year 1996 so I think that will give him a perspective. During the calendar year we had 24 requests. We actually had carried forward from '95 three, that brings us up to 27. Out of those, we are carrying one forward to 1997. So that brought us down to dealing with 26 in 1996; two of those were withdrawn to bring us down to 24 that were actually, ultimately processed and have been dealt with in 1996.

They primarily come from political parties or the media, the vast majority, not surprisingly, and they usually relate to various categories of expenditures. They had some requests, I think, around the issue of the payroll in terms of Workforce 2000 and some of those types of things. The source is usually political parties or media, occasionally something outside of them, but that is the vast majority of them. They usually focused on some aspect of expenditures.

Mr. Leonard Evans: Can the minister advise what percentage or what number are refused, for whatever reason, or is he telling us all of the applications—he said they had been dealt with, but does that mean the department has acceded to provide the information or is it refusing some of those?

Mr. Stefanson: Mr. Chairman, so of those 24 that were processed—and that is the word I used, that they were processed—16 of them were either granted in total or partly granted, seven of them were denied and one, the records just did not exist. So that makes a total of 24. Out of these seven that were denied, access was denied primarily on the basis of personal privacy—that was four instances—personal privacy was the issue, a third-party commercial information was one, and cabinet confidences were two, so that makes the seven, and all of those are mandatory exemptions under the legislation.

Mr. Leonard Evans: The matter of third-party confidentiality is a very interesting one. I do not know whether the minister still has in law, or legally, any responsibility for McKenzie Seeds. I realize the Minister of Labour signed the agreement and so on, but I also recall that some time back, for whatever reason, the Minister of Finance always seemed to have some responsibility on the financial side.

So I guess I would ask the minister, first of all, has he any connection with the financial arrangements with McKenzie Seeds? McKenzie Seeds was sold to Regal Greetings and Gifts a year and a half or more ago, and the government still holds a fair amount of equity in it. Is it about \$4 million? I am not sure. The reason I am not sure is because we have not been able to see—and this is what I am getting to—the sale agreement that has been signed and which I have been asking for for some time. So I am just asking if the minister has any responsibility in this area either as the Minister of Finance or as a member of the Treasury Board.

* (1540)

Mr. Stefanson: Mr. Chairman, I think that I would like the member to certainly bring that question forward again when I either have the Comptroller's Division or the Treasury Board staff here with us, if that is okay with him. I am certainly prepared to provide whatever information I can and what relationship there is to Finance, but if we can do it under that section, that would be preferable.

Mr. Leonard Evans: If I could just make a comment on this matter of third-party confidentiality which the minister referred to as a reason for denying requests. In this matter, it seems to me that the previous Minister of Finance, Mr. Clayton Manness, made available to the Assembly a copy of the sale agreement on the sale of Manitoba Data Services with the private company—was it STM? They have changed the name a couple of times, I cannot keep up with it. [interjection] ISM, yes. That was made available to us, quite a thick document which we appreciated, but for whatever reason, we are being denied the same type of a document, the sale agreement that was signed almost two years ago or more with the company. It is important because there are certain sales conditions that are set down in it and, rather, there is some important information on the

specifics of the government's continuing investment in that company. From my point of view, it is in the public interest. I do not see why third-party confidentiality can be used in that case when it is not used in a much bigger sale, a far bigger sale of MDS, a far larger operation in terms of employees and the cost and the impact actually on the province.

Mr. Stefanson: I guess, we are sort of melding two issues here. We started on this because we are under the Freedom of Information section. My understanding is the general rule of the requests related to, let us say, McKenzie Seeds, or any other agreement entered into with a third party, is that a request must be denied, unless you get the agreement of the third party to release the entire document, or sometimes there is an opportunity to release parts of a document. But each agreement, as we both know, every agreement can be very different in terms of what elements are in the agreement, what information is provided in the agreement. You often get into issues that can affect competitiveness and trade secrets and a whole range of things, so each one really does have to be assessed on its own individual merit or situation, but that is the process now.

So we were under this section, that is how the member for Brandon East started asking. He then started asking about the relationship between Finance and McKenzie Seeds. I guess, sort of splitting the two issues, I am certainly prepared to talk about Freedom of Information, and when we get to the comptrollership or the Treasury Board section, we can talk about the relationship between Finance and McKenzie Seeds.

Mr. Leonard Evans: He indicated, Mr. Chairman, we do have the precedent of the agreement being tabled by the former Minister of Finance when MDS was sold, and that is a competitive area as well and, as I said, a much bigger operation and more money involved and more staff involved. For the life of me, I cannot see the logic of one being denied and the other being agreed to. I appreciate circumstances could be different, I do not know though in principle how they can be different. At any rate we can ask. I would be interested, under Comptroller then, if the minister would provide that information on the relationship with McKenzie Seeds financing.

Under the Human Resource Services, I find it rather surprising that your Human Resource Services applies to not only the Department of Finance, the Treasury Board Secretariat but also Government Services and Industry, Trade and Tourism. I am just wondering this is with sufficient Human Resource Management and then with Occupational Health and Safety Programs. Does this mean your staff in Human Resource actually is the personnel division, in effect, or section for these other departments?

Mr. Stefanson: Mr. Chairman, this is within our sectoral area, sectoral approach to sharing resources. I think there are some economies of scale and some efficiencies by these departments co-operating. We, I am told, have four personnel officers directly attached to the Department of Finance, but this approach pulls together these departments and functions on a co-ordinated basis. Everything I am told is it is working very well and serving us very well, so the key here is just co-operation amongst departments in terms of dealing with human resource issues.

Mr. Leonard Evans: In effect, is the minister saying then that, let us say, the Department of Industry, Trade and Tourism does not really have a personnel section or office, that it is all handled, the hiring of new employees, transfers, promotions and all that, is done by this staff in your department? Is that what the minister is telling us?

* (1550)

Mr. Stefanson: You will find the exact same approach in each of these departments. As I said in our case, the Department of Finance, we have four personnel directors assigned to us that are reflected in our Estimates. Industry, Trade and Tourism will have whatever their staffing component is assigned to their department. This entire sectoral group is housed together at the Woodsworth Building, so they function out of one location.

The director, I believe, the overall director is assigned through Government Services. So they physically are located together, operate as a cohesive unit, but then the various components are charged out to the affected departments. So we are charged for our four; I, T and T is charged and so on. So you will see, if you were to

look at the Estimates of these departments, you would see a similar category, similar description, and they would be basically charged for the personnel directors assigned directly to that department.

Mr. Leonard Evans: This may be a very excellent—and I am not trying to be critical of it at all. I was not aware of this, but does this mean that the minister and his senior staff have some say, therefore, over the hiring of the personnel in say, the Department of Industry, Trade, and Tourism, or are you just providing the service? I mean, there are all kinds of detailed decisions that have to be made on transfers, promotions and so on. You get the data and you make these sorts of decisions. Often it is your Human Resource people that are directly involved in making these decisions.

Mr. Stefanson: The short answer is no, the Department of Finance has no input into personnel decisions in these other departments. The Human Resource sector, as I have already said, is a co-ordinating body. To give an example, within the Department of Finance, if they were looking to fill a position, the Human Resource element that is responsible for Finance would establish a selection committee. It might include somebody from the Civil Service Commission. They would make the final decision on the successful candidates in various positions within Finance. A similar way of functioning would exist in each of the departments. It is not that Finance is having any input into personnel decisions in I, T and T, Government Services or whatever. It is really just the efficiency of pulling these aspects together, housing them in one location, sharing whatever common information they can and working co-operatively. That just creates more efficiency within that whole field.

Mr. Leonard Evans: This may be a great idea, and I am not really trying to be critical of it, actually, but has the minister some idea or does the staff have some idea of cost savings that have occurred? I am not sure when this procedure was established. Maybe you can tell me. When did you establish this method, and has there been any cost savings from this?

