

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 4 June, 1987.

Time — 1:30 p.m.

**OPENING PRAYER** by Madam Speaker.

## PRESENTING PETITIONS

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

**MR. D. SCOTT:** Thank you, Madam Speaker.

I beg to present the petition of the Southwood Golf and Country Club, praying for the passing of An Act to Incorporate the Southwood Golf and Country Club.

**MADAM SPEAKER:** Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

## MINISTERIAL STATEMENTS AND TABLING OF REPORTS

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

**HON. H. PAWLEY:** Madam Speaker, I'm pleased to table in the House today copies of the 1987 Constitutional Accord which I signed yesterday in Ottawa, along with the other First Ministers of Canada.

The Accord is an historic document. It is historic because of what it contains and because of what it symbolizes, a renewed spirit of good will and reconciliation across Canada.

I'm particularly proud of the contribution Manitoba was able to make in creating the new Accord. I fully expect support for the Accord in the Opposition of this House. As Manitobans who believe deeply in good will, tolerance, who place great contribution in a strong confederation, I think we can all be proud of today.

Madam Speaker, the Accord could not have happened without give and take by every government, by every province, by every region represented at the table. What emerged was not exactly in the form we might have wished, but I'm absolutely sure that the Prime Minister of Canada, the Premier of Ontario, the Premier of Quebec, the Premier of Alberta and every other Premier would say exactly the same thing. It was a remarkable achievement.

In a partnership which means something, the partners have to compromise. They have to find accommodation. That is what Canada is all about; and, as Premier Ghiz said yesterday, that is what makes Canada work.

Going into the conference earlier this week, our main priorities were quite straightforward. We had five goals: to strengthen the spending power clause; to secure our multicultural heritage; to protect aboriginal rights; to ensure national public hearings; to help prevent the territories from having a more difficult time to become provinces in the future. We made important gains in four of these five areas, and the door is not shut on the fifth.

As I said yesterday, we wanted to make certain that the powers of the national government remain strong enough to enable it to establish new national programs, to ensure that all provinces and regions will share more fairly in the benefits of Canada's development. The spending power provision in the new Accord meets that objective.

It also gives provinces the breathing room we require to design programs which reflect our own circumstances. Spending power provision gives all Provincial Governments the opportunity to make positive and creative improvements in program delivery and in design. But it also makes clear that the Government of Canada will have a strong role in establishing the direction of these programs, in ensuring that they are consistent with national objectives in the national interest.

Another of our major concerns was to ensure that the distinct society provisions which were designed to protect Quebec's cultural heritage did not unintentionally undercut constitutional protection for other Canadians. Again, we were successful in meeting those concerns. The Accord we signed yesterday contains a clause which explicitly safeguards Canada's multicultural heritage and the rights and the status of the aboriginal peoples of Canada.

Again, these provisions aren't perfect but they represent a major gain, compared to the Meech Lake Accord, and they are of special importance to us in Manitoba. I would not have signed the agreement yesterday without those protections for the people of our province.

Unfortunately, the Accord does not explicitly meet our concern or the concern of aboriginal Canadians about the need to get on with the job of developing strengthened constitutional guarantees for aboriginal rights, including self-government rights. I remain hopeful, however, that the Federal Government will soon make a commitment to a new process of constitutional negotiations on aboriginal concerns. We'll be pressing for that commitment in the coming weeks.

I should say here as well that we do not see the Accord as having impact one way or the other on the matter of French Language Services in our province or other areas outside Quebec. The Meech Lake Agreement, in principle, and the 1987 Constitutional Accord were not and are not intended to change the status quo in that regard. Heading into the meeting in Ottawa, I was also concerned about the importance of nation-wide public hearings on the Accord. Here, too, we were successful in securing such a commitment.

The Prime Minister outlined in the House of Commons yesterday that there will be ample opportunity for public debate across Canada, with the Federal Government playing an important leadership role, as it should. As I said in my statement in Ottawa yesterday, these hearings will be critical to establishing the national consensus that the Accord must earn if it is to achieve what we all hope for it. Those hearings will be particularly valuable for assessing not only each provision in detail

but also the package in its entirety. Our own hearings here in Manitoba will also be extremely important. We will be speaking to the Federal Government about their hearing plans to ensure that our two processes will complement each other.

Madam Speaker, the one issue on which progress was not made at our meeting was the issue of the Territories and their hope eventually to achieve provincial status. I remain convinced the existing provisions for the creation of new provinces should continue to apply to the existing Territories, at least.

Madam Speaker, a little over a month ago, on the eve of the Meech Lake meeting, I outlined Manitoba's basic position on the Constitution negotiations. I said that firstly, most importantly, our primary responsibility is to protect and to advance the interests of the citizens of our province. I also said, fully consistent with that responsibility, is our duty as Canadians to do all we can to help and to unite Canada. I believe the 1987 constitutional Accord will show that we've worked very hard to fulfill those responsibilities.

Manitoba has a long and a proud tradition of contributing to nation building, often contributing more than others because of our unique position within Canada. Manitobans know the importance of a strong federal government. Manitoba also understands the importance of strong provinces and strong regions. Manitobans value our multicultural heritage and we pride ourselves, our tolerance, our sense of community. Most of all, I believe Manitobans have built a reputation for fairness, for a willingness to work cooperatively with other Canadians, to find solutions that will bind our country, east and west, closer together.

I think Manitobans have a vision of Canada, of our place within Canada, that will be well-served by the Accord that we signed yesterday. It will maintain a strong central government with the capacity and the continued responsibility to respond fairly to the concerns of all regions. It strikes a balance which will give Manitoba room to create, to grow and to make the best possible contribution we can to the future of our nation.

Madam Speaker, I truly believe Canada will be the stronger because of what we achieved during the past two days that is good for our country, that is good for Manitoba. I commend the Accord to this House, and I wish to thank all Manitobans for their support throughout these important negotiations.

Thank you, Madam Speaker.

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

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

I begin by thanking the Premier for the statement to the House today, and I compliment him for the efforts and the effect that his participation in the constitutional talks had.

Madam Speaker, my colleagues and I welcome the signing of this Accord, the agreement for an amendment to our Constitution in Canada. I know that the Premier has already indicated the history and the tradition of support by this province for nation-building of a nature such as this particular constitutional amendment.

I appreciate the comments that were made about previous administrations and previous Premiers having

participated in such efforts, as I know Premier Lyon and my colleague, the Member for St. Norbert, were very much involved in these discussions that took place in 1980 and '81 that led initially to the Constitution being brought home to Canada.

Madam Speaker, in all of those efforts I know that there were sincere desires on the part of all of the Premiers, a sincere desire certainly on the part of Premier Lyon, to ensure that Quebec was included in the Constitution. I know that indeed most Canadians will welcome the fact that Quebec can now be a full partner in Confederation, a full partner and signatory to our Constitution.

Madam Speaker, I know that this is an example of the kind of achievement that can occur as a result of good will on the part of all participants. And all of us know the great differences of opinion, of concern that exist amongst the regions of Canada, great differences of political views throughout the regions of Canada. But at the same time, that was overcome by a sincere desire to achieve the purpose of ensuring that Quebec could join as a signatory to the Constitution. With that good will there, and the leadership of the Prime Minister and all of the Premiers, and certainly including the Premier of Manitoba, that was achieved, and I say I agree. I've said before that this is a remarkable achievement and one of which all participants, I think, can be proud.

Madam Speaker, I believe that it occurred because the First Ministers derived their sense of good will from the people of their provinces and the country who had wanted this to occur, wanted Quebec to become a signatory to the Constitution under reasonable circumstances. Those reasonable circumstances obviously were able to be worked out amongst the Premiers despite their differences of view and concern on a variety of issues. So I believe that sense of participation and good will should be carried forward by the process that has been set in place.

I am very pleased that the process that has been set in place for the consideration and eventual approval of the constitutional amendment in Manitoba involves public hearings. The Rules changes that we passed in this Legislature last Session mandate that public-hearing process. I know that at the time it was a matter of debate and discussion. It evolved from the massive disagreements that occurred in this province over the language issue constitutional amendment. Madam Speaker, that and the process, the bell ringing and all the incidents that took place, led eventually to a consensus agreement from both sides of the House that mandatory public hearings on any constitutional amendment should be in place in our rules. It was a good decision.

Madam Speaker, I believe that we should take advantage of that good decision to ensure, and I know that the Premier has already indicated that it is his view as well, that the process should not be merely a perfunctory exercise, but should be a meaningful one that sees us, as legislators, prepared to listen to the concerns, whatever they may be, that are raised by people who will be affected by this proposed amendment; not only listen to the concerns but respond to the concerns by being prepared, if necessary, if appropriate, to make changes. Because I know that the Premier went through a very grueling ordeal - 19

hours - and along with his officials probably had to consider many alternatives in arriving at this final forum.

The final forum is different in some respects than was the original agreement in principle at Meech Lake. It may well be that given the opportunity to review it at some length that the public of Manitoba, legal experts, constitutional experts, specific interest groups, may find suggestions for change that might merit our consideration for change in the eventual wording of the amendment.

Madam Speaker, I believe that it's absolutely essential that all of us agree that the hearing process is a meaningful one and that we are prepared not to just go through it for the process of having it happen, but really for the process of hearing the concerns that will be brought forward.

Madam Speaker, in reviewing the final text, a number of things have occurred to me during the past 24 hours, concerns that may be brought forward. One of them, of course, concerns that clause on federal spending authority, federal authority to initiate national programs. I would hope that the Premier will be able to indicate to us his view on the fact that the wording that he talked about earlier this week, Monday, that was to ensure that the national objectives were to be set by the Government of Canada doesn't appear to be there, rather the fact that the shared-cost programs are established by the Government of Canada, but not necessarily the national objectives are set in those plans.

I note from his comment that that will give more flexibility to provinces. I wonder whether that doesn't work against the original objective that he went to Ottawa to seek.

Madam Speaker, the Premier has made a number of points. There is the overriding concern, of course, on the part of many Manitobans, myself included, that this amendment and the fact that now we require change to some of our institutions, particularly the Senate. We require unanimous consent of the provinces, that this may well be the death knell of Senate reform in any meaningful way. Although there is a commitment to continue to pursue Senate reform, I see a very serious concern about whether or not that will happen as a result of this constitutional amendment. But I would hope that in the process of the next while, before it becomes finalized, that serious consideration is given on the part of this Premier and the government as to how we can further ensure that it will not be blocked or not more easily blocked because Senate reform is, in my view, a major concern for Western Canadians and one that they see, and I think advisedly so, as being a way of further giving a strong voice to regional interests, better so than is available today.

Madam Speaker, the devolution of certain powers and authorities, certainly to the provinces, is certainly something that former Premier Lyon was very strongly in support of, and we continue to be strongly in support of that. Madam Speaker, we believe, as the Premier has indicated, that it is good for the country, because I believe that most Canadians want Quebec to be a full partner in the Constitution, and in that respect, it's good for the country. I believe, as well, that the devolution of some of these powers to the provinces make it good for Manitoba.

Madam Speaker, we will look forward to the public hearing process. We will assure the Premier and the

people of Manitoba that we consider the process to be important and one that should be meaningful; and we will do all in our power to insist that it be meaningful, and we look forward to the further input, discussion and contributions that will be made by many Manitobans on this matter.

Thank you very much.

**MADAM SPEAKER:** The Honourable Minister of Northern Affairs.- (Interjection)- Order please.

The Honourable Member for River Heights.

**MRS. S. CARSTAIRS:** The rules, Madam Speaker, do not provide for me to make a response to this obvious statement, but considering its impact on our country and our province, I would like leave to respond.

**MADAM SPEAKER:** Does the honourable member have leave? (Agreed)

The Honourable Member for River Heights.

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

I would very much like to congratulate the Premier of this province for the initiative that he brought back from the conference in Ottawa over the last couple of days. I think the single most important victory that Howard Pawley, excuse me, the Premier achieved was public hearings.

I consider that a significant victory because this was the only province, No. 1, that was going to agree to those public hearings. Now we have that agreed to also by the Premier of Ontario and we have the Prime Minister also agreeing that in the final solution, it will be Canadians who determine whether this Accord has validity and not merely the negotiations of 11 individuals. I congratulate our First Minister for taking the initiative and leading that drive.