Mr. Stefanson: There have been cost savings as a result of this approach. Some examples of what would

help to create cost savings are the need for only one director as opposed to an individual director for each of these departments, the pulling together in one location, probably some savings in terms of the physical space required and so on, so there have been some cost savings. I think I might be able to be more specific for the member when we get to, again, our Comptroller's Division, which provides the payroll services for government and has a direct relationship to this on a more government-wide basis and this sector.

So there have been savings. In terms of providing him a number, I will undertake to see if I can give him either a specific number or a range of what those savings have been.

Mr. Leonard Evans: Will the minister then be able to tell us if there has been a reduction overall then in the number of personnel required for this service? I guess, if you are talking about savings, it means, eventually, reduction of staff.

Mr. Stefanson: I believe at the time that this was originally implemented, yes, there were some savings as a result of overall staff requirements, and I will undertake to provide that information at the same time as I provide the other information.

Mr. Leonard Evans: When was this established, this organization?

Mr. Stefanson: I would rather get a specific date than—I believe it was in around the fiscal year '94-95, but I will get a specific date for the member.

Mr. Leonard Evans: I guess the minister is saying that for about three years this organization has been functioning. That is fine.

Just proceeding, one of the functions of this area is to co-ordinate and integrate comprehensive and Affirmative Action programs. Can the administrator advise us what is happening in terms of Affirmative Action with regard to any objectives the minister might have in assisting people. Is this an active program at the moment, or has it just been in a holding pattern?

Mr. Stefanson: The whole issue of affirmative action certainly continues to be an important part of our hiring

process, an objective within our hiring process, so it continues to be, as I say, an important part of it. If the member has any specific questions, I can certainly undertake to provide specific information, but I do want to assure him that it does continue to be a key part of the hiring process.

Mr. Leonard Evans: Then to be more specific, can the minister provide us with data on how many people were hired under the Affirmative Action program in the last fiscal year and by category, if you have such categories? I am not sure what your Affirmative Action categories are, whether there are disabilities, or male versus female, or ethnic groups. I do not know, but for whatever categories you have.

Mr. Stefanson: I believe that information is available, and I do not have it right here with me at this moment, but I will undertake to provide that to the member.

Mr. Leonard Evans: Just off hand, would the minister have any idea, like what percentage of the total departmental staff would be affected by the Affirmative Action program or would he not have that at his fingertips?

* (1600)

Mr. Stefanson: I think I would rather provide the member with that information, along with the rest that he has requested.

Mr. Leonard Evans: On Occupational Health and Safety programs, can the minister outline what are the major problems in that area for his department? I do not think it is a department of great hazard in terms of being run over by machines or whatever, but there is obviously some area of concern. I wonder if you could outline just what are the problems in this area of Occupational Health and Safety.

Mr. Stefanson: The member is right. This is not an area that normally is of great concern for a department like Finance, but there is a committee within this area that meets occasionally to assess various issues. An example of an issue might well be issues of air ventilation and that type of thing, air circulation, air quality and so on.

Separate from the committee, some other issues that come up occasionally, today, issues like ergonomic chairs for people who are spending a lot of time at a desk or in a chair. That is an issue that has come up occasionally—dealing with one's back and so on. So there are some issues, but the member from Brandon East (Mr. Leonard Evans) is right, that this is not an area that requires anywhere near the kind of attention that many other departments have in this area.

Mr. Leonard Evans: I gather there are no major outstanding problems in Occupational Health and Safety in the department. In so many words, this is what the minister is saying.

Mr. Stefanson: That is absolutely correct.

Mr. Leonard Evans: The other area of responsibility here relates to training of staff, and I am just wondering, what kind of training programs is the department involved in at the present time for its staff?

Mr. Stefanson: I guess the area that we use most of all is the OSD division; Organizational and Staff Development, is what OSD stands for. They offer various courses and opportunities for employees government-wide to participate in, whether it is related to computer utilization or whatever functional area it might be. So we certainly access those in terms of staff training.

We also utilize, occasionally, other conferences or seminars. I know, going back to the Estimates a year ago when we talked about the issue of the Quebec shuffle, there were questions whether or not some of our Taxation staff had the opportunity to participate in various tax courses or tax courses put on by organizations like the Canadian Institute of Chartered Accountants or the Canadian Tax Foundation or so on, so occasionally we have employees participate in some of those as well. Those kinds of things would be the majority of training opportunities and initiatives within our department.

Mr. Leonard Evans: I thank the minister for that information. I would gather that the majority of these miscellaneous courses are courses that do not take a great deal of time, and that the employee may use the evening or take one or two hours during the day for them, as opposed to sort of major training courses. So

I guess that is what I am going to ask you next. Are there any major training efforts for personnel in the department for whatever special reason there may be?

Mr. Stefanson: If I understand the question specifically, the member is right that the vast majority are courses of that nature where it might be for a day or an evening or they are not long-term training initiatives; they are shorter-term courses and training. We certainly encourage, if it obviously meets government need, individuals sometimes going back for additional training or education, and we have done that on occasion in the past. I am told we do not currently have anybody in that kind of a program right now, but we are always assessing our situations, and obviously if employees are coming forward indicating that they can add value to the organization by getting a certain type of education or training, it is something that we always look at and certainly encourage. So I am told we do not currently have anybody in the longer-term training or education initiative now. I believe Finance has done some of that in the past. So the short answer is, the vast majority today are in the shorter-term training programs.

Mr. Leonard Evans: Just going onto another topic, Workforce Adjustment Program. Can the minister update us on this program, the extent to which it impacts on the department? How many employees are we talking about, and what sort of success do you have for re-employment?

*(1610)

Mr. Stefanson: To give the member a sense of the impact on our department for '97-98 of the Workforce Adjustment Program, we had four staff years impacted, and actually as a result, four employees impacted through Workforce Adjustment. Of those four employees, two of them were redeployed prior to layoff. The other two employees were issued layoff notices, but of those two employees, one of them is currently on sick leave and is applying for long-term disability, the other one will be given priority consideration for opportunities within government. So that is the impact within the Department of Finance.

Mr. Leonard Evans: I gather the minister is satisfied with this particular program as it impacts on the department.

Mr. Stefanson: Mr. Chairman, yes, I am satisfied how it has worked in the Department of Finance, as I am government-wide. I know we are just talking Department of Finance, but a combination of the VSIP programs we have offered, the Voluntary Separation Incentive Program, the redeployment initiatives that we have utilized within government, I think have been a very fair and balanced way to deal with adjustments in terms of staffing levels. So it has served our department well, and I would suggest from my perspective, it has served government, in total, quite well.

Mr. Leonard Evans: So in talking about staffing, can the minister advise, of his total staff complement—maybe the numbers are here somewhere, but I am not sure where—how many are in term positions as opposed to regular or permanent positions?

Mr. Stefanson: The total staff years in the department is 417. I am told the number of term positions are only a small portion of those, but I do not have the exact number here right now, and I will certainly provide that to the member. But the vast majority are not term positions.

Mr. Leonard Evans: I know, from past experience, I guess it is the MGEU gets very uptight when they find a lot of term positions that are ongoing term positions, that really, in many respects, may be classified as permanent positions because of the nature of the work involved.

However, what about vacancies? Does the department have many vacancies, or does it have any special policy on vacancies? From time to time governments have tried to cut back on services by deliberately not hiring and raising the vacancy rate. I was wondering if the minister could comment on his department.

Mr. Stefanson: Mr. Chairman, I am told our vacancy rate in the Department of Finance is somewhere between about 4 to 5 percent. I think, government in total, we have an ongoing turnover in employees, a fairly significant turnover with the number of employees that we have. So it is certainly common to have a vacancy rate of some percentage. We obviously fill positions that we absolutely require, but also proper

management of vacancy rates can be a way of helping to at least control your expenditures, so we view it from both of those perspectives. If we require positions, we certainly move quickly to fill them, but if we can manage our vacancy rate, still provide the services to the public and thereby keep our expenditures in control, we do that as well. So our rate is today running between 4 and 5 percent.

Mr. Leonard Evans: I would imagine that is more or less in line with other departments, or maybe is even lower, I do not know, but maybe the minister could comment on that.

Also, he mentioned about turnover. I am rather surprised at that. In this day and age people seek good jobs, and when they get them they stick with them. I am just assuming Finance has a lot of good jobs, and people would not want to necessarily be leaving them very easily. So I am surprised when he talks about a fairly high degree of turnover. I do not want to put words in his mouth, but I got the impression that there was a fair turnover.

* (1620)

Mr. Stefanson: I think, as the member for Brandon East (Mr. Leonard Evans) knows, turnovers are created for a whole range of reasons. Demographics, certainly, has one role to play in terms of the age of employees, the age of our population. Obviously, people move within government, move to other opportunities, create vacancies if other opportunities open up in other departments. Of course, as the member for Brandon East knows, Manitoba's economy these days is performing very well with the number of job opportunities that exist in other parts of the economy, and we do have people occasionally that decide to leave government to pursue other initiatives in the private sector, go into business on their own, or whatever the case might be. Also, family situations sometimes have an impact, if one member of a family is transferred to another location, and those kinds of things. So vacancies can be created for a whole range of reasons, and just the nature of being an employer, and being a large employer, is that you are going to have ongoing vacancies.

Just before I finish my comments, I want to introduce Debra Woodgate, the associate deputy secretary to

Treasury Board, who has joined us as well. I welcome Debra to our discussions.

Mr. Leonard Evans: Well, just the last question, has there been much change in the turnover? Has the minister noticed a quicker turnover in the past year, as opposed to the year before or the year before that, or is it pretty well constant?

Mr. Stefanson: The short answer would be that it is fairly constant, and the member in his previous question sort of asked if Finance compared similarly to other departments. I would, off the top of my head, suggest that we are probably pretty comparable to most other departments with our level of vacancy and our vacancy rates.

Mr. Leonard Evans: Perhaps we could then go on to item 7.1.(d) Payments Re: Soldier's Taxation Relief fund.

Mr. Stefanson: Mr. Chairman, I believe we are going to move item 1.(c).

The Acting Chairperson (Mr. Helwer): Item 7.1.(c) Management Services (1) Salaries and Employee Benefits \$410,500—pass; (2) Other Expenditures \$70,900—pass.

7.1.(d) Payments Re: Soldier's Taxation Relief.

Mr. Leonard Evans: This is a very odd item, and we have discussed it in other years. For the life of me, I do not know why it is even here on a page, not wanting to deny anyone who might be eligible their \$50, but one would have thought you could bury it in some miscellaneous item somewhere or other. I mean it is down from \$3,000 to \$2,000. Could the minister say how many dollars were actually spent in this program, or did you spend anything?

I do not think anyone knows about it out there, or I do not even know if the legions or the Army and Navy people know about it or are very familiar with this extremely modest program, with all kinds of strings attached so that it is rather difficult to qualify for, it seems to me. Has there been much activity? How much have you spent?

Mr. Stefanson: We actually talked about including this in some other category, but then we thought the member for Brandon East might accuse me of trying to hide it, and we might not get an opportunity to discuss it in Estimates. So we have kept it on the same line in our budget. The reason it prints down is very simply utilization of the program. In the calendar year 1995, there was \$1,450,000 of claims against the program.

An Honourable Member: One thousand.

Mr. Stefanson: One thousand or one million. Sorry, did I say one thousand? One million, four hundred and fifty thousand dollars. Sorry. [interjection] One thousand. I said one million.

An Honourable Member: It is not a million.

Mr. Stefanson: No, it is a thousand. I said a million the first time, did I, and you were correcting me? I am going to start all over again. The total dollar value of the claims was \$1,450. In 1995, there were 29 claims, so, as a result, we reduced the line item from \$3,000 to \$2,000. In 1996, the total dollar values of the claims was \$1,350. In 1996, we had a total of 27 claims and, sort of the geographic distribution for the member from Brandon East (Mr. Leonard Evans), of those 27, 16 were in Winnipeg, five were in the Dauphin area, three in Portage la Prairie area, three in Stonewall area, and that should be the total of 27.

So it was really a utilization of the program that led to the downward adjustment. I have information on the eligibility and the application process, but I think we have gone through all that before and that as the member for Brandon East knows, the total exemption is up to \$50 for qualifying individuals.

(Mr. Gerry McAlpine, Acting Chairperson, in the Chair)

Mr. Leonard Evans: Obviously, this is a very modest program and one that seems to be almost a secret, although, obviously, a few people have found out about it and have applied. One would wonder why it could not have been transferred, say, to the Department of Family Services, for example, where they handle a lot of social payments, social assistance and other kinds of subsidies to people in need.

At any rate, it is not a big item, and it is almost not worth taking time about. One could make the argument that if you really wanted to help people in this category, why not improve the program? In other words, why not loosen up on the qualifications and why not provide a little more meaningful help? I doubt if this \$50 changed ever since the program started. Correct me if I am wrong, but obviously, therefore, if I am correct, then this program has become much, much less meaningful to anyone who does qualify for assistance.

At any rate, it is a very strange item indeed. But my argument would be not to necessarily deprive taxation relief to people who are in need and are in these categories or in this category but rather to be a bit more generous and to make it more broadly known to the various veterans' organizations such as the Army, Navy or the Canadian Legion. At any rate, this is the way it is and I doubt if it is going to change. I made some suggestions for this and I guess we will just leave it at that. So, if we could pass that item.

The Acting Chairperson (Mr. McAlpine): 7.1 (d) Payments Re: Soldier's Taxation Relief \$2,000—pass.

1.(e) Tax Appeal Commission \$20,000.

Mr. Leonard Evans: On this, can the minister enlighten us as to the outcome of any appeals? Just what activity has there been by way of appeals of tax assessments and what kind of appeals are they and what has been the resolution? How many have been approved? How many have been denied?

Mr. Stefanson: For the last fiscal year, '96-97, there were 11 appeals outstanding at the start of the year, and we received 18 appeals during the year, for a total of 29 appeals to be dealt with during '96-97. Of those appeals, 12 were denied, one was partially denied, two of them were referred to Taxation because they were determined not be in appeal issue. One was upheld, one was withdrawn, so those elements total 17, and the remaining 12 are outstanding at the end of 1997 and will be carried forward to 1997-98.

Mr. Leonard Evans: Mr. Chairman, the Appeals Commission, this is one person I gather that is outside of government that has been retained to hear these appeals. Am I correct?

Mr. Stefanson: The member is right, it is one person. We have discussed this before. But just, I guess, for all of us as a reminder, under the act, taxpayers who disagree with a tax assessment that they have received are allowed 90 days to file an objection with a commissioner appointed by the Minister of Finance. The current commissioner is Mr. Glenn Russell, a chartered accountant. The notice of objection process is similar to, but is less formal than, the federal income tax procedures. The commissioner, upon considering the matter appealed, either affirms, rescinds, or amends the assessment and notifies the appellant, the director and the minister. If the taxpayer or the director disagrees with the commissioner's decision, either party may appeal to the minister; and, beyond that, the taxpayer, of course, has recourse ultimately to the courts if they decide that is necessary. So that is the process and how it works.

* (1630)

Mr. Leonard Evans: I thank the minister for that information. You retain the services of Mr. Glenn Russell, yet there is no item here for payment to him unless it is covered under Supplies and Services, which I thought would be rather strange.

Mr. Stefanson: As the member can tell from the level of appeals, it is not an overly onerous position. It is done on a contract basis, so there is no need for a staff position. A contract is entered into with Mr. Russell and that would be basically—I believe it is the entire amount, or if not, the vast majority of the \$20,000 is a contract with Mr. Russell to provide these services.

Mr. Leonard Evans: That covers the contract. How many dollars are we talking about being appealed? You have given us a description of the types. Are these big-ticket items, if I can use that expression, or are they a lot of miscellaneous?

Mr. Stefanson: It is probably better if we can hold that question till we get into Taxation Division in terms of the nature of appeals, the numbers of appeals and so on, when I have Taxation staff at the table here.