I also, like all Canadians, am delighted that the Province of Quebec will be able to find themselves now, once again, fully at home. I've always felt that they were at home, but there was that last signature, if you will, on the deed which was required to make them feel that the home was also their own; and, therefore, that is to be welcomed.

But the reason why I place such value on the public hearings is because I still have many, many doubts about the agreement that was reached by our 11 First Ministers. I have doubts, Madam Speaker, about the loss of federal powers, about what has happened to our Senate, because I believe it must be elected, and if not elected, abolished.

I have great difficulty with the Supreme Court. I have difficulty with 10 provinces being able to establish rules for immigration in this country, because I firmly believe that people immigrate to Canada - they do not immigrate to Manitoba or to Quebec, they come to this country, and I am very fearful that powers given to provinces may be abused by some provinces, hopefully not by my own.

I still have grave difficulties, Madam Speaker, with the new wording and the addition of the word "the" to the opting-out phrase applying to federally initiated programs in areas of provincial jurisdiction, and I have grave doubts about protection of the rights of the Anglophone population of the Province of Quebec.

Therefore, I believe that with the kind of public hearings, and with the open-mindedness of our Premier, as he expressed yesterday, that we can indeed achieve a national consensus, and I congratulate him for being the leader in that direction.

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

**HON. E. HARPER:** I would like to table the Supplementary Information for Northern Affairs for the 1987-88 Estimates.

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

**HON. R. PENNER:** Yes, yesterday on introduction of Bill No. 48, I undertook to distribute to the House explanatory notes regarding the bill. I've provided the Clerk with sufficient copies for the House, and I'm formally putting that on the record.

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

### INTRODUCTION OF GUESTS

**MADAM SPEAKER:** Before moving to Oral Questions, may I direct the attention of honourable members to the gallery where we have six students from Grade 9 from the Kelwood School under the direction of Mr. Murray Scott. The school is located in the constituency of the Honourable Member for Ste. Rose.

We have six students from Grade 8 from the Lincoln School under the direction of Mr. Blaine Abram. The school is located in the constituency of the Honourable Member for Kirkfield Park.

We have 52 students from Grade 9 from the John Pritchard School under the direction of Mr. Erwin Kroeker. The school is located in the constituency of the Honourable Member for River East.

On behalf of all the members, we welcome you to the Legislature this afternoon.

### ORAL QUESTIONS

#### Constitutional amendment debate - postponement until fall

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

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

Given that we are late in the current Session of the Legislature and that it appears likely that other provinces may not deal with the proposed constitutional amendment until sometime this fall, or maybe even early next year, will the Premier and his colleagues consider leaving the constitutional amendment debate and the public hearings until this fall so that Manitobans will have time to reflect on and prepare themselves for the presentations which should be made in a meaningful way to that hearing process, that public hearing process?

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

**HON. H. PAWLEY:** Madam Speaker, as I indicated in my statement, the most important aspect was to ensure that we complement the hearings on the federal level.

I would be most interested in ensuring that we do work out an understanding. I think that the Government House Leader and Opposition House Leader, and the Member for River Heights, that we ought to discuss the best way of having those hearings, when, and the format of them. I think probably that would be the best route to proceed at this time.

It seems to me, Madam Speaker, we have a choice between very early in having those hearings, in fact, early next year, as I understand some provinces will be having their legislative debate in '88 because of the fact that they've already adjourned or prorogued their Houses.

#### Meech Lake Accord - tabling of amendment

**MR. G. FILMON:** Madam Speaker, on Monday in the Legislature when I asked the Premier, particularly with respect to his concern on the clause that governed federal spending and shared-cost programs in areas of exclusive provincial jurisdiction, the Premier indicated a concern and a desire to put forth a proposed amendment.

He said, and I quote: "I don't want to see the definition of the national objectives being defined by 10 individual provinces or the courts. I would like to see the Federal Government define the national objectives when such a program is implemented."

Both his statement today and clause 106(a)(1) doesn't place the responsibility for being compatible with national objectives, as being defined by the Government of Canada, or the Parliament of Canada, rather, in fact, the Government of Canada, as just referred to earlier in the clause, in the establishment of these programs, not the defining of the objectives.

I wonder if the Premier can indicate what changed his position on that or why his position has changed on that?

**HON. H. PAWLEY:** Madam Speaker, in fact, my position has not changed. The changes that took place in this paragraph, in relationship to the previous agreement out of Meech Lake, ensure an expansion and more clarity, insofar as the text is concerned vis-a-vis federal spending powers.

The Federal Government's power is more emphatic insofar as the national leadership, in that the emphasis is upon - and it's very clearly indicated here - that it's established by the Government of Canada after the coming into force of this section. Those words have been added, then the word "the" before national objectives.

The constitutional lawyers, in fact some 40 of them that had been involved, have a very strong consensus that that links up with the programs that are established by the Federal Government to ensure that the national objectives in fact will be those that will be enunciated by the Federal Government in their establishment of those programs.

Also the words that were added after the coming into force of this program protect the existing programs



that were, in fact, not protected earlier, such as, Medicare, Canada Assistance, and the Canada Pension Plan. I indicate the word "the" tying in with that established by the Government of Canada, after the coming into force of this section, ensures an interpretation that can be not other than that the national objectives are those established or enacted by the Parliament of Canada.

This was an area of great concern to me. We had many drafts back and forth of different wording. As I say, it was a consensus of some 40 constitutional lawyers that this means exactly as I have indicated, including one of Canada's best-known constitutional lawyers, Peter Hogg, who wrote "Constitutional Law in Canada," has also given that indication.

So it appears, Madam Speaker, that there is clear clarity insofar as who establishes the programs, who is responsible for ensuring that the national objectives are clearly spelled out, and that is the Federal Government.

**MR. G. FILMON:** Madam Speaker, given that this proposed amendment would bring about the requirement for unanimous consent by all the provinces for Senate Reform, how does the Premier intend to pursue Senate Reform when it is made almost impossible by that requirement?

**HON. H. PAWLEY:** Madam Speaker, I must acknowledge my own inclination in respect to Senate Reform and advise members of the House that this is not, and never has been, a matter of priority for me. I would probably take this in the opposite direction that the Member for River Heights had given, and that is first abolish and, only if we can't abolish it, look at reform. I may very well be a minority of one, I don't know in that respect. I believe I may not be entirely a minority of one, I believe there may be one or two others, but I expect discussing 11 First Ministers. So I think, Madam Speaker, we will be required in this process to look at reform, and what is the best reform, because I think we'd all agree in this Chamber that the existing Senate is not an effective institution.

I am prepared to participate in a constructive way insofar as this process is concerned, and certainly if I can't win support, I will try, I will try to win support for abolition and replacing it with constitutional strengthening under section 36 of the Constitution Act. If I can't do that I prefer the Triple A any time to the Triple E, one that is abolition, alternative and accountable, Triple A, rather than Triple E any time. But if I can't do that, Madam Speaker, I certainly want to indicate very clearly that I will attempt to work in a constructive fashion with other First Ministers, to find the best alternative to the existing obviously antiquated and ineffective institution, try to replace it, and I can assure members I will not use my position to veto a worthwhile improvement just because I can't happen to get my own way in respect to my preference.

### **Yukon and Northwest Territories - face difficulties to become provinces**

**MR. G. FILMON:** Madam Speaker, I regret that the Premier does not see Senate Reform as a priority. But,

Madam Speaker, further this same requirement for unanimous consent by the provinces will make it extremely difficult for the Yukon and Northwest Territories in their ambitions to become a province. What steps does the Premier intend to take to try and correct that situation?

**HON. H. PAWLEY:** Madam Speaker, after we have the public hearings and receive the submissions and there may be at that time suggestions that do command further attention insofar as this document is concerned, I can assure honourable members that, along with comments made earlier, that I would want to take those matters up with the other First Ministers. One of the items I intend to raise again, would be the question of the exclusion of the Yukon and the Northwest Territories, the almost impossibility of their being created as provinces with the overly restricted provisions that are in this draft now. I tried, Madam Speaker, but was not successful in getting a loosening up on those restrictions.

### **Constitutional amendment - difficult for aboriginal self-government**

**MR. G. FILMON:** Madam Speaker, although I see certain references with respect to the protection of existing Native aboriginal and multicultural rights, I wonder if the Premier can indicate whether or not it will become more difficult under this process, for aboriginal self-government to be achieved after this constitutional amendment.

**HON. H. PAWLEY:** First, I believe that it will not be more difficult. Secondly, maybe easier because I believe the momentum of the goodwill that was built up, insofar as these constitutional hearings, could carry over into round two. And on round two, I would hope that aboriginal rights would be dealt with and would be dealt with early if so indicated. I would hope that the momentum, insofar as this is concerned, can be carried over into the discussion on aboriginal rights so we can achieve success.

I must acknowledge that I understand the frustration and bitterness of some of the aboriginal leaders in that we were able to resolve this and not the other. I have asked the aboriginal leaders to consider whether or not they would not have been better with this process, rather than the other process that we've gone through over the last five years, and maybe through this process we might have been more successful in arriving at a successful completion of the issue of self-government insofar as aboriginal peoples are concerned.

### **Saudi Arabian contract - when approved**

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

**MR. D. ORCHARD:** Thank you, Madam Speaker.

Madam Speaker, on Monday, August 25, 1986, the then Minister responsible for the Telephone System indicated, in response to my leader, that it is our concern that there be no new initiatives undertaken by MTX pending the management audit, where there are

ongoing initiatives involving responsibility for completing undertakings, that matter certainly can proceed after review by Mr. Curtis and the board.

My question is to the Minister responsible for the Telephone System: When did he approve the contract in February of 1987, undertaken by the Saudi Arabian joint venture, for a total value of 8.2 million Saudi Riyals? When did the Minister approve that?

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

**HON. G. DOER:** Madam Speaker, as Mr. Curtis indicated today at the committee hearing and, notwithstanding the different slant the Member for Pembina is trying to make on it, the contract was tendered at an earlier point than the announcement of the former Minister of Telephones.

In fact, it was tendered in early 1986. The contract was awarded prior to the announcement of the Minister responsible for the Telephone System in the House. The award of the timing was subject to approval of the Saudi Ministry of Finance, but the contract, based on Mr. Curtis' assessment, was firm.

There has been no equipment shipped, or money changing hands in terms of this issue. It was merely an issue that was raised in the report in terms of the liquidation scenario, before Coopers and Lybrand.

So to project it as something that's been lost, after the point in time that the decision was made by the government, is incorrect. And in fact the only expense would have been some of the bidding expenses, etc., prior to the date of the wind-down, or the order from the Minister responsible for the Telephone System.

**MR. D. ORCHARD:** Madam Speaker, the Minister missed the question I asked.

When did he or the government or his predecessor approve this sale, given the ban that was placed by his former Minister?

**HON. G. DOER:** Well, Madam Speaker, the sale or the tendering for this particular contract was made some time in late '85 or early '86, and we'll get the date. It wasn't after the instructions of the former Minister of Telephones.

We understand, and I'll check the facts, it was made by the on-site management, perhaps Mr. Aysan, I could check those facts in terms of the date, but the whole tendering process was carried on well before the date. And the valuation, Madam Speaker, that is indicated in the report is not - and I've discussed this with Mr. Curtis - this project had and will not have any effect on the valuation conducted, based on the November '87 financial reports.

It was merely an issue, in fact, the payment for that contract and the obligation for that contract with SADL will, as the report indicates, will be six to seven months after April 1 potentially and, at that time, the SADL operation's been sold, as has been tabled in this House, and they will be responsible for implementing that contract.

Madam Speaker, Mr. Curtis did indicate that he would provide further details to the member on this issue. He did say in the committee that it didn't affect the

essence of the bottom line. It does affect the liquidation scenario, Madam Speaker, and the liquidation scenario was evaluated by Coopers and Lybrand; was evaluated by Charlie Curtis, the Deputy Finance Minister; and the action the government took was based on recommendations of those professionals.

### Saudi Arabia sale - schedule of accounts receivable

**MR. D. ORCHARD:** Madam Speaker, a new question to the Minister responsible for the Telephone System.

In choosing to sell our joint venture in Saudi Arabia to our partner, at which time the partner had lost \$3.5 million, and we are losing \$20 million in what was to be a 50-50 joint venture, when the Minister agreed to that sale scenario, did the Minister request and receive a schedule of the accounts receivable that we sold to our Saudi partner for a song?