Mr. Leonard Evans: Okay, fine, Mr. Chairman, we can pass this item at that point.

The Acting Chairperson (Mr. McAlpine): Item 7.1.(e) Tax Appeal Commission \$20,000—pass.

7.2 . Treasury (a) Administration (1) Salaries and Employee Benefits \$130,300.

Mr. Leonard Evans: I wonder if the minister can give us some update on the status of markets affecting Manitoba. He touched upon this a bit earlier on, but maybe he can elaborate. This is the major area of responsibility of the Treasury Division to obtain information and to maintain close contact. So I wonder at this point if the minister could advise the committee as to recent activities and what the status of markets are as they affect Manitoba at the present time.

Mr. Stefanson: I am sure we are going to get into some specific questions, but to give the member a sense of our borrowing requirements in '97-98, I believe we require about \$1.5 billion. Virtually all of that is refinancing, other than a small amount for Manitoba Hydro, I think, that is a new requirement, but almost all of the \$1.5 billion is just a refinancing. It just happens to be the bonds that are coming due in 1997-98.

What would we have to pay in the market today? If we were to borrow for 10 years, the rate would be approximately 6.9. If we were to borrow for five years, it would be approximately 6.3, and if we were to float, just a floating, not a fixed term, just a 90-day issue or whatever, would be about 3.25 percent. So that gives the member a sense of what interest rates are like today.

Our total portfolio is 1.5. He knows all of our exposure today is in Canadian or U.S. The breakdown as a percentage on an overall basis is we are at about on the Canada-U.S. ratios—

That one is on our, basically, tax-supported debt. The currency exposure, about 76 percent is Canadian and 24 percent is U.S. dollars. So that gives the member a sense of where we are at today. That has improved significantly. If you go back to—when I say today, March 31 of '97. If you go back to March 31 of '96, we were at about 68 percent Canadian, 32 percent U.S. If you go back to March 31 of '95, we were 67 percent Canadian, 33 percent U.S. So we have made significant improvement, as we have discussed in the past, in terms of shifting more of our tax-related debt to

Canadian exposure, which is in keeping with our government-wide policy.

I guess the other thing we have tried to do with our tax-supported debt is to keep a reasonable percentage in fixed debt, as opposed to being exposed to floating debt in terms of interest rate fluctuations. At March 31, '97 we had about 80 percent of our tax-supported debt in fixed debt with about 20 percent in floating. Again, that is fairly consistent with the previous year, and it is somewhat better than it was back on March 31, '95. March 31, '95 we had 73 percent in fixed and 27 percent in floating.

So in the areas of locking in more of our debt, in the areas of what we can borrow at today, in the areas of our exposure to foreign currency, everything is continuing to improve in terms of our debt situation.

Mr. Leonard Evans: I thank the minister for that information. Could he give the committee some idea of who is holding our debt, say, in Canada—well, he may not have that information, I do not know—like pension funds, banks, other financial institutions, individuals. Who is holding Manitoba bonds, the debt that we were just talking about?

Mr. Stefanson: I think as the member knows, the majority of our debt would be held by larger institutions or organizations like pension funds or insurance companies. They would hold, again, the majority of Manitoba's debt. I do not have the breakdown nor do I believe we can readily access the breakdown of who holds it at any given point in time, but certainly organizations like the Civil Service Superannuation Fund here in Manitoba, I am sure, holds some Manitoba debt and have always held some Manitoba debt. Insurance companies like Sun Life, Great-West Life and so on have traditionally been holders of Manitoba debt and so on, so that is the vast majority.

I think as the member knows, we have had a successful local borrowing program, our Builder Bond program and our HydroBond program, which creates the opportunity for individual Manitobans to acquire our debt directly, or through, I guess, our RRSP funds, they could invest in HydroBonds or Builder Bonds. So that has been an excellent vehicle to create the

opportunity for Manitobans to invest directly in our province.

* (1640)

Mr. Leonard Evans: Obviously, the ideal would be for Manitobans to hold the entire amount of the debt inasmuch as all the interest payments will be going back to Manitoba households, and we would be in a much better financial position on that account. We do not live in that kind of a world, but I would say this that I am satisfied that Manitobans have a lot of savings. I think we are a net exporter of savings, if that is the right expression. I think we save a lot and for whatever reason, there do not seem to be the opportunities for people to put those savings to work in Manitoba. So you see a lot of Manitobans putting money through, and usually it is through financial institutions, into other parts of Canada or, indeed, abroad.

At any rate, there does not seem to be any—I do not think there is any shortage of savings around. It would be very nice if all those bonds are being held by Manitobans and if they would see fit—I guess they have to make a rational decision though. How do our interest rates that we are offering on our new bonds compare with the other provinces? How are we rating? I know that depends on the rating of the bond rating agencies, but how are we comparing now? Are we in the middle somewhere, which is often the case for Manitoba? Are we in the upper echelons, or where are we?

Mr. Stefanson: The member mentioned that it would be nice if all of our bonds were held by Manitobans. Some of us would argue that it would be nice if we had no need to be issuing bonds whatsoever, had no debt and did not have to be paying \$520 million in debt servicing costs. That might be even a little better than having all of our debt held by Manitobans.

(Mr. Peter Dyck, Acting Chairperson, in the Chair)

But if we are going to have debt, and we are refinancing, it is nice if a significant amount of that can be held by Manitobans. That is why programs like the Builder Bonds and the HydroBonds have allowed that interest to go back to Manitobans and stay right here in our province.

The whole issue the member touched on—and we will get other opportunities to talk to the issues about access to capital for businesses—but there have been significant improvements I think as the member knows in terms of accessing capital with various funds that have been established, some of the changes the Winnipeg Stock Exchange is looking at and so on.

To move to his very specific question, the good news in Manitoba is that today we borrow money, as I think I have told the member before, of all of the provinces, at the second-lowest interest rates. Only Alberta is borrowing money at a lower rate than us today. We are actually trading through British Columbia and trading through Ontario, even though they have a higher credit rating. They are AA credit ratings, and we are A; but we are actually trading like an AA province.

In fact, there was an article that the member may have seen not all that long ago in *The Globe and Mail* on March 31, 1997. The headline was B.C. now paying more to borrow. This particular article—and this was just on March 31, 1997—goes on to say, goes on to talk about, but by last month Manitoba could borrow at two basis points lower than British Columbia while Alberta was borrowing at five points less. So it gives the member a sense of how close we even are to what Alberta has been borrowing at.

The really good news is that we are well recognized within the financial community and the investment community. As a result, I think of the recognition of our financial performance and our economic performance, people who are buying Manitoba bonds are prepared to take a lower return on our paper. So that is very good news for us as a government, good news for Manitobans.

This has been the pattern now in terms of us trading through British Columbia for the last several months. On an overall basis, I think that is very good news for our province.

Mr. Leonard Evans: Certainly, if you can come in just behind Alberta, it does show that we are in a relatively good position.

How do we compare with the federal borrowing rate, if I can use that term? I know there are so many kinds.

I know there are various lengths of borrowing, and I know there is a big mix out there but just in general terms. I would imagine the federal government can demand a much better interest rate simply because it is the large national government, and, of course, it controls the banking system through the Bank of Canada.

(Mr. Gerry McAlpine, Acting Chairperson, in the Chair)

Mr. Stefanson: I gave the member some examples of what we would borrow at today. I gave him the example of a 10-year at 6.9. The spread between us and the federal government is 0.17 of a percent, so it is just under one-fifth of a percent is the difference. That is how much lower they could borrow than we could borrow on a 10-year issue.

On a five-year issue I gave the member the example that we could borrow at 6.3. The spread actually narrows there where the federal government borrows at 0.1 lower than us, which is one-tenth of 1 percent. So on a 10-year issue we are within just under one-fifth of a percent of the federal government. On a five-year issue we are within one-tenth of 1 percent; so relatively tight to the federal borrowing rates, as I have already said, and I like to repeat time and time again, the second best spread of all the provinces in Canada.

Mr. Leonard Evans: That is very good news, Mr. Chairman, especially as the minister described it, and I am surprised that we are so close to the federal borrowing rate. I say that too because the federal government ultimately should never have any trouble borrowing money because, by law, by the Constitution of this country, the federal government controls the banking system. The Bank of Canada belongs to the federal government and, as it shows, particularly in times of emergency such as World War II, the federal government has no problem whatsoever in selling its bonds to the Bank of Canada if that is the policy direction that it wishes to go and which was the case during World War II to fight Adolf Hitler.

We raised our national debt pretty significantly, but the federal government had and would have even today, obviously, no difficulty in selling its bonds to the Bank of Canada if that was the direction in which it wished

to go. The advantage, of course, in selling your bonds to the Bank of Canada is that it is interest-free money, because the Bank of Canada turns all profits, all dividends back to the central treasury at the end of the year. So it is interest-free money virtually.

At any rate, that is good news that the minister has given us in terms of the borrowing rates for the province. [interjection] Do you want me to stand up as well?

Okay, we are talking about interest rates, so I wonder if we can just carry on a little bit and talk about the interest rates for Crown corporations and government agencies and school boards. I know the department takes a lead role in that respect. What about the borrowing costs that are facing our municipalities or other public bodies such as school boards or hospitals and so on? I believe the department is involved in this. Could the minister give us some idea of what kind of interest rates these agencies are paying today for any borrowing that they may have to incur?

* (1650)

Mr. Stefanson: Schools, hospitals, those kinds of organizations would basically pay the same debt servicing rate, interest rate, that we would, except we do charge them a service fee, a service charge of one-eighth of 1 percent. So for school boards, Public Schools Finance Board, health care facilities, it is our borrowing rate plus one-eighth of 1 percent. The rate for Hydro is one-half of 1 percent, because it is a combination of a service charge and a debt guarantee fee similar to what was in place when MTS was a Crown as well. So Hydro pays one-half of 1 percent, the school boards, the health care facilities and so on are paying one-eighth of 1 percent.

Mr. Leonard Evans: This is because, therefore, the government of Manitoba guarantees the bonds then of the municipalities, let us say. If the rate is the same, and you are charging them a service cost of whatever, basically, the Manitoba government has cosigned the note. In fact, you are guaranteeing the loans to those agencies in order to bring the rate down to the borrowing rate of province.

Mr. Stefanson: Mr. Chairman, I think, as I have already indicated, the service fee is charged to those

organizations for the public schools and for the health care facilities. We are not guaranteeing the debt, but we are servicing the debt; we are providing the money. As the member knows, we basically provide the money to the health care facilities or the Public Schools Finance Board to pay their debt. So we charge them one-eighth of 1 percent basically as a service fee because to do the issue, we cover all of the legal, the accounting, all of the costs associated with it as well.

Mr. Leonard Evans: What about the municipalities, though, Mr. Chairman?

Mr. Stefanson: Mr. Chairman, each of these are a little different, as we are going through them. We talked about agencies, schools and hospitals, service fee one-eighth of 1 percent because of all the services we provide; hydro, a separate fee, which is one-half of 1 percent because of the combination of a service fee and the guarantee that is provided by the province.

Municipalities, where we lend money to municipalities, we charge them the one-eighth of 1 percent service fee for the accounting and legal, and we also charge them one-half of 1 percent because of the risk relative to lending them the money. That still would be better than they could borrow going into any other market situation. So the fees for municipalities is the one-eighth of 1 percent service fee and one-half of 1 percent, whatever you want to call it, risk charge, risk fee, as a result of lending the money to them.

So there are really the three different categories, so to speak, in terms of what the charges are on top of what we borrow money at as a provincial government.

Mr. Leonard Evans: I thank the minister for that information. It is a lot clearer, but what I am a little bit puzzled about is the municipal borrowing per se. I thought that the minister is describing a situation where the province loans the money to the municipalities, but what about municipalities floating their bonds on their own? I thought there was a category there. The government could cosign the note, as they say, or guarantee the loan and then charge the municipality a fee or a percentage rate for that guarantee.

Mr. Stefanson: I have already outlined what the charge is if a municipality borrows from the

government of Manitoba. There is nothing stopping an individual municipality from going out and borrowing direct, but they would not have the guarantee of the Province of Manitoba. They would go and borrow on their own credit worthiness and so on. The City of Winnipeg does do that. Brandon has done it on occasion, I am told. Portage la Prairie has done it on occasion, but the vast majority obtain their financing through the Province of Manitoba. I think for several reasons. Obviously, they can still borrow at more competitive rates by tagging on to our borrowing capabilities and our credit rating and how the market treats us.

I think the other issue is, for so many of them the requirements are so small that to go into the market just would not make any sense in terms of accessing the market and what you might pay if you go to the market. The system to date, I think, works very well. We do not get any complaints that I am aware of from municipalities or any of those kinds of organizations. I think they appreciate the opportunity to do it directly through the government of Manitoba, so it is, I would suggest, serving them very well.

Mr. Leonard Evans: I can appreciate what the minister is talking about, what he has described. Did I hear him properly, though? He said, basically it is the City of Winnipeg that tends to go out and borrow on its own. If it does so, it is assuming the risk itself or it is assuming full responsibility. The province is not involved in City of Winnipeg borrowing normally, is that correct?

* (1700)

Mr. Stefanson: The member is correct. If the City of Winnipeg requires money, traditionally they have been borrowing directly on their own. They have their own credit rating, and they go out and borrow without any guarantee from the Province of Manitoba. I know when the bond rating agencies assess the City of Winnipeg, they certainly look at funding levels from the province and those kinds of things, look at their total revenue sources and what revenue they derive from the province. I mean, they certainly assess the relationship between the province and the city, but at the end of the day, the City of Winnipeg goes out and borrows money

on their own credit rating and on their own risk, with no guarantees from the Province of Manitoba.

Mr. Leonard Evans: Normally, Mr. Chairman, what would be the difference between the rate that the City of Winnipeg would be borrowing today, say, compared to the Province of Manitoba. Again, I appreciate there are different kinds of issues and there are different periods of time within the year, and so on, different lengths of, well, the bonds and so on, but could you give us some idea how much more Winnipeg pays for borrowing a given amount of money compared to the province?

Mr. Stefanson: Mr. Chairman, the member for Brandon East is right; the City of Winnipeg does pay more to borrow at whatever term they are borrowing on. Rather than give him just an approximate range, I would prefer us to do a little current work on some recent city borrowings, compare them to our borrowing rates, and then provide him as specific information as I can to give him a sense of just what that spread is, between what Winnipeg sort of traditionally would borrow at compared to the Province of Manitoba. They are fortunate their spreads are fairly tight, I think, to Manitoba, because they do represent close to two-thirds of our population, and sort of when bond raters are assessing our economy and all of the various factors, obviously, Winnipeg is a significant part of that. So they are able to get reasonably tight to provincial borrowings, but I will get him some specific numbers on the various, the 10 year, the five year and so on.

Mr. Leonard Evans: Mr. Chairman, the minister, a few moments ago, referred to the successful provincial savings bond program, and I was wondering why the province did not attempt to borrow more from Manitobans, as opposed to people out of the province. In other words, why have you limited the targets for the provincial savings bond program? I mean, assuming, you know, you have a target that you want to achieve, you would think you are going to be able to sell X millions of dollars of bonds under this provincial savings program.

Now I may be wrong in my approach, but I assume you have some sort of target. I guess it is based on what you think is acceptable out there, you know, how many millions you can raise in this way, but it seems to

me that governments should make greater efforts to sell bonds to Manitobans. It just makes great economic sense.

Mr. Stefanson: Mr. Chairman, it is a good question, but I think there are some important responses that we should be aware of. I guess, first of all, our program to date for HydroBonds and Builder Bonds has allowed individuals to redeem their bonds every six months. So you would not want to be in a position where you had a significant portion of your debt that current and that volatile that all of a sudden you could have all of this debt being converted and then having to go out and borrow billions of dollars to pay it back. So that is one reason that we set certain limits in terms of how much to do out of the Builder Bonds and the HydroBonds.