**HON. G. DOER:** Madam Speaker, we reviewed all the options that were felt to be viable produced by Coopers and Lybrand.

One of them was suing the Saudi partner - and there's been specific information on that today in the committee.

The second option was the liquidation option, and that again is articulated in the report that's been tabled in the committee.

The third option we looked at briefly was a potential sale to any other corporations operating in Saudi Arabia. In fact, I think there were discussions with Coopers and Lybrand with Bell. I'll have to check the file on that.

The fourth option we looked at was selling it to the partners.

In terms of the detail of the accounts receivable, and the assets of the corporation, Mr. Curtis and Coopers and Lybrand, who, according to Mr. Curtis, had the best expertise available in Saudi Arabia, evaluated all the potential assets and value of any other course of action.

Madam Speaker, the report that we tabled today from Coopers and Lybrand, consistent with the other reports that were tabled from Coopers and Lybrand, indicated that the May 2, 1987, agreement provided the optimum return to MTX, and has the additional effect of placing the burden of risk of future losses on MTX's Saudi partner. The partner also incurred financial losses.

Madam Speaker, we received that advice from Coopers and Lybrand; we reviewed the options available to us. We had Mr. Curtis on site, the Deputy Finance Minister; he made those recommendations to us and we acted based on their professional opinion.

**MR. D. ORCHARD:** Madam Speaker, given that the Minister did not answer the question, I can only assume that he, like his predecessor, the Member for St. James

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

**MR. D. ORCHARD:** . . . simply did not ask to see the accounts receivable from the company they sold.

### Saudi Arabia venture - how many outside offers pursued

**MR. D. ORCHARD:** Madam Speaker, my question to the Minister is: Can the Minister indicate how many outside offers to sell our joint venture in Saudi Arabia were pursued by his government and by this Minister? How many other companies were contacted?

**HON. G. DOER:** Madam Speaker, again the Member for Pembina - and I quite frankly think that I found some of the bullying tactics with Mr. Curtis today quite concerning. Madam Speaker, the Member for Pembina is walking around acting in such a way that he's pure in this position.

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

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

**HON. G. DOER:** Madam Speaker, this organization in Saudi Arabia was managed primarily by a person named Mike Aysan, who has been held accountable. The same person, Madam Speaker, that the Member for Pembina, when he was Minister of the Telephone System, had a bonus given to him for Project Fast, which the Member for Pembina had started, and this same individual, Madam Speaker, has run that corporation into the ground in Saudi Arabia. Mr. Curtis, I thought, did the best job possible of getting out of a bad deal.

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

**MR. D. ORCHARD:** Madam Speaker, one is tempted to offer comment to the lengthy answers which weren't to the answer, but I know that you would rule me out of order when I attempt to get on the record some nonsense like the Minister responsible for the Telephone System does.

Madam Speaker, the Minister did not answer the question about how many firms were being pursued, to sell the assets to . . .

**MADAM SPEAKER:** As the member well knows, a Minister can choose not to answer a question. An insistence on an answer is out of order.

**MR. D. ORCHARD:** Madam Speaker, I know, I'm absolutely aware of the rules because these Ministers never answer questions. I simply am pointing out that he didn't answer the question.

**MADAM SPEAKER:** Does the honourable member have a question? This is question period, not committee debate.

### Saudi Arabia venture - was same writeoff offered to buyers

**MR. D. ORCHARD:** Madam Speaker, could the Minister answer the question as to whether, when presumably his government pursued outside buyers, other than the shiek, to sell the Saudi Arabian joint venture, were those

outside companies offered the same writeoff of \$20 million of receivables to Manitobans that was given to the shiek in attempting to sell it to an outside firm? Was the identical offer made to Bell, as he mentioned earlier and others that they'd pursued to buy the company?

**HON. G. DOER:** Madam Speaker, Coopers and Lybrand indicated to us very early on, based on their assessment, that a sale of the company to another corporation was not possible and they did not see that as a viable option. They were the ones operating in Saudi Arabia; they were the ones operating with all the facts of the assets of the corporation, in terms of how much they could determine; they were the ones making the decisions of the assessment on site, Madam Speaker, of what accounts receivable are possible.

Madam Speaker, there's absolutely no question that under the management of that corporation in Saudi Arabia a great number of the accounts, and the equipment that was shipped over there, was shipped to corporations or companies in Saudi Arabia, and the accounts receivable were never collected. That's a fact that's been well-established here, been well-established by Coopers and Lybrand.

We had a number of major options to look at. We had advice from Coopers and Lybrand; we had advice from our Deputy Finance Minister that was on site in Saudi Arabia. I did not go through every individual account; Mr. Curtis did. On the basis of his assessment, in terms of the potential financial situation of the ventures in Saudi Arabia, he and Coopers and Lybrand came up with the strategy that they felt was the most economical on behalf of the citizens of this province.

Madam Speaker, we did not want to protract these negotiations on for months and months and months, and years and years and years, we wanted to get out of a bad deal.

**MADAM SPEAKER:** Order please.

I remind honourable members that question period is not a time for debate.

### Constitutional Accord - Charter of Rights and Freedoms to be upheld

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

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

Section 16 of the Constitutional Accord signed yesterday says: "Nothing in section 2 of the Constitution Act, 1867 affects sections 25 or 27," and continues, and is the particular section, Madam Speaker, which of course guarantees multicultural heritage and aboriginal peoples' rights in this Constitutional Accord.

But, Madam Speaker, it has also raised the question among some constitutional experts that, by excluding those, this accord would in fact violate other principles of the Charters of Rights and Freedoms.

Can I have the assurance to this House from our First Minister, that he would certainly work towards making sure that the Charter of Rights and Freedoms is totally upheld?

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

**HON. H. PAWLEY:** Madam Speaker, I heard the views expressed last night by the former Justice Minister Jean Chretien, in which he expressed the same concerns now raised by the Honourable Member for River Heights. Out of respect for the concerns of both the Member for River Heights and the former Minister of Justice, I am certainly asking for assurance in that respect and are asking our constitutional law people to give me their opinions in respect to those concerns that have been raised.

### **Constitutional Accord - right of Anglophone peoples to be upheld by future Premiers**

**MRS. S. CARSTAIRS:** Madam Speaker, a supplementary question to the First Minister.

Would the Minister assure this House that, at least to the best of his understanding of the Accord, that the rights of the Anglophone peoples living in the Province of Quebec have indeed been guaranteed, not only by this Premier of the Province of Quebec, but will bind future Premiers, whether they be of separatist or non-separatist leanings?

**HON. H. PAWLEY:** Madam Speaker, the Member for River Heights asks a very good question. It is one that did cause considerable concern during the discussions that took place. The balance of legal opinion was that, indeed, the Anglophone minority group in Quebec were not prejudiced as a result of these clauses.

In fairness, I must acknowledge that there were some other legal opinions that we had received that expressed a marginal possibility. I think it is important, over the next period of time, to satisfy ourselves from that perspective, but we did have solid legal opinion provided by the majority of the advisors that were consulted that they would not be prejudiced in a negative way. As I say, I acknowledge openly that there was some concern expressed on that point.

### **Bankruptcies - reason for high number**

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

**MR. E. CONNERY:** Thank you, Madam Speaker. My question is to the Minister of Business Development.

Madam Speaker, we, on this side of the House, have said that we are in an economic bubble, an economic bubble that is buoyed by massive public spending with borrowed money.

Can the Minister explain why, in 1986, we had the highest number of bankruptcies in the history of this province, over double that of 1985, in fact, Madam Speaker, we had 665 bankruptcies in Manitoba? Can the Minister explain why this high number of bankruptcies is occurring when we're supposed to be in good times?

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

**HON. M. HEMPHILL:** Thank you, Madam Speaker.

Madam Speaker, it's clear from all of the economic indicators that are collected by all of the financial institutions, that Manitoba's economy is better than any other economy of any other province in our country right now, and that includes business, and it includes small business.

Our record for the number of business starts is far ahead of any other province, Madam Speaker, so it's understandable that when you have a far higher percentage of business starts, that there are going to be some increases in the bankruptcy number but, overall, we're ahead of the game. Business is stable, the economy is stable, and we're moving ahead as no other province is, Madam Speaker.

### **Small Business Start Program - funding for**

**MR. E. CONNERY:** Madam Speaker, I'm sure the 665 businesses that went under last year are going to be happy that they were in a game, a game played by this Minister.

I've also, Madam Speaker, had a lot of inquiries from young people and they're wondering if the Minister is going to fund the Youth Business Start this year so that we can help some of the young entrepreneurs get into business.

**HON. M. HEMPHILL:** Madam Speaker, I heard the words, "Youth Business Start," but I didn't hear the question that went along with it. I heard things coming from too many places.

**MR. E. CONNERY:** I didn't know I did those kind of things to the Minister. Are you going to fund the program this year? The program is there, but there's no funds for it; will the Minister fund the program?

**HON. M. HEMPHILL:** Madam Speaker, actually the question of programs in support for youth is one that we're very interested in and we recognize that small business is one of the areas where a lot of our young people get jobs. The success of the Small Business Start Program showed us that young people are great entrepreneurs, and I can just indicate to the member opposite that every program that we are designing, from now and in the future, will include some support for our youth in small business.

### **Flat tax of July 1st - effect on migration of people**

**MR. E. CONNERY:** I have a new question, Madam Speaker, to the Minister of Finance.

Before the biggest tax grab of all time took place, we were losing residents, through migration, to other provinces, people who were looking for greener pastures.

Has the Minister a projection on the number of people who will leave Manitoba when the realities of this tax grab really sink in, especially the 2 percent flat tax that takes place on July 1?

We lost 1,000 people in 1985 and it tripled to 3,000 in 1986 . . .



**MADAM SPEAKER:** Order please.

**MR. E. CONNERY:** . . . will the Minister tell us what this will do to the migration of people in Manitoba?

**MADAM SPEAKER:** Okay. The last part of the question is in order.

The Honourable Minister for Finance.

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

As I've indicated and responded on numerous occasions the balanced and fair approach that this government took, not only to matters with respect to revenue, but also ensuring that there are funds available to maintain vital services in the Province of Manitoba, is one that I think will not only encourage Manitobans to stay here, but will encourage others to come to a place like Manitoba that is continuing to show strong economic growth, the strongest outside of the two central provinces of Ontario or Quebec.

### **AIDS - screening of children re placement in foster homes**

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

**MRS. B. MITCHELSON:** Thank you, Madam Speaker. My question is to the Minister of Community Services.

The Minister of Social Services in Ontario was considering screening children before they are placed in foster homes for AIDS, as a result of a 10-month old baby in Toronto who was placed in a foster home and believed to have contracted AIDS from her natural mother.

Is the Minister considering introducing such a policy in Manitoba?

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

**HON. M. SMITH:** Madam Speaker, we have no such policy at present. I will review the options and be prepared to comment later.

### **AIDS - criteria to determine high risk groups in penal institutions**

**MRS. B. MITCHELSON:** A new question to the Minister of Community Services.

Can the Minister inform the House how her department determines who are the high risk and target groups in our penal institutions that are being screened for the AIDS antibody?

**HON. M. SMITH:** Through confidential medical interviews that are carried out as the normal course when inmates arrive in the institutions.

### **AIDS - re policy used and action taken for positive results**

**MRS. B. MITCHELSON:** Madam Speaker, would the Minister consider tabling in this House the policy that

is being used about who is being tested and what actions are being taken with a positive result?

**HON. M. SMITH:** There is a draft policy, Madam Speaker. I will be prepared to table it.

### **Manitoba Beef Commission - request marketing regulation changes**

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

**MR. G. FINDLAY:** Thank you, Madam Speaker. My question is to the Minister of Agriculture about the Manitoba Beef Commission procedures for selling finished animals, Madam Speaker.

Madam Speaker, farmers, auction mart operators and load assemblers are continually giving me evidence that the live auction sales of finished animals is returning farmers \$30 to \$50 a head more than the Central Desk Selling practices of the Manitoba Beef Commission this spring, Madam Speaker.