The second issue is the whole issue of market access which plays into that. I think having various sources of market access has served Manitoba very well over the years, that we are never sort of restricted to any market, that we can go into the Canadian market or the Manitoba market or the U.S. or the Japanese or the Euro-Canadian and different markets. We always want to have market access to meet any capital needs that we might have.

We also talked about the whole issue of floating rates, trying to lock in as much as we can, again, because these are redeemed every six months and the interest rate is adjusted—the interest rate can be adjusted every six months. That starts to move us in the opposite direction in terms of trying to lock in a significant amount of our debt both at reasonable interest rates and to have certainty in terms of what our debt service and costs are going to be over fixed periods of time.

The last point is our local borrowing, our HydroBonds or Builder Bonds program, can also be more expensive, because to attract that money you sometimes have to offer a slightly higher interest rate than we might be able to borrow elsewhere in Canada or elsewhere in the world. So we have to strike that balance if we want to keep our debt servicing costs as low as possible. Manitobans, like every investor, want to maximize the return on their investment; as much as they are parochial and supportive of our province, they still want to get as good a return as they can get on their

savings for obvious reasons, because they need a certain return often for their own lifestyles or whatever is required. So, if you look at all of those factors you come to the conclusion, yes, the Manitoba market is a great market for us. Yes, we want to be in it, but we should only be in it within certain limitations and parameters on an annual basis for all of the reasons that I have already outlined. I am sure there are more.

* (1710)

Mr. Leonard Evans: Well, life is not simple. The Bank of Canada has been attempting to pursue a relatively lower rate of interest policy. Some would still argue, given the spread between the bank rate and the rate of inflation, it is still relatively high, relatively. But, nevertheless, historically or at least compared to a few years back, the nominal rate of interest has been down and the bank seems to be holding the lid on it. I do not know for how long. At any rate, how long does it take for this change in policy of the Bank of Canada to impact on Manitoba borrowing? It would seem to me it is not an immediate impact. I mean, there would have to be a period of time because it takes, you know—it obviously depends on what you need in a market, how much you have to go to the market for and that sort of thing, and the market would be impacted by the lower bank rate, by the lower rate of interest presumably being pursued by the central bank. So I guess I am asking you, maybe it is impossible to answer, but there must be some impact, but the impact would be with the lag effect. So what is the impact, and is there much of a lag effect?

Mr. Stefanson: The member is right; there is no easy answer for that question.

I think a few points are worth making. Right now, because most of our debt is refinancing, of course we are on a schedule that is somewhat related to when all of that debt comes due, so we are dealing with time frames that revolve more or less around the various issues coming due. Having said that, I think it is important to remember that we have sort of had a policy, certainly over the last few years, where we have never let ourselves get caught where we absolutely have to go to a market, so that the market, we have no control. Whatever the market is charging at that particular point in time, you have to pay. We have been

fortunate that we have not been faced with that situation. We have done a little bit of preborrowing and we have always been in good financial position over the last several years.

I guess the other point related to his question is picking the right time when to lock in, suggesting that interest rates, that there might be some pressure for some upward movement on interest rates. That has also been one of the reasons that we have been locking in more of our debt to take advantage of these lower interest rates, and as well the policy that we want to get into more fixed debt, so we have more predictability in certainly moving forward. So that is sort of the best of both worlds. If you can lock in, lock in at low rates, have that predictability over the next several years.

So those are some of the answers to his questions in terms of how we try to deal with managing our debt.

Mr. Leonard Evans: I thank the minister for that information.

He did make reference earlier on to Manitobans' response to a provincial savings bond campaign, or rather the government's role in here in terms of to what extent we would be willing to sell bonds at a particular rate of interest. In other words, you should always try to get the best rate of interest obviously, but it may turn out that for local consumers, for Manitobans, they may not be satisfied with that. They may want a higher rate of interest, and you as Minister of Finance may not wish to pay that rate of interest given the fact that you might be able to borrow elsewhere for a much cheaper rate and therefore save a lot of interest.

I just want to remind the minister, that is why the previous government borrowed considerably abroad, extensively abroad, because of the interest rate differential, I do not remember the numbers, but it seemed to me, my impression was, there was a real good deal out there in the big, wide world outside of Canada, and there is a great temptation. In fact, this is the advice we had, let us borrow abroad because there is such a differential.

Admittedly, there is always a higher risk factor, because there is the changing value of the Canadian dollar vis-a-vis whatever foreign currency you are

talking about. But still that was obviously the motivation, to minimize the interest payments.

I personally, as a sort of a Canadian nationalist, am quite happy to borrow strictly within Canada. To me, I would be inclined that way, but on the other hand, when you have to pay out a lot of interest, if there is such a spread between interest payments to outside of Canada versus Canadians, then one is very much tempted to go offshore, as they say. So I just make that as an observation. I did not think there was some big conspiracy to want to engage in more risk or anything like that. You always want to minimize risk, but you also want to minimize your interest payments.

Mr. Stefanson: Without getting into a debate, the member is certainly right that the challenge for governments is to borrow as efficiently as as low rates as you can to minimize how much money is going for interest costs that could be going into other areas required. So that always is a challenge. I guess what has changed in the marketplace, and it has really changed very much in the last five or 10 years in a very significant way, is this ability to do swaps. I guess the ability to do swaps gives us the best of both worlds. It allows us to access the international marketplace—Japan, Europe or other parts of the world—and not be exposed to the currency fluctuations because that, from my perspective, was the huge risk and the huge vulnerability of borrowing in those international markets.

Now, through the ability of swapping into either Canadian or U.S. currencies, you can eliminate that currency risk and still end up, at various points in time, being able to borrow money at lower rates than you might be able to borrow in your own domestic market within Canada or within the Manitoba market at a given point in time.

That utilization of the swap market has really served us very well over the last several years. It has also allowed us to get out of all that international exposure that we had for a period of time.

* (1720)

Mr. Leonard Evans: That is very good news. In other words, there have been institutional changes that have

given us a much better situation like, as the minister I think said, having the best of both worlds. That is very good.

Just while we are talking about borrowing abroad or wherever we are borrowing, I notice that you have got a rather new borrowing program that you launched last year or '95-96; the Euro Medium-Term Note Programme was launched. This is supposed to reduce costs and give us more flexibility in our capital funding. I wonder if the minister could elaborate on this. I am not very familiar, I am not familiar at all about this particular program.

Mr. Stefanson: Mr. Chairman, I think you have seen more jurisdictions move into this area of what is called medium-term notes, and what they really are is, they are a formal program and a legal agreement that simplifies the process. You do not need to be doing all of the legal work on every small issue. It establishes the parameters for us to go into either the Euro-Canadian market, or we now have a United States medium-term note program. We also have a Canadian medium-term note program. It provides the legal work, the framework that allows us to go in and borrow money, usually smaller amounts, from any financial institution that meets our needs at a given point in time at reasonable rates. So really it streamlines the process in terms of getting all of that in place in advance as opposed to, as the member knows, the other system is, every time you do a specific issue, you go through all of the legal work and all of the agreements and so on. This establishes a framework that allows us to go and borrow within that framework.

Mr. Leonard Evans: I appreciate what the minister said, but like actually, who makes it available? I mean, when you say, you streamline legalities and so on, is there some agency out there that you are working with, or have you done it yourself somehow by making administrative arrangements with various agencies?

Mr. Stefanson: Mr. Chairman, who we would normally be working with under the medium-term note program would be the investment dealers that represent Manitoba. We have a syndicate in Canada, we have a syndicate in the United States, we have a syndicate in the Euro-Canadian market of different financial institutions. So that would usually be who we are

dealing with. In the case of the United States, the document is filed with the Securities and Exchange Commission in the United States. So it establishes, as I say, the framework, the legal agreement that then you can go to an individual financial institution and conclude a transaction without going through all of the legal work that has to be done for a separate issue.

Mr. Leonard Evans: So I guess this is a program that is available to all provinces then, I would gather. It is not a special Manitoba deal.

Mr. Stefanson: That is correct, and many provinces now have similar programs.

Mr. Leonard Evans: Mr. Chairman, can the minister give us some idea of how many, you know, what is the size of the borrowing under this program? I mean, how many dollars are we talking about, or what percentage of borrowing is now being handled in this way as compared to the total borrowing program? Just to put it into perspective, you know.

Mr. Stefanson: Mr. Chairman, I will provide the member for Brandon East with a detailed breakdown of how much we have done under that program.

Mr. Leonard Evans: The other area I was concerned about is the financing of hospitals. You have a Manitoba Hospital Capital Financing Authority, which I am not sure whether it is right within the department or whether the department simply advises it, but I am just wondering if the minister could indicate to what extent is this program this year. You know, how many dollars are we investing in new hospitals or hospital renovations? Would that type of information be coming forward from this Capital Financing Authority?

* (1730)

Mr. Stefanson: The Manitoba Hospital Capital Financing Authority is really three people. It is myself, the Minister of Health, and Deputy Minister of Finance, but the services are really performed on our behalf through the Treasury Division. We have not used The Loan Act authority that is granted here to do any borrowing on behalf of health care facilities. They have been doing all of their own borrowing direct over

the last several years. So we are not borrowing money on their behalf. They are borrowing money direct.

The role our Treasury Division plays is just to co-ordinate when they are going to the market to be sure that you do not have a conflict with a couple of facilities going together at the same time, provide advice on borrowing and those kinds of things. They really are providing a co-ordinating advisory role through our Treasury Division.

Mr. Leonard Evans: Does the authority on which the minister is a member make decisions with regard to the extent of financing hospital construction or is that made by the Minister of Health (Mr. Praznik) in his department, with approval of cabinet, and then the authority just administers the decision of cabinet or as I said earlier, are those decisions made by the authority itself? I do not mean the branch servicing, but I mean the authority in which the minister is a member.

Mr. Stefanson: It is the latter. It is the way the member described that the minister is responsible for the Health capital program, goes through the Estimates process, goes through the Treasury Board budget process ratified by cabinet and so on. So that is the process in terms of establishing a program and borrowing.

This authority is really on the financing side. As I have indicated, there is some loan authority in place, but it has not been utilized. We are not borrowing direct. The facilities are borrowing themselves, and our Treasury Division just provides expertise and assistance to them in terms of the timing and rates and various issues around their borrowing.

Mr. Leonard Evans: I am just wondering whether the establishment of regional health authorities will have any bearing on the way the department has to service this area. I am not clear to what extent the new regional health authorities which are just being established or just have been established are responsible for capital. I am not clear on that or whether it is still strictly within the Ministry of Health and, therefore, it is business as per usual or whether there is some change caused by this new legislation.

Mr. Stefanson: Changes to that structure with regional health authorities, whether or not they are doing

borrowing for facilities or individual facilities, will not in any way change how this side of the entire equation functions. This part of Finance will continue to function in the same way same kinds of services are provided, whether or not they are provided to an authority or to an individual facility or organization.

Mr. Leonard Evans: I do not want to belabour this, but I gather it is strictly a servicing agency and does not play any role in limiting the amount of borrowing that may be required for this purpose. Or do you have some say there? Not with regard to the individual structure or individual project with regard to, say, the total supply of capital that may be involved.

Mr. Stefanson: No, as I said earlier, I think it is important we clearly understand the decisions around the capital program. The borrowing program against that capital program are all decisions made by Treasury Board and cabinet based on recommendations coming out of the Department of Health. The member is right that this is just a service to the individual organization's facilities in terms of helping them meet their needs in terms of the borrowing.

Mr. Leonard Evans: A couple of other items under this area. I was wondering whether there was any change in your sinking funds strategy, strategies for the investment of sinking funds. Are there any changes in this area or is it the same strategy that has been used for some years?

Mr. Stefanson: Essentially no changes to our management of the sinking funds and its operations other than the fact that now, essentially, we have two funds that will be utilized to retire our debt. We have our sinking funds that has been established, and we have a Debt Retirement Fund that the member is aware of in our balanced budget legislation with our first payment being made to the Debt Retirement Fund in this budget, 1997-98.

So both of those funds will be administered, obviously, in terms of the return on investment of the money that is set aside and then the timing of paying down the debt in terms of maturities and so on. So essentially, other than the combination now of these two funds, the approach taken by the Treasury Division and the department really will not be any different in

terms of its objectives of, obviously, obtaining the best returns on the investment and then tying the retirement of debt to when it is in our best interest in terms of paying off debts of various levels.

Mr. Leonard Evans: I thank the minister for that information. There is some reference as to another activity of the Treasury Division that is protecting the financial assets of the province. The description is that it ensures that safeguards are in place to protect the financial assets of the province. I wonder if the minister can explain just what safeguards are we talking about. I would not think that this is anything new, but just how do we safeguard the financial assets?

Mr. Stefanson: As the member pointed out, it is the protection of the financial assets of the province. There are several things that this division does in terms of dealing with any securities that we might own, being sure that they are in a secure place wherever they might be in the world, depending what securities we are holding, whether it is in Canada or in the U.S. or in other parts of the world, the various securities that we have invested in.

* (1740)

Another area is the whole area of our transfer of money in terms of the utilization of armoured car services, the utilization of the banking services with the electronic transfer of money to our accounts to be sure of the integrity, and the relationship with the financial institutions on the timely transferring of money and so on.

Another area is just the establishment of bank accounts and having reasonable access and utilization of bank accounts right throughout Manitoba, a series of bank accounts at various financial institutions around Manitoba that make it easy and accessible for Manitobans who have to conduct any business with government to do that through the financial institutions and so on. So those are some examples of the kinds of things that this division does in terms of the protection of financial assets.

Mr. Leonard Evans: I am wondering if it is appropriate, and if not, where would it be appropriate to discuss the capital infrastructure program? I notice

the minister has a separate item, a separate report on this, supplementary information of the Canada-Manitoba Infrastructure Works Program. Is this responsibility in this area of the department?

Mr. Stefanson: Mr. Chairman, no, it is not. There is the separate document the member for Brandon East refers to, and I think even on our schedule of Estimates review, I think we show the Canada-Manitoba Infrastructure Program as a separate item. There are several elements of the Estimates that we have responsibility for that we will deal with, I think, later in the Estimates process, whether it is areas like the Canada-Manitoba Infrastructure Program, I think we list separately emergency expenditures and Urban Economic Development Initiatives, Allowance for Losses and Expenditures. Those are categories that I think show up separately on our listing of expenditure review and basically have separate reports prepared.

So I am the minister responsible for those. We will get to those, but I think they are scheduled to come right after the Department of Finance.

Mr. Leonard Evans: I see. So apart from the specific items shown as Department of Finance, the minister is saying that it is then appropriate for us to go on and discuss these miscellaneous appropriations including this program, the infrastructure program. What about special operating agencies? I do not know what you have on your list. It is in the book, I am sure, but I am not sure exactly all the items on the list.

Mr. Stefanson: The member is right. In terms of the individual other areas we will be dealing with, there are separate reports. They show up separately on the summary of Estimates review that our House leaders have exchanged, and we certainly will have the opportunity to get to those reports on the infrastructure and on emergency expenditures, Internal Reform and different areas that effectively fall under Finance.

The issue of SOAs, special operating agencies, we now have 16 of them, so each individual SOA shows up as a line item under the department that is responsible for it. So individual members will have a chance within those departments to talk about the SOA for Fleet Vehicles under Government Services and so on, but the concept of SOA and so on we can certainly

discuss here once we get to Treasury Board, because there is a co-ordinating function within Treasury Board for SOAs in general. We obviously review business plans and the establishment of SOAs and so on. So the concept of SOAs, the merit, the pros and cons, how they function we can discuss under Treasury Board. Individual questions on individual SOAs should be dealt with in the departments that have the direct responsibility.