Last week the Manitoba Beef Commission held a live sale in St. Boniface and received a top bid of \$156.15 for these live animals, Madam Speaker. On the same day, the Beef Commission's central selling desk received a maximum bid of \$149.15, Madam Speaker.

Will the Minister immediately change the marketing regulation so the farmers can receive the highest return for their finished animals through the Manitoba Beef Commission?

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

**HON. B. URUSKI:** Madam Speaker, it appears that the honourable member - this is his second attempt in this House to confuse the issue. Last week he made allegations about a sale in Brandon which he gave me figures that said that the live weight price of a sale netted farmers anywhere from 4 cents to 5 cents above the posted sale price of the Beef Commission on rail grade of between 88 cents and 91 cents a pound. I think those were his figures.

Madam Speaker, when I checked with the commission as to the sale dates of those animals and the marketing dates and the average price, in fact both the rail grade and the live weight prices were within the range that the honourable member, when converted back to the live weight price, were within the range of 88 cents to 91 cents, which showed that the honourable member was not giving the accurate comparison of the actual sale dates.

Madam Speaker, the commission recognizes that during this period, with Canada Packers pulling out of the market, some of the packing houses have in fact been what one can only consider manipulating the market to their advantage. As a result of that market manipulation to their advantage, the commission has in fact had live sales in the Province of Manitoba, in the City of Winnipeg, and is monitoring the situation and will, if the need arises, have live sales to try and get the most out of the market, on a central basis, rather than fragmenting the sales, as the honourable member wants to happen, Madam Speaker.

**MR. G. FINDLAY:** Madam Speaker, given that on April 15 the Marketing Manager, John Kruzenga, the Manitoba Beef Commission, sent a letter to all feedlot operators saying Manitoba Packers will bear down on prices - the Minister's employees knew that at that time - why has he not acted to protect the Manitoba farmers who, I say, Madam Speaker, are losing \$30 to \$50 an animal because he will not act to correct the situation?

**HON. B. URUSKI:** Madam Speaker, the honourable member did not listen to my answer. I just told him that we acknowledge that the packing house industry was manipulating the market in terms of trying to gain the biggest share at the expense of the producers. Madam Speaker, that's why the Beef Commission already has taken action and is monitoring the market, and has had a live sale in the Province of Manitoba, and will have live sales when it is determined that it is to the best advantage of the producers of this province.

Madam Speaker, it is in the interest of all of us to get the most out of the market; and the commission, in a coordinated way, should be using whatever efforts it needs to get the most out of the market, in fact, to both benefit the farmers and, as well, the taxpayers in terms of the Beef Program.

### Finished animals - sold through live auction ring

**MR. G. FINDLAY:** Madam Speaker, given that the Beef Commission allows feeder animals to be sold through the live auction ring where the best price can be achieved, will he allow finished animals to be sold by the same process where there are bidders from outside the province who are prepared to pay to price for those animals?

**HON. B. URUSKI:** Madam Speaker, my answer still stands in terms of what I've answered. The commission has in fact had a live sale, but it is to the advantage, and one of the tenets of the Beef Program has been to attempt to make sure that the animals are not only marketed, but also processed in the Province of Manitoba, to make sure that the greatest benefit comes to the value-added and to the economy of Manitoba; and that has to be one of the principles there.

But, Madam Speaker, I say again that the commission has, and when there appears to be a great concentration of market power in a few hands whereby producers are not receiving the greatest benefit out of the rail grade price, the commission will use whatever means at its disposal to get the best price for their animals.

**MR. G. FINDLAY:** Very quickly, does the Minister want animals to be processed in Manitoba at the expense of \$30 to \$50 a head for each animal a farmer sells in this province? Is that what he wants?

**MADAM SPEAKER:** Would the member like to rephrase that so it doesn't seek a personal opinion.

**MR. G. FINDLAY:** Madam Speaker, I'm asking if it's the Minister policy that each producer in this province shall lose \$30 to \$50 a head so that they can be processed in this province?

**HON. B. URUSKI:** Madam Speaker, no producer will be losing \$30 to \$50 a head. Madam Speaker, the honourable member doesn't understand the Stabilization Program. Madam Speaker, obviously he doesn't understand that the producers' returns are protected; as well, they want to criticize the program whichever way. Madam Speaker, there may be isolated incidents - and we've acknowledged that certain instances do occur, but not in the way that the member described them a week and a half ago, because I checked his figures, and he did not do an accurate comparison. Again, Madam Speaker, in the same way he didn't do an accurate comparison on the Budget Debate, when he said the budget was going to cost every farmer \$1,000 per farm family as a result of increased taxes when, in fact, that \$1,000 was saved to Manitoba farmers by virtue of lower drug prices to the province's farmers, Madam Speaker, drug prices.

### Investment Saving Certificate Program - how much money to be raised

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

**MR. C. MANNES:** Madam Speaker, considering the aura of good feelings surrounding the Meech Lake Accord, I find it passing strange that the Minister of Finance didn't, by way of ministerial announcement, make his own announcement today with respect to the Investment Saving Certificate Program that the government is instituting.

As most Manitobans know, Madam Speaker, this is a policy somewhat similar to the 1979 policy of issuing government bonds brought in by the former Conservative Government.

Can the Minister of Finance tell me how much money is to be raised by the issuing of provincial bonds; and, secondly, can he tell me whether that represents some portion of the \$1.56 billion to be borrowed by the province this year?

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

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

First of all, a correction in terms of the preamble to the question. The last issue of such bond was in 1979, but the history of that goes well beyond, back to the 1960's, in terms of governments and through the 1970's.

With respect to the amount of money that we expect to be raised, we would anticipate that we would be able to raise at least \$20 million through this vehicle, offering Manitobans the opportunity to invest in their province.

With respect to the other part of the question, whether or not this would be part of the borrowing - yes, it will be.

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

### ORDERS OF THE DAY

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

**HON. J. COWAN:** Yes, thank you, Madam Speaker.

I believe there is an inclination on the part of members to forego Private Members' Hour, by leave.

**MADAM SPEAKER:** Is that agreed? (Agreed)

**HON. J. COWAN:** I, therefore, move, Madam Speaker, seconded by the Minister of Agriculture, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for Burrows in the Chair for the Department of Energy and Mines; and the Honourable Member for Lac du Bonnet in the Chair for the Department of Employment Services and Economic Security.

## **CONCURRENT COMMITTEES OF SUPPLY SUPPLY - EMPLOYMENT SERVICES AND ECONOMIC SECURITY**

**MR. CHAIRMAN, C. Baker:** Committee, come to order. We will begin with a statement by the Minister. The Honourable Minister.

**HON. L. EVANS:** Thank you, Mr. Chairman.

We will have a copy for the official critic and anybody else on my statement, and therefore I don't propose to read it all. I just want to highlight a few points of the progress that has occurred during the past year.

Effective January 1, we changed the structure of Social Allowance rates by combining the separate rates for food, clothing, personal needs and household supplies into a basic allowance structure of rates that vary by family size. This simplified the rate structure, while retaining the recognition of the effects of family size and of the ages of children on the costs of basic needs. We've maintained the real value of Social Allowance rates during a period of increasing caseloads.

Our rates have been reviewed and adjusted annually, as you know. As of January '87, we increased our rates by an average of 4.4 percent, which was equivalent to the overall increase in the Consumer Price Index which we have for the City of Winnipeg. That's the only index we have in Manitoba.

In regard to shelter costs including utilities, we provide this separately from the basic allowance, and we increase it each year in accordance with the rent increase guidelines set by the Rentalsman's office.

We made a number of changes over the years. We've discussed this in past years in this committee, Mr. Chairman. I might mention though that the development of an Automated Management Information System for our Social Allowance Program which was initiated in 1982, the implementation of the first phase was completed in 1986. That is an automated client registry and an automated payment system. By this summer, the system will be fully implemented, and I think there will be a number of benefits for all concerned from that automated system.

We've taken a number of important initiatives recently to develop and expand employment measures for social assistance recipients to help the recipients improve their skills and gain work experience so they can break out of the welfare poverty cycle. Accordingly, Manitoba recently signed a major agreement with the Federal Government for the joint funding of measures to enhance social assistance recipients' employability and employment opportunities.

Four new initiatives will be developed under the terms of the agreement for the next two years. Six million dollars will be jointly directed towards these initiatives in each of these two years, providing employment and training opportunities for about 1,000 social assistance recipients each year and focusing in particular on single parents, the disabled people and young persons.

Of course, in '87-88, our Estimates provide for the continuation of supplement programs to low-income Manitobans, aged 55 and over, through the 55-Plus Program, and additional support for low-income families under the CRISP program. Effective April 1, '87, 55-plus benefits were indexed for the first time, and our government has made a commitment to continue this practice on a yearly basis.

I'm proud to observe that my department's efforts have contributed to improve income and job opportunities for needy Manitobans. I believe our overall economic and social policies, in large part, have resulted in this province being relatively unaffected by the substantial increase in poverty among Canadians as a whole in the 1980's.

The most recent statistics from the National Council of Welfare show that, from '81 to 1985, the percentage of families in Manitoba who are considered to be living in poverty decreased by 4.8 percent compared with a 10.8 percent increase for Canada as a whole. And furthermore, employment in Manitoba has increased faster than the national average between 1981 and 1986, and our province's unemployment rate has consistently ranked among the lowest in the country.

Going on to the Employment Services Division, we have a number of programs ongoing. These have been discussed in the past, I won't necessarily repeat them at this time. I would observe that we have witnessed a continuing decline in the youth unemployment rate. In particular, I notice in 1986 Manitoba's youth unemployment rate was 12.3 percent on average, down 1.6 percentage points from 13.9 in 1985, and well below the recession peak of 15.4 percent in 1983. Manitoba had the second-lowest youth unemployment rate of all provinces last year, behind Ontario's rate of 11.5 percent.

One of the major programs we have, of course, is the Job Training For Tomorrow Program. I'd like to note, in particular, we have incentives for employers to hire women in non-traditional or technical occupations, and also for those willing to hire and train unemployed persons 55 years of age and over. As well, there's a component of the program dealing with labour market adjustment and technological change.

After some extensive negotiations with the Federal Government, we have concluded and signed a new three-year Canada-Manitoba training agreement covering federal purchases of training from community colleges and other post-secondary institutions. The agreement is retroactive to April 1, 1986, providing for

\$56.4 million in federal expenditures under the Canadian Jobs Strategy over the three-year period for training purchased on behalf of clients of Canada Employment Centres throughout Manitoba. Yearly levels of this direct purchase of training will be \$22.9 million in 1986-87, \$18.95 million in '87-88, and \$15.6 million in '88-89. An additional amount is provided for federal income support to trainees. Federal funding is also provided under the Canadian Jobs Strategy to enable Manitoba employers to purchase training from various institutions for their employees.

While we would have preferred a new agreement which maintained or increased direct purchases of training, we feel we have negotiated the best arrangement possible, one that maintains the integrity of the position Manitoba adopted 18 months ago. I am hopeful that the system of training purchases being introduced in this agreement will prove effective in increasing training opportunities for Manitobans, and that direct purchase revenue losses can be offset by indirect purchase funding.

Under the terms of the new training agreement, the province will be establishing a new Manitoba Training Advisory Council (MTAC) to provide a mechanism for consultation on training matters with employers, employee representatives and the general public. This consultative process is intended to ensure that purchases of training will be in keeping with the labour market needs of the province.

Just by way of explanation for members of the committee, we were deadlocked on this matter with the Federal Government because, under the Honourable Flora MacDonald, it was announced that the amount of monies available for our community colleges would be reduced for all provinces over a three-year period. We held out on signing such an agreement because we simply did not wish to be party to a severe cutback. However, these are direct purchases I'm talking about.

We have reached a compromise, as I've attempted to explain here, by establishing this new Training Advisory Council, which will provide a mechanism for indirect purchases of training positions at the colleges to help make up for the cutback in the direct purchase. If we're successful in this way in working with employers and others in the community, then we would hope to make up for the decline in the direct purchases.

Needless to say, this was a very serious threat to our college system in the province and could have resulted in cutbacks of a severe magnitude of the programs offered by Red River, ACC, and Keewatin College. However, I am hopeful that, given good will and a lot of effort on our part and on the Federal Government's part and particularly on the part of the Training Advisory Council, we can somehow make up for those cutbacks.

Just in conclusion, of course we have the Manitoba Bureau of Statistics, which provides a central focal point for statistical collection under the terms of The Manitoba Statistics Act, and certainly coordinates with Statistics Canada on behalf of the Provincial Government. It continues to place increased emphasis on cross-departmental statistical services and analyses.

So in conclusion, Mr. Chairman, we've given you a brief overview. I've skipped over my written statement but, as I said, the members of the committee can have access to the printed statement.

In conclusion, I would note that the total expenditure proposed for the department in 1987-88 is \$236,184,900.00. In addition of course, there are several programs that the department delivers which are funded by the Manitoba Jobs Fund.

So, Mr. Chairman, I refer the department's Spending Estimates to your committee and look forward to members' comments, questions and contributions.

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

**MRS. C. OLESON:** Thank you, Mr. Chairman. I'd just like to make a few remarks in reply to the Minister's statement.

Of course, I'd like to thank him for his statement and his overview of his department's activities and proposed activities for this year. I look forward, of course, to debating and discussing the activities of the department, the expenses, and it all helps to gain a better understanding of just how the programs work and how the hard earned dollars of the taxpayers are spent, and how people dependent on the government are served.

Mr. Chairman, in the study of this department's Estimates, I'd like to focus this year on a number of major issues. If in doing so, we seem to ignore some sections of the department, that is not because they're not important. It's because time is rather short, the Estimate period, under the timetable we are operating under now, and I felt that these issues that I wanted to raise were of a great deal of importance to everyone and, as I say, not that the other programs that may not be mentioned are not important.

One major area of the Estimates, of course, is social assistance. This component of the department accounts for 92 percent of the spending so, if for no other reason, I think we should focus on that when we get to that line of the Estimates.

I'll be bringing to the attention of the Minister significant problems concerning the delivery of social assistance, particularly in rural areas, and some suggestions for the solution of the problems. Because as an Opposition critic I don't have access to the same wealth of information as the Minister, of course, the solutions may not be as readily apparent to me as they should be to him.

It's interesting to note that most of the changes the Minister has brought to his department are those demanded by others - the Federal Government, the Anti-Poverty Association, myself and others - and we see very little evidence of initiative on the part of the Minister. It appears he takes the role of caretaker.

The Throne Speech read at the opening of this Session points to some of the changes that have been made in the department, and I quote: "Unlike other provinces, Manitoba has not restricted eligibility for benefits and has increased basic Social Allowances each year in line with estimated cost increases for basic necessities. Other significant changes have been made to improve the fairness and efficiency of the Social Allowances and Municipal Assistance Programs. These include legislative amendments to extend eligibility to sole-support fathers, waiving recovery of overpayments due to administrative error, restricting the municipal



use of liens to recover assistance from welfare recipients, and the delegation of responsibility for approval of additional resources to meet special needs."

Mr. Chairman, we would like to know what the Minister is talking about when he talks of other provinces and their restrictions, and he will get an opportunity, of course, during the debate to point those out. But during the debate on the Economic Security, I will give the committee some figures obtained from a study done from Alberta which puts the statement in the Throne Speech into question.

Another area we'll be questioning is the massive increases in administrative costs within this department, and the reasons for the increases.

The Minister will be asked to explain why, for example, there's an increase in administration costs in the first section, the Administration and Finance section of these Estimates, of 91 percent in the year since this department was formed until the present year, a major increase in administration costs.

He'll also be questioned on the fact that, while staff years in the Employment Services are decreased by 106.97 from the '86-87 Estimates to the '87-88, the salary component of the department - that is the Department of Employment Services and Economic Security - has decreased by only \$350,100.00.

These sorts of figures and facts fall into line with what the Opposition has been saying with regard to the Budget of this year, with the spending habits of this government, and with regard to a total lack of understanding on the part of this government that the taxpayers of this province are not getting a square deal from their government.

The people of Manitoba want to know, when will these sorts of increases end? When will this government demonstrate their care and concern for people in action rather than in words?

It is interesting to note, Mr. Chairman, that while administration costs are skyrocketing, millions of dollars are spent on training programs. The Minister brags about Manitoba's unemployment rate, and we have just had another version of that in his opening statement. The welfare rolls are steadily increasing. Some municipalities are becoming alarmed about the increasing numbers of people seeking assistance within their borders. Somewhere, we're failing the taxpayers and the people who, through no fault of their own, need our protection and our assistance.

This Ministry was set up to deal specifically with social assistance and employment problems in our society. It was set up with a great deal of fanfare as the answer to the problems. Mr. Chairman, the problems are still with us, and we have an ever-increasing bureaucracy to deal with them. We will be attempting, during this debate, to get some explanations and action from this Minister.

**MR. CHAIRMAN:** Thank you.

We'll begin with the first section, Appropriation No. 1.

I'm sorry, would you like to bring up your staff and introduce them, Mr. Minister?

**HON. L. EVANS:** Thank you, Mr. Chairman.

I have with me Roxy Freedman, my Deputy Minister; Wes Henderson, Director of Administration; and Gerry

Bosma, who's also a senior person in the Administration and Finance Division.

**MR. CHAIRMAN:** Thank you.

We'll begin with Appropriation No. 1. As customary, we will leave out the Minister's Salary and begin with (b)(1) Salaries, Executive Support.

The Member for Gladstone.

**MRS. C. OLESON:** There are several matters I would like to raise within this appropriation, Mr. Chairman, and one of them I just mentioned was the large rise in costs of administration.

Now if you take year by year, as we do in the Estimates process most years, with only the previous year's figures to look at side by side with the current year, you don't get so alarmed. But this year, I decided to take a look backwards and see how the department had developed over the years that it had been in existence and try to get a handle on how the department has been performing. I'll give you some examples of the problems that I see there, and the figures that present themselves.

The Administration and Finance department as a whole has increased its spending from 1984 to '87-88 by 91 percent. Under Executive Support, 1.(b), which we're discussing now, the figures are much worse. In 1984, the Executive Support figure was \$23,700; in 1987-88, it is \$334,000.00. For example, in 1985, there was an increase of 972 percent, bringing the total percentage increase from '84 to '88 to a staggering 1,309 percent. I'd like to ask the Minister how many staff were hired as Executive Support in '83-84, and how many now? And how does he justify the number?

**HON. L. EVANS:** Was the question: How many were hired in '83-84?

**MRS. C. OLESON:** How many support staff were in the Minister's office when he set up the department in '83-84?

**HON. L. EVANS:** I just want a clarification, Mr. Chairman. Are you talking about . . .

**MRS. C. OLESON:** Executive Support staff.

**HON. L. EVANS:** Just Executive Support? You're not talking about Administration and Finance?

**MRS. C. OLESON:** No. It's all under the one heading of Administration and Finance, but I'm talking about 1.(b), Executive Support.

**HON. L. EVANS:** Mr. Chairman, there has been no increase in the SY's; it's always been eight SY's.

**MRS. C. OLESON:** How many was it in 1983?

**HON. L. EVANS:** In '83?

**MRS. C. OLESON:** When the department was created.

**HON. L. EVANS:** There were eight when the department was created, so there's been no change.



**MRS. C. OLESON:** Why do we see such a difference in funding then from that year to this year?

**HON. L. EVANS:** There shouldn't be any unusual increase. Do you have those numbers for that? Mr. Chairman, does the member have those numbers, specifically?

**MRS. C. OLESON:** In 1984, the Executive Support figure was \$23,700 and, in 1987-88, it was \$334,000.00.

**HON. L. EVANS:** There may be some anomaly. The staff can't figure out what you're referring to by the 23,700.00. The department is formed in that year and there may be some anomaly from that, but there hasn't been any unusual or any different increase in spending in that area compared to any other part of the department. We can check that out, what the 23,700 is - I don't know how you can have eight staff for 23,700.00.

**MRS. C. OLESON:** Well, I don't either, but you must have had fewer staff when you started the department.

**HON. L. EVANS:** No, it was a new department.- (Interjection)- Unless it was part of the year, I don't think so.

**MRS. C. OLESON:** I got the figures, Mr. Chairman, from the Estimate Books, going back through the Estimate Books, perhaps the Minister's staff could take a look at that and we could have an answer later.

**HON. L. EVANS:** In 1983-84, that's when we were just initiated so we weren't together - it wasn't put together finally . . . There's some anomaly, there were people brought in from Community Services and people brought in from the Department of Labour to put it together, as you know. So there's been no change in the staff size and there's been no unusual change in the dollars and the 23,700, I would say, is not a realistic base - there's got to be an anomaly but we'll check it out and let you know.

**MRS. C. OLESON:** Okay, if you would, because that does seem like rather a large increase in that short a time. One wonders if it increases at that rate into the future, what will happen.

On the other section under Administration and Finance that has increased questionably also is - we're going of course, line by line, but if you look at the whole section of Administration and Finance, we find that there's high increases in percentage of administration also.

For instance, in Research and Planning, we find a 27.2 percent increase this year; a 13.5 percent increase last year. We get into Communications, increase 11.5 percent. We get into Finance and Administration, we get a 12.9 percent increase in 1988, and the total under that department from 1984-1988 was an increase of 43.6 percent. We get increases from '84-88 in personnel services of the Administration and Finance department, 62.2 percent in those four years. We get increases in the Systems and Computer Support, which of course it readily comes to my mind, that that will be the staffing

to set up the computer program. So the large increase in that department - it's 304 percent increase - that may be more easily understood if we get the explanation from the Minister under that line of the setting up of the computer program. But the other increases are rather large and we just wonder why.

**HON. L. EVANS:** Mr. Chairman, to answer each question we really have to go appropriation by appropriation rather than down the list . . .

**MRS. C. OLESON:** Well, I was just giving them as an example.

**HON. L. EVANS:** But I just want to advise the member that any increase has been in line with general increases. There have been some staff increases where warranted. We needed two for the National Diversion Fund Program we're into, we needed two there. There's been no increase in Communications personnel. We've had to add an internal auditor, so there have been a few changes but nothing unusual, nothing out of step. That's my general observation, but we could look at each figure if you like.

**MRS. C. OLESON:** The Minister mentioned the internal auditor. On what line does that fall in the Estimates?

**HON. L. EVANS:** It's under Finance and Administration.

**MRS. C. OLESON:** Oh, it's under Financial and Administration Services?

**HON. L. EVANS:** Yes.

**MRS. C. OLESON:** Okay. Yes, I probably have it noted there in my notes.

**HON. L. EVANS:** I might add, Mr. Chairman, that the internal auditor who we referred to was recommended by the Provincial Auditor to do an overall - he recommended that each department have one. We also have auditors, of course, in the various components of the department, too, but this is an overall service that's performed by this person.

**MRS. C. OLESON:** Also under 1.(b), Executive Support, there were some questions I wanted to ask under there because I couldn't figure out where else to ask them. It's to do with the expenses listed in the Public Accounts on the question of use of taxicabs. I asked in the committee last year on Public Accounts. I had been glancing through and there seemed to be massive numbers of cabs paid for. It listed various cab companies, so I asked for a report and received it sometime later and was rather alarmed by the totals.

The Employment Services and Economic Security Department had, by far, the largest total in this report, a total of \$730,690 - excuse me, I'll start again with that number, I'm not great with numbers, \$730,639.44 - spent on taxicabs by this department in 1984-85, a rather substantial sum. Now it isn't hard to figure out that there are occasions when staff and others need to use taxicabs. The staff figure was \$8,707.64 and the balance, of course, being \$721,847.28, which was

explained, and I quote, "Includes costs which have been specifically quoted by departments to indicate transportation of social assistance recipients and other citizens."

First of all, what would be meant by "other citizens," and secondly, will the Minister explain to the committee what justification he can make for this amount of tax dollars being spent on taxicabs? I'm not meaning by my remarks that I cannot see any occasion when a cab would be necessary, but I wonder under what circumstances it's necessary for a cab to be hired by people and charged to this department.

**HON. L. EVANS:** Mr. Chairman, the answer to that is most of that expenditure would be in rural Manitoba, in Northern Manitoba, and it's mostly related to medical or other emergency services. It is essentially for social assistance recipients. There could be the odd time the member of the family had to accompany them to the hospital, so that would be the other persons. Normally a family or friend maybe who has to accompany the person, but generally the monies are spent for medical purposes and other emergency services.

Remember we don't finance people to run their own automobiles. So when they can demonstrate there's a need to get from their home, let's say, to the hospital then that's covered, to use one example.

**MRS. C. OLESON:** Does this include the use of handivans and ambulances, in this what would be termed as taxicabs? Is that under the same or is that an additional cost to the department?

**HON. L. EVANS:** We're not sure that is included. Like ambulance services could be included under the Department of Health, but we could check that.

The point I want to make though is that we do have a lot of controls over this. It has to be justified and there are a lot of checks and balances in the expenditure of this particular money.

**MRS. C. OLESON:** On what line of the Estimates would the expense appear? Would it be under social assistance in that case?

**HON. L. EVANS:** Yes, it will be. Yes.

**MRS. C. OLESON:** That's part of the social assistance expense on this.

Now in checking through the Public Accounts book for this year, I see similar notations. I might add that the Public Accounts book, where it's divided into departments, it almost makes you cross-eyed to read the thing, but I persisted.

**HON. L. EVANS:** I never look at it.

**MRS. C. OLESON:** It looks as if by my quick reading of it and marking it that we're getting into the same sort of cost for last year and probably they're continuing into this year. This is a massive amount of money and I hope that the criteria is very, very strict on the use of cabs.

Also in that same exercise I undertook last year to check on this. I checked on hotel accommodations and

I found that there is a similar - well not similar, it's less of a figure - but I wonder if the Minister could give us an outline of why hotels would be used so extensively by his department, other than the staff on their rounds of business. But it also included the figure for other that was other than staff, that was quite large.

**HON. L. EVANS:** Mr. Chairman, as I indicated, the taxi services are related and transportation services are related mainly to medical needs, and there could be other emergency needs.

But we're talking about people who are living in remote areas, rural, northern areas that are some distance from services, and then I can imagine in cases where a person has to stay overnight, because they arrive there, say, at Thompson from some remote community, and it just doesn't make sense, it's not practical to move them back that night, or there could be a snow storm or an icestorm. There can be all kinds of circumstances. We certainly wouldn't want to spend the money for them being in a hotel if we didn't have to. That's only done if it has to be done.

I want to reiterate, there are some very strict guidelines for the use of taxis. There has to be a verification by a doctor. For example, a doctor has to indicate that the person has to have that service. We check the waiting times of taxis by the minute if necessary. In fact, I think we get complaints from taxi cab companies that we're too strict. So we are doing our best to keep a handle on this, to make sure that there is no abuse, but the point is that, if a person has to get to a doctor or has to have some other medical service, we are required by law and for basic humanity reasons to make sure that they get there.

**MRS. C. OLESON:** Thank you, Mr. Minister. I just felt that I should raise it since it was such a large sum.

Also in the public accounts book, there are a lot of other financial undertakings by this department and I just wondered where they would fit in to the various lines. For instance, do the programs funded through the Jobs Fund, for instance Community Assets, which was a program of this department before it was changed over to Cultural Affairs, were the individual payouts listed in this? They were funded by the Jobs Fund, but were they listed in public accounts as payouts by the Department of Employment Services?

**HON. L. EVANS:** The spending dollars are not in our Estimates. Spending dollars are in the Jobs Fund.

**MRS. C. OLESON:** I can give you some examples of why it piqued my curiosity.

**HON. L. EVANS:** I haven't addressed that question before, Mr. Chairman. The funding of course is from the Jobs Fund. It's allocated to our department for payout, so I guess it probably - I haven't studied the account, so it's probably shown there. Probably the member has some examples.

**MRS. C. OLESON:** Well, I do have some examples because it seemed rather - for instance, the Child Related Income Support Program is listed as that program and there is a dollar figure beside it; but when

you get looking at things like the Canadian Peace Research and Education Association, the Contemporary Dancers, the Condello Unisex Hairdressing - I wondered why this department would be involved in them, so it piqued my curiosity - the Injured Workers Association, the Action Committee on the Status of Women, Mid-Continental Media Group. The various and sundry entries like that cause me to wonder if those were payouts through, for instance, the Community Assets Program. Was that the answer to it?

**HON. L. EVANS:** I'm not sure without studying each one of those, but it sound though to me, Mr. Chairman, that these could be also recipients of the various training grants, as we do give training grants to businesses to hire people and create jobs, etc. So those sound like a number of those kinds of grants, not Community Assets. It's possible that the Community Assets are in there, but I didn't recognize some of those names. They sound like businesses, and businesses would be under the training grants program.

**MRS. C. OLESON:** So no matter where the money comes from, whether it's Jobs Fund or training funds or what, it's listed under this?

**HON. L. EVANS:** If the Jobs Fund money was allocated to our department and spent by our department, then it would be shown in there.

**MRS. C. OLESON:** That's probably the answer to that then. I just was curious because of the type of entries that were listed. Some programs, as I say, the Child Related Income Support, seemed to be listed separately, so I was curious to know just how - are they listed separately then under a Jobs Fund heading somewhere else in the Jobs Fund Department?

**HON. L. EVANS:** Which is that?

**MRS. C. OLESON:** For instance, the Community Assets.

**HON. L. EVANS:** Well, the spending would be under the Jobs Fund Estimates. The monies allocated would be under the Jobs Fund Estimates.

You mean the actual expenditures incurred? You're asking me whether they're listed by the Jobs Fund? They should be someplace. They will have to be someplace in that book if they're spent. Everything spent by the government is included in Public Accounts somewhere somehow. As I said, I haven't studied the book. I haven't studied the items there, so I don't know whether they're shown separately under the Jobs Fund or not. You simply have to look at the book.

**MRS. C. OLESON:** It points out again how difficult it is to figure out what money comes through the Jobs Fund, so I thought I would raise it just to make sure if that's what it is. But if it's also listed under Jobs Fund as separate programs and separate allocations for grants, then you've got a double listing of it. But as I say, it is very difficult to research that and find out exactly what is going on.

**HON. L. EVANS:** I just wanted to just go back a moment. The member does have our Supplementary

Information for Legislative Review, 1987-88. I'm just going to point out that, on page 6, chart 1, it indicates to you the total spending in the department, how much is spent on Administration and Finance, and you'll notice that it's 1.2 percent. So I would say that is quite reasonable and it's not out of line. I would say the administrative costs are not out of line in the department whatsoever.

**MRS. C. OLESON:** Now in the Estimates of Revenues that was tabled - I believe the Minister of Finance tabled it with the Estimates Book - on page 4, we have a levy for local government welfare. We'll discuss that of course under Economic Security. But we also have a listing (b) Sundry. Under Sundry, there's a figure of \$2.466 million which, in most people's language, would not be called "sundry."

Can the Minister tell us what is included in this? Is it the recoverable funds from the Federal Government? What else would be included there?

**HON. L. EVANS:** This is page 4 . . .

**MRS. C. OLESON:** Page 4 of the Supplementary Estimates.

**HON. L. EVANS:** That's Supplementary Spending Estimates you're talking about?

**MRS. C. OLESON:** Just a minute, I gave you the wrong - it's the Estimates of Revenue, sorry.

**HON. L. EVANS:** These are miscellaneous revenues that the member is referring to. You referred to 1986-87, \$2.1 million.

At any rate, this is the kind of spending levied for local government welfare purposes in unorganized territories. I can read off all these numbers, but we'll probably lose you. I can just give you an idea of the kinds . . .

**MRS. C. OLESON:** Those are the types of funding that are . . .

**HON. L. EVANS:** Yes, as I said, levied for local government welfare purposes in unorganized territories, welfare recoveries, maintenance orders - as you know, under our legislation we can recover for maintenance purposes; welfare liens; overpayments by clientele which we've collected back; some miscellaneous federal payments, probably some miscellaneous transfers; monies from the Public Trustee. Those are, more or less, the basic elements of the miscellaneous revenue.

**MRS. C. OLESON:** Under what circumstances would you be getting money from the Public Trustee, from people who are in care of the government, who are in residential care, that sort of thing?

**HON. L. EVANS:** There are a number of people in residential care who are under the Public Trustee and, for whatever reason, the Public Trustee would be making a payment to us. It gets rather complicated in terms of the Public Trustee but, as I indicated, Mr. Chairman, the Public Trustee has responsibility for a lot of people

in institutions, and there are some miscellaneous payments that they are required to make from time to time.

**MRS. C. OLESON:** Under Research and Planning, I have some questions there from page 23 of the Supplementary Information. For instance, there's a reference to assessing programs for welfare recipients.

Is this the first attempt to judge the effectiveness of the training and job programs?

**HON. L. EVANS:** Yes, Mr. Chairman, we do and have over the years. The department has, over the years, evaluated these programs, and monies have been spent for that.

This is a specific reference. We have a new item this year under the terms of agreement with the Federal Government. We have two staff to evaluate this \$12 million program. That's the Diversion Fund to employ single parents and that sort of thing. That's the condition of the agreement with the Federal Government, that there be that built-in evaluation, and they pay half of it, of course.

**MRS. C. OLESON:** They pay half the cost?

**HON. L. EVANS:** Yes.

**MRS. C. OLESON:** It refers also on that page, on page 23 of the Supplementary Estimates, to policies and strategies regarding reforms to the Social Allowances Program.

What activity is taking place in that area? What studies and what consultations are taking place?

**HON. L. EVANS:** This is on page 23?

**MRS. C. OLESON:** Page 23 at the bottom, under "Expected Results."

**HON. L. EVANS:** I'm sorry, which line were you referring to?

**MRS. C. OLESON:** The reference is: "expand research and analysis into policies and strategies in the area of reforms to the Social Allowances Program."

**HON. L. EVANS:** There is ongoing research and analysis into the one-tier system versus the two-tier system. There are all kinds of research into the incentive programs. We have different levels of incentives, different kinds of incentives and the impact of those incentives. Generally, whenever we discuss the possible reform, we have to look at, well, what's it going to cost us. What are we going to get out of it? What benefit will the client get out of it? What impact on the taxpayers and so on? So it's sort of ongoing.

Yes, I'm reminded there are issues like Canada Pension Plan disability payments. The Federal Government has indicated that they would be prepared to allow increases in Canada Pension Plan disability payments, the increase only to be kept by the clientele without being deducted from the welfare cheque, I mean, that sort of thing. It's a very complicated issue.

It's not clear yet where the Government of Canada wants us to go on that, because it seems to be a

contravention of the Canada Assistance Program. There's a lot of confusion around that issue but, without getting into that issue, we can discuss it at some time. It's a very complicated thing while there's research into that sort of thing.

**MRS. C. OLESON:** Yes, I have in my notes to discuss that under Economic Security. I think last year we discussed the Workplace Innovation Centre under this line, and I just have a short question on it. Last year, I asked about the possibility of it becoming self-sufficient after three years and the Minister's reply was that it was too early to tell. Is it still too early to tell, or has the Minister formed some opinion after two years of operation of the centre?

**HON. L. EVANS:** It is still too early to tell. It's really not two years of operation because the board took quite a bit of time in getting a director in place. We've got a very good person, a former executive from Versatile, Mr. John Roll, a very qualified person with a lot of management and executive experience. So the organization has been, in my opinion, a little slow in getting off the ground. But the board was very determined that they were going to search high and low for the right person and they had quite an extensive competition and review, and finally a person was chosen and put in place, he acquired the office and so on. So I would say it's still a bit early to say, but that was the ideal of having this as a separate organization that it could receive monies from organizations who wished to have its services.

**MRS. C. OLESON:** Has it received several applications or contracts for services? Is it into that phase of its operation yet?

**HON. L. EVANS:** I don't believe that it had any contracts thus far. I know they've had a lot of contacts with businesses, all kinds of client contacts, but there have been no contracts, no agreements to provide services.

**MRS. C. OLESON:** What is the cost to date of setting up that centre?

**HON. L. EVANS:** Under the terms of the agreement, and as we announced under the MGEA Trust Fund, under the Manitoba Jobs Fund, we agreed to pay them \$400,000 a year for three years, for a total of \$1.2 million. That would be allocated to them for their utilization.

**MRS. C. OLESON:** That's the total funding that they've had?

**HON. L. EVANS:** Yes.

**MRS. C. OLESON:** Into 1.(e) the Financial Administration Service, on page 26 of the Supplementary Information, there's a note, and I quote: "Provision for additional position to perform internal audit function." Now we discussed that earlier and you had said that - correct me if I'm wrong - it was a request of the Provincial Auditor.

**HON. L. EVANS:** I believe the Provincial Auditor asked all departments to have an internal audit and the answer is yes.

**MRS. C. OLESON:** And there's one person hired to do that audit?

**HON. L. EVANS:** Yes. This is one person in this position. I just repeat, we do have five other auditors on our Economic Security programs.

**MRS. C. OLESON:** What are the terms of reference for the audit?

**HON. L. EVANS:** Well, I would imagine they're normal terms of reference. It's a centralized overall audit. We can get the terms of reference for the member, give her a statement on that. It's a new position and we're still recruiting for that position. There's nobody in it yet.

**MRS. C. OLESON:** Oh, I see. Yes, I would like to have the terms of reference for that.

Under 1.(g), the computer component, the Minister announced just recently - I don't think it would be the final phase but an additional phase of the setting up the computer program. Where are the funds appropriated for that program? Are they under this line or are they under Economic Security or both?

**HON. L. EVANS:** They're here, but mostly under Economic Security.

**MRS. C. OLESON:** How many staff will it be required to operate their system when it's operational, when it's fully operational?

**HON. L. EVANS:** There is some advisory staff, but essentially it's a matter of training our existing financial security workers to operate the software. We're using our own staff; we're training our own staff to do those tasks. Mr. Chairman, there are two technical people who are expert in the system and its implementation, and they are on staff for troubleshooting and to implement it and so on, but, as I said, we have trained and are in the process of training our Economic Security officers to use the equipment.

**MRS. C. OLESON:** Does the Minister anticipate that when this is fully operational there will be need to be a reduction in staff, or will it still take the same number of staff who are presently working on the social assistance?

**HON. L. EVANS:** By and large, what we want to do is to utilize the existing staff, to take more time on various cases that they deal with. We found that many offices, many personnel have been really run off their feet. They don't have enough time to check a lot of things. We think by giving the staff more time to work with the clientele that they can help the clientele and give them some advice, but also can do a better job for the government and for the taxpayers. So I think both benefit.

I think there are some examples we could refer to, but generally the answer is we don't anticipate laying anyone off because of the computer system. We intend to use them to do a more thorough job of interacting with the clientele.

Employment counselling would be one of them, also counselling on how to use their money, because we find a lot of young women and young men, in particular, are into trouble because they don't simply know how to spend their money. This has been drawn to our attention by the Welfare Appeal Board, because they hear so many cases of people complaining about insufficient funds, etc. This is something that they've drawn to my attention, that some of our clientele should be given some assistance in how to manage money. You know, you don't rush out to the 7-Eleven and spend your cheque for food. There are places like Safeway and other large stores that you might get a better deal on how you should spend your money.

So we hope that the staff will have more time to interact. I'm using just one example, but there's the example of money expenditures. There are examples we could use of some counselling in terms of employment opportunities for them, vocational counselling and so on.

**MRS. C. OLESON:** It's interesting the Minister mentions the monetary problems with money and need for training people. I have always had the feeling that there should be a little more of that in the school system, and perhaps people would come out of the school system more equipped to deal with the realities of life instead of what's on the television set. But anyway, we're looking at that.

Are all the people on social assistance programmed into the computer system at present or is this still continuing?

**HON. L. EVANS:** We have 14 offices. Eleven are on the system, and the other three will be put on in this month of June.

**MRS. C. OLESON:** Are these 14 offices going to be all independent of one another? They surely would be able to cross-reference, cross-check from one office to another.

**HON. L. EVANS:** Yes.

**MRS. C. OLESON:** What sort of information about each client is programmed into the computer?

**HON. L. EVANS:** What was the specific question?

**MRS. C. OLESON:** What sort of information about each client? What would be programmed into a computer when they're social assistance recipients?

**HON. L. EVANS:** Well, basically, it would be the same information we'd have on paper previously. Obviously, we have to know their address, the number of people in the family, if it is a family. We'd have to know some of their financial background because, as an incomes-tested program, you don't get welfare if you have lots of money in the bank, for instance - those kinds of basic information that we would want to make a decision. We also ask about their work experience. We try to get information on their educational background, ask their age and so on.

**MRS. C. OLESON:** Who would have access to the program then, to the information, I mean?



**HON. L. EVANS:** We have to assure confidentiality of the individuals by law, so the information is confined, the caseload is confined within each particular office. While, as I understand it, one office can check with another one about a particular person, there's a limit to how much information the other office can obtain. Until the file is transferred to that other office, they can only obtain some fairly basic information.

I just might add that the one value of the computer is it will facilitate people who move around the province. We can check very quickly on their background, make sure there isn't a double payment - somebody runs in from Dauphin and says, well I need some assistance. So we can get immediately the basic information that we need. It also helps the client too, because we could come to a decision much more quickly than with the old system.

**MRS. C. OLESON:** One problem that has been raised to me by municipal people is that it's very difficult for them to identify whether a person is in real need and if they're on another program in another centre. I'm wondering if there was a possibility - like, one municipality suggested to me that it would be very helpful to them if they had a toll free number that they could call to check on a person to see if they really needed help when they arrive in their municipal office seeking assistance. Could this be a possibility with this program?

**HON. L. EVANS:** Mr. Chairman, the way the system works is that normally municipalities within the radius of a district office contact our district office. We have good relations with the key people, the key municipalities that interact with us on welfare matters. I mean, they know who to phone and they do phone. I suppose we could always look at a central phone, but usually the regional staff have the information that they want.

**MRS. C. OLESON:** When the welfare recipients were put onto computer, did it appear that there were many duplications in people getting assistance? Were some abuses readily apparent after the system started to function?

**HON. L. EVANS:** Yes, we have detected some abuse, but I'm advised it's of a minor nature. So essentially, there isn't much abuse.

**MRS. C. OLESON:** Was there cost-sharing available through the Federal Government on the computer program?

**HON. L. EVANS:** Mr. Chairman, yes.

**MRS. C. OLESON:** You made full use of that cost-sharing program?

**HON. L. EVANS:** Roughly speaking, the Federal Government is very generous. They paid - this is a guess, a very rough figure - about 75 percent. There were some elements they paid 100 percent, others they paid 50 percent. So overall, a rough guess is approximately 75 percent or 3/4.

**MRS. C. OLESON:** I think I'm ready to pass this No. 1. section. I guess we can't pass it until later, but unless you have something you wanted . . .

**MR. CHAIRMAN:** 1.(b)(1) to 1.(g)(2), inclusive, were each read and passed.

We will now begin Appropriation No. 2, Economic Security.

2.(a)(1) Salaries - the Member for Gladstone.

**MRS. C. OLESON:** Thank you, Mr. Chairman.

This is one of the areas that I really wanted to focus on this year in our Estimates debate, not because, as I said before, the other areas aren't important, but because I'm becoming increasingly concerned about this area and the large increases of numbers of people seeking assistance. I'll be asking the Minister for his projections of increases this year after I've made this statement.

We've seen some changes take place, as I mentioned before, in the delivery of social assistance. Of course, the computer program is probably one of the major ones and it was one of the recommendations of the task force. Also another recommendation of the task force report was that there would be consultation with municipal officials concerning the delivery of social assistance.

With that in mind, recently I wrote a letter to all the municipal corporations in the province, asking them what problems they were facing with the delivery of social assistance. I asked them for information about the costs to each municipality. I haven't tabulated that yet, by the way, because I haven't got answers from all the municipalities. I also asked them whether they would subscribe to the principle of a one-tier system. I found I'm getting replies daily and I'd like to share with the Minister some of the information I got from that letter, because I found it was one of the most useful things that I have done. I got some very interesting information. I have enjoyed the letters that I received. I've got a far better understanding of what it's like delivering social assistance at the municipal level. So I think it was very worth while to have written and be compiling the statistics of those letters.

There are some major issues that surfaced that I guess we all maybe have known about but, when you see them written and explained to you in these letters, it brings it home more I guess. I think there are some problems that the municipal people made mention of that I think would take probably not a great deal of work to rectify. Some of them, of course, would be more difficult, but they would take some study.

I referred earlier to statistics regarding costs of this department and the fact of the increase of 52 percent in the funding of Economic Security from '84 to '88. This, of course, reflects partly the increase in benefits to social assistance recipients. It also reflects a great deal to the increase in the roles, an ever-increasing number of people seeking social assistance. It also reflects administration costs.

Administration costs of the Economic Security Department, according to my figures, increased by 52.6 percent. They are projected to decline this year by 2.3 percent in giving an overall increase from the year 1984 to '88 of 196 percent.

Now these are kind of staggering figures. So we hope that the decrease this year, sort of indicates that maybe the Minister has realized that things are getting difficult and has set about to correct them.

Now with respect to the line 2.(b) - Social Allowances Program - perhaps before I mention that, the Minister may want to respond to what I've just said; but before I go into that, I should also ask some questions about the Advisory Committee. I could do that after the Minister responds.

**HON. L. EVANS:** Mr. Chairman, if the member is going back to '83-84, yes, we did add \$1 million at one point for the Automation Project. But other than that, the increases are normal. I'm advised that they're not out of line at all. We would have to get the specific numbers again. It's hard for me to follow all those numbers you're reading off and examine them. We can certainly do that. But generally, the administration costs are not out of line. The Social Allowances payment, of course, is a reflection of the client load and the increases in the benefits - and indeed some years we did increase the benefits substantially, but that was because we felt that there was a need to increase those benefits.

**MRS. C. OLESON:** Under the line of Social Services Advisory Committee, is there an increase in protests - it's not the word, I'm looking for the correct word.

**HON. L. EVANS:** Appeals?

**MRS. C. OLESON:** Appeals, excuse me.

Is there an increase in appeals in the last while? Or what are your figures for last year for appeals? It's difficult working without an annual report this year.

**HON. L. EVANS:** The appeals in 1985-86, actual were 383, and this includes incidentally day care. It's estimate for '86-87 is 375, and the projected for '87-88 is also 375. So it's pretty well stable.

**MRS. C. OLESON:** It's staying just about stable.

Now with regard to the social assistance program, a press release of January 30, the Minister pointed out that what a good employment picture there was in Manitoba in 1986, and the press release, of course, dealt only with people who are unemployed, statistically, not the people who've given up looking for work, the people who are on social assistance and that sort of problem.

So I wonder if the Minister could explain why, when we have a picture of relatively good employment in Manitoba, why the welfare rolls are not declining, but are projected to increase by 13.1 percent provincially, and 10.9 percent in Municipal Assistance this year?

**HON. L. EVANS:** Well, as I said in the House, certainly in terms of the provincial Social Allowances, we deal with sole-support parents and there has been an increase in sole-support parents as a phenomenon. Also over the years, there's been a considerable amount of deinstitutionalization, not only under the Welcome Home Program of the mentally retarded, but also mentally disabled or people who are post-mentally ill.

There are more and more people living in communities and a great percentage, a great number of our people are in that category. So you've got that.

Also, of course, the fact is the population of the province is increasing overall, so that has to be a bit of a factor in this. Single parenthood is growing and deinstitutionalization, I think, is a major phenomenon.

But our Social Allowance, the percentage of people on Social Allowance, as I indicated in the House, is 5.8 percent as of March '86, which is considerably below the rates in the other regions. We are certainly one of the better provinces, as I've indicated previously.

If you take Manitoba's social assistance caseloads, that's both the provincial Social Allowances and the Municipal Assistance between March '81 and March '86, it grew by 39.8 percent, which was below the national growth rate of 42.6. It certainly was less than half of the growth rate for the other western provinces combined. Saskatchewan, Alberta and B.C. together was 93.5 percent. So, it's not out of line and, as I said, it's below the national average. It's certainly much better than those provinces to the west of us.

**MRS. C. OLESON:** Well, it seems odd, Mr. Minister, that the welfare roles keep rising. We spend millions of dollars on training programs that definitely take in - are supposed to take in - people who are on welfare. It just seems to be a very difficult thing to understand why we're increasing the roles all the time when we're spending a lot of money on training and job programs that are supposed to put them to work.

**HON. L. EVANS:** Well, it's a difficult challenge but, as I pointed out, the situation in Manitoba is better than the national average and certainly a lot better than the other western provinces. It's a very difficult matter. If we had faster economic growth in the country, it would help. But, as I said, there are these factors at work, sole support parents, disabled people living in the community; those are factors.

**MRS. C. OLESON:** The Minister mentioned the sole support parents and I'm wondering why there's such an increase. Does the Minister have any particular reason why? Is it a change of attitudes in community? Is it a change of policy within the department that gets more people into this, onto the roles when they were previously denied? What would he suggest would be the reason for this increase in numbers and what is the number of sole support parents on social assistance?

**HON. L. EVANS:** The sole support parents on social assistance '85-86 was 8,429, that's cases.

**MRS. C. OLESON:** How many?

**HON. L. EVANS:** Eight thousand four hundred and twenty-nine. Incidentally, they accounted for over 60 percent of the increase in total caseload. The reason for more sole support parents is I guess it's changing values in our societies. It's not peculiar to Manitoba. There are more unwed mothers keeping children; there's a rapid growth in separation; there's a growth in divorce rate. All these are factors and it is very difficult to explain why it's happening. I just repeat, it's nothing peculiar to this province, regrettably it's in many, many parts of the Western World.

**MRS. C. OLESON:** What is the particular reason that so many of them would be on, from an individual point of view - is it particularly because they have poor education and are unemployable, in a sense that maybe so underemployed that welfare would be the answer? Is it the places they are in the province where there are no jobs? Is that part of the problem?

**HON. L. EVANS:** Mr. Chairman, I think the member is alluding to some of the answers here. They tend to be very young, many are under 21, some are in their late teens and, generally, they've had no experience and many don't have much education, but this is what we get, this is what comes to us. There are a lot of single parents out there who are not at all dependent on our programs; they're doing very well. They are well trained, they have skills, they're professional people, technical people, they're okay. Their big concern is for day care, I suppose, essentially. But, apart from that, we tend to get the young, uneducated, unexperienced people. Either they don't make enough money or they couldn't make enough money on their own or they may need some supplementary support from us. But, generally, they are disadvantaged.

**MRS. C. OLESON:** Do they get some help and counselling to the aspect of returning to school and get help that way and upgrading their education?

**HON. L. EVANS:** Yes. We have a Student Social Allowance Program which is probably the best in the country, at least it's well used among the Canadian provinces. We have a lot of these people who come in and are able to finish off their high school because of our Student Aid - I'm confusing it with the Student Aid - it's our Student Social Allowance Program, which is separate.

But many, many - I don't know what the numbers are, it's about 600 or 700 on Mother's Allowance - but about 1,000 in total who get assistance under our student program, Student Social Assistance.

What was the other question you asked?

**MRS. C. OLESON:** Oh, I wondered if they got counselling and referrals to other programs, for instance, from the department.

**HON. L. EVANS:** Yes. Mind you, this is the thrust of this Employment Enhancibility Program, the program we signed with the Federal Government. That's the whole point. This year there are 800 on that program. All over Manitoba together is about 800 we estimate who are getting just that. They're getting counselling, intensive counselling in some cases. They're getting pre-employment training and they're getting work experience. So this is the whole point of that program.

**MRS. C. OLESON:** Now with regard to the Canada Pension benefits. Has the Minister changed the policy of the department with regard to considering the increase in CPP benefits to the disabled as income?

**HON. L. EVANS:** No, we haven't taken a position on that, nor has, I believe, any of the provinces. There's a great deal of concern and problem because, according

to our understanding of the CAP regulations, Canada Assistance Program, all incomes must be considered in determining your level of welfare support. The exceptions we make, if there are universal kinds of programs, if everybody's entitled to that income, then we can make an exception, but there are thousands and hundreds of thousands of disabled people I guess in Canada who are not on CPP, and yet are on welfare across the country. You're in effect discriminating against those people by saying, well, just because you happen to be on CPP and you get a disability pension, we'll let you keep that; whereas we're going to treat somebody who isn't on CPP but is disabled, we're going to treat them differently. There is a categorical unfairness about this.

The other problem is, if you're going to allow them to keep the increase, why not the whole thing? What's so different about the increase in the disability pension? Also what do you do next year, it's indexed? So do you let them keep the indexing portion as well? This is not at all clear and it's going to be a major topic of discussion next week in Halifax among the provincial Minister's concern with social welfare, social assistance.

But I would say this, we did get a letter from the Minister, Mr. Epp, asking that we don't discriminate against people who are possible early retirees under CPP, and he asked that we don't encourage people, we don't force them, encourage them to go on. We agreed that we wouldn't do that. We were also asked if we would consider keeping the health card benefits for people who might get off this program now. Would we make a special case for them? And we agreed that we would. So we've agreed to do what was asked of us.

The latest item, the one that you referred to, the CPP disability pension increase, is causing a lot of difficulty because we just don't have an understanding of what the Federal Government is up to. It's contradictory in their position on this and I would hope we can resolve it soon.

**MRS. C. OLESON:** Well of course, one problem that comes immediately to mind is that it's a shame if one level of government is trying to help people who are in desperate need and the other is not allowing them the help. That's why it begs a question, because the people who are disabled through no fault of their own are probably one of our most needy group in our society.

**HON. L. EVANS:** Mr. Chairman, we're concerned about the needy. We're trying to help the needy and we've done all that we've been asked to. But this latest item is contrary to the CAP regulations and we'd like the Federal Government to change their regulations so that we're abiding by the regulations. No province has seen fit to pass on this increase in the CPP Disability Pension. It's very strange and very confusing so that has to be clarified. It's not good enough for the Minister to say, well, you can keep this little bit of CPP Disability, this pension increase that you happen to be given this year.

Why not the whole thing? What about the increases next year? The Province of Ontario rejected it outright. They absolutely refused to do this and no other - like we haven't taken an official position on it. We'd like to get some clarification. We haven't acted on it but

neither has any province. I would say all provinces, everybody wants to help the poor and the needy but you set up - you have an act, you have regulations, you are supposed to abide by them. If the Federal Government really wants to do something there, then they should change the regulations. Then we can consider that.

**MRS. C. OLESON:** Under the present hiatus over it, has the Federal Government not changed the regulations and is the program, the Canada Assistance Plan, in some jeopardy when the Federal Government is requesting that you allow these payments to be passed on and they're not?

**HON. L. EVANS:** I don't think the program is in jeopardy. The program is quite clear - supposed to be clear - in how we calculate eligibility and, if the Federal Government really means what they sometimes say they want to do, then they should change the regulations under the act. We have had letters from the Minister, Mr. Epp, and we have acted on them where we think we could act on them under the CAP, but this latest item is very, very confusing. We're going to discuss it, as I said, next week in Halifax, because there is confusion from coast to coast on this matter and damned outright annoyance in Ontario. They've totally, flatly rejected it.

**MRS. C. OLSON:** Mr. Chairman, I had a letter forwarded to me of a problem that a mother experienced with the Orphans' Benefit under the Canada Pension Plan. Now is that something that would be considered as income under social assistance?

**HON. L. EVANS:** Those are all counted, as in Orphans' Allowances, War Veterans' Allowances; those are all considered by everybody, the Federal Government, by Canada, as income. Why are we zeroing in on this one annual increase in CPP disability benefits? Why not the orphans? Why not the veterans? Where do you draw the line? Why this particular group? You know, let's get our act together. This is what we're saying to the Federal Government, I guess.

**MRS. C. OLESON:** This woman writes, I won't go into the whole letter because it really is a very difficult case, very sad. I'll quote just one line. She said, "I applied for this," meaning the Orphans' Benefits, "for my sons, believing in good faith they were legally entitled. I received monthly cheques of \$158.24 for 10 months. When filling out the required yearly financial report for the Economic Security Branch, I, of course, included this money in my accounts. When this report was received by Dauphin, I was deluged with letters, phone calls and visits by them saying that we are not - nor had we ever been - entitled to keep the money from the Orphans' Benefits fund, which we'd received. A total sum of somewhere around \$1,400 would have to be repaid."

Now a sum of \$15 is taken off her monthly Social Allowance cheque. She's a person who has a severe disability. She applied for this in good faith thinking that she was entitled to it and now suddenly finds she has to pay it back. So you can imagine the enormity.

To you and I, perhaps \$15 a month isn't very much, but to her it's a gigantic amount.

I'm wondering why these sort of things happen. She applied for it in good faith. She didn't know that she wouldn't be entitled to it. Is there not some advice given to people, some cross-referencing of what programs they're on so that these very sad situations don't take place?

**HON. L. EVANS:** When a person comes to us for social assistance, they are required to declare all sources of income, wherever the income is from. That person should have been told and normally would have been told right at the beginning, here is your income that you declared and, if it's below our guidelines as to what we think is the minimum acceptable - every year, as you know, we have basic rates, a basic amount of money that is available under our rates, depending on the size of the family and so on. You're entitled to this amount of money per month.

We look at all sources of income and, if it's below the acceptable levels that we have set, below our rate structure level, then we supplement. We bring them up to that level which we have guaranteed under the social assistance program. So we always look at all sources of income, whatever kind of pensions, whatever kind of other grants they get, whatever. That's the basic nature of the program. It's not meant to top up other kinds of pensions, grants, allowances, or whatever. It's meant to guarantee a minimum income. That's what it is, and it's a program of last resort.

Now there should be no confusion. If a person didn't declare it at the beginning and then we find out later, well then an adjustment takes place. But normally, if they declare all their sources of income, that is made clear to them right at the beginning.

**MRS. C. OLESON:** Somewhere along the line, there was no communication on this and it has just put this woman in a really bad situation. She has multiple sclerosis and she has a great struggle to survive. The Member for Roblin-Russell is the constituency that this belongs to and he will be taking it up, I'm sure, with you later, so I won't give you the name or anything like that. I'll just get him to deal with it. It was just brought to my attention just recently and I did wonder.

I suppose it's one of those unfortunate things that happen, that she didn't know this, and of course now the paying back is worse than probably not being allowed it in the first place.

**HON. L. EVANS:** Mr. Chairman, certainly if we could get her name or letter from either the Member for Gladstone, or the Member for Roblin-Russell, we'll certainly look into it. If it's a heavy repayment, it's possible that we could ease the schedule of repayments to make it a little easier for the person. So we could certainly look at that.

**MRS. C. OLESON:** I wonder whether the Minister could give me the list of allowable programs, for instance, CRISP and Child Tax Credits, that sort of thing, the list of things that are considered income that are not considered income when you're applying for social assistance.

**HON. L. EVANS:** Mr. Chairman, the best way of handling this is to talk about what's allowed, that is, what is not deducted.

That includes Family Allowances, casual gifts of small value, contributions to recipients who require special care. They might get a donation from a service club because of some illness, or whatever. Equity in the house in which the applicant resides, we don't look at that.

**MRS. C. OLESON:** That's all spelled out in the act, is it?

**HON. L. EVANS:** Yes - cash, life insurance policies, up to a maximum of \$2,000.00. It's in the act; it's in the pamphlet. I'm just reading it here; I can give you one of these.

**MRS. C. OLESON:** Yes, okay.

**HON. L. EVANS:** Manitoba Cost of Living Credits, Property Tax Credits, Government of Canada Child Tax Credits, and Sales Tax Credits, and refunds of income tax withheld, and part of earned income; there's a partial exemption on earned income, as you know, 30 percent of gross income.

**MRS. C. OLESON:** But you don't consider Child Tax Credits as income?

**HON. L. EVANS:** We deduct the CRISP, yes. I'm sorry, Child Tax Credits, the federal?

**MRS. C. OLESON:** Yes.

**HON. L. EVANS:** No, we don't consider that.

**MRS. C. OLESON:** But you do consider CRISP as income. We'll have to get you together with the Department of Education. For student aid loans, they consider child tax credits as income, so perhaps you had better speak to the Minister of Education and we'll get that one straightened out, if he's listening now.

**HON. L. EVANS:** In addition, Mr. Chairman, we allow the following as exemptions: liquid assets up to a specific limit; farm assets within specific limits; foster home maintenance payments; rent rebates pursuant to The Rent Stabilization Act; start-up maintenance grants for providers of family day care.

**MRS. C. OLESON:** I