Mr. Leonard Evans: That clarifies the matter, and it sounds reasonable.

Just in this area then, to sort of wind up this area, I guess we are really into Capital Finance and have been. The capital funding of Crown corporations, how does the minister get involved in that? I guess I thought the Crown Corporations Council, which I think the minister may be responsible for, would have that responsibility rather than the Treasury as such. But perhaps they are more concerned about the policies of the different Crown agencies as opposed to the pure capital funding of them.

I wonder if the minister could clear that up. To what extent does his department control the capital funding of, say, Hydro or whatever other Crown corporation there is, MPI, or there are other miscellaneous ones. I guess even the Workers Compensation Board is a Crown agency, is it not? I am not sure, but there are various Crown companies out there that are lesser known.

At any rate, apparently you are charged with controlling this capital funding of these agencies, of these Crowns.

Mr. Stefanson: Mr. Chairman, I think we are melding two or three different functional areas, and I will try to make it clear. All we have here before us in this section is again, like a similar discussion earlier, just the financing side. Treasury Division performs a function for our Crowns in terms of their borrowing, borrowing on behalf of Manitoba Hydro, and performing that function. So having discussions with them, their requirements, the timing of their requirements and so on, this division then performs that borrowing function for Manitoba Hydro. Here we are talking just about getting the financing. Once the

decision has already been made, what is required, this division goes out and gets it at the right time at the best rates we possibly can.

In terms of the capital programs themselves, there is a detailed process where all of the capital programs and the borrowing required against those capital programs comes through government, comes through the Treasury Board process, goes through cabinet and is ultimately ratified by the Legislature through The Loan Act, because The Loan Act authority gives various Crowns and organizations the ability to borrow the money to then meet those capital requirements.

Through all of that, the Crown Corporation Council performs many functions. They, on an ongoing basis, do a mandate and strategy review of the Crowns in terms of that they are meeting their objectives, and they also do an analysis of their capital borrowing requirements and come forward through the process with their analysis and their recommendations on the capital program. So they provide an operational review on an ongoing basis, and they also provide their opinion and advice on the capital program. I hope that clarifies the distinction in terms of the process.

Mr. Leonard Evans: Mr. Chairman, that is fine. Perhaps, we could then go on to get into (c). I guess we are more or less dealing under 2. anyway.

The Acting Chairperson (Mr. McAlpine): 7.2. Treasury (a) Administration (1) Salaries and Employee Benefits \$130,300—pass; (2) Other Expenditures \$118,100—pass.

7.2.(b) Capital Finance (1) Salaries and Employee Benefits \$299,500—pass; (2) Other Expenditures \$37,300—pass.

7.2.(c) Money Management and Banking (1) Salaries and Employee Benefits.

* (1750)

Mr. Leonard Evans: Mr. Chairman, I think we perhaps raised this question in past years, but I gather the department, the government, relies primarily on the Royal Bank as its banker of choice, or whatever the term is. Does the government not review the situation

from year to year as to whether it is appropriate to continue to operate with the one bank?

I guess one of the reasons to deal with the Royal, and I have nothing against the Royal or indeed any bank, they all provide pretty well the same service, but I guess the one advantage the Royal has is that it is big, and it has probably more branches around the province, and therefore makes it more efficient, allows for greater efficiency in terms of receiving monies and paying monies perhaps than utilizing other banks.

Having said that, I imagine people from CIBC might question that observation because they are a pretty big operation as well.

Mr. Stefanson: The member will recall, we discussed this last year, that we occasionally go back to the market to give the financial institutions a chance to bid on our work and obviously to be sure that we are getting the best service and the best price, and we did that a little over a year ago—a very comprehensive process. I believe all of the five major banks submitted proposals, if I recall correctly, and at the end of that whole process and our analysis, the Royal Bank was determined to be the best suited to meet our needs in terms of the quality of service, the number of branches the member refers to, but they also were the lowest cost as well.

So again, on the basis of an open process and merit, the Royal Bank was successful. Having said that, so they do the majority of our day-to-day banking. We do attempt, wherever possible, to give some other financial institutions an opportunity to do some work for government. All of the banks participate in our money market in terms of our investments and so on, our short-term investments and other opportunities.

The Bank of Montreal, I believe, has some areas. I think they are involved with some collections on behalf of Taxation Collections for the Department of Finance. I think they might be involved with payroll or they were at one point. CIBC is involved with some of our purchasing and so on. So in other areas we are using some of the services of some of the other banks, but the day-to-day banking, the overall banking of the government of Manitoba, the Royal Bank was

successful again after going through a comprehensive process.

As we have discussed before, it is the kind of thing that you cannot do every year from just a practical reality perspective and a cost perspective. It is certainly something that we will do periodically to always be sure that we are getting the best price and the best service.

Mr. Leonard Evans: Well, could the minister tell us: How long has the Royal Bank been the preferred bank of the government of Manitoba? Does anyone know?

Mr. Stefanson: I will try to get the date when the Royal Bank first started for the government of Manitoba, but it has been a long time. Mr. Benditt says it is as long as he can remember and that is about 36 years. The Royal Bank has been the lead banker for the government of Manitoba for a long time. I can certainly try to obtain a date when they first started acting on behalf of the government.

Mr. Leonard Evans: I was not sure. Did the minister refer to me being here 36 years or we dealt with the Royal maybe 36 years?

Mr. Stefanson: I know the member for Brandon East has been here a long time, but I was referring to Mr. Benditt, the head or the assistant deputy in charge of Treasury Division. He said his memory is 36 years and it has been the Royal Bank all of that time.

Mr. Leonard Evans: There are some very exciting things happening in banking the way monies are transferred, obviously the telecommunications revolution that we are now experiencing and so on. Can the minister advise if there is anything—I am sure the department is trying to keep up with various suggestions being made by the banking system with regard to payments and receipts and so on—special or anything emerging that the minister would like to tell the committee of with regard to the banking process as it is affected by changing telecommunication technology?

Mr. Stefanson: The member is correct, and I think of one sector that has been changing significantly over the years. We have moved in many areas in terms of direct

payroll deposits and so on, and I guess another area that Treasury Division has just acted on is they have recently installed electronic funds transfer system which is used for issuing instructions to our bank to transfer funds to the various Crown corporations and government agencies that have deposited money with the province. In the future it will be expanded to include payments to banks, swap counter parties and others as required to meet our debt servicing and other obligations. So, again, that is just another area that is changing and making it easier to interact with these financial institutions more timely, more efficient, more effective. So it is just one example, I think, of an area that is changing dramatically.

Mr. Leonard Evans: Another detailed question. We are just about running out of time. I know you are expanding the use of credit cards for the receipt of revenues owing to the government, but is there not a cost involved there? I believe the average business gives up a certain percentage of their receipt to the bank which has issued the credit card, like a Visa, for example. So is there not a cost in the government utilizing credit cards for receipts of government revenues?

Mr. Stefanson: Mr. Chairman, the member is right that we have expanded the utilization of credit cards in various areas, and I think for good and justifiable reasons. I mean, one, it is a convenience in many cases for customers nowadays who carry less cash and have

a credit card. There is also a security issue. It means we require less cash around, less transfer of cash. It means that we get the money, literally, right away in some cases and so on. So there are those advantages. I can certainly get some information as to what our arrangements are with various credit companies in terms of what the other side of it is in terms of costs.

The Acting Chairperson (Mr. McAlpine): Order, please. The hour being 6 p.m., committee rise. Call in the Speaker. [interjection]

Is it the will of the committee, we wish to pass section (c) of 7.2. [agreed]

7.2.(c) Money Management and Banking (1) Salaries and Employee Benefits \$390,300—pass; (2) Other Expenditures \$258,900—pass.

7.2. (d) Treasury Services (1) Salaries and Employee Benefits \$441,900—leave it at that. Okay.

The hour being 6 p.m., committee rise. Call in the Speaker.

IN SESSION

The Acting Speaker (Mr. McAlpine): The hour being after 6 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 30, 1997

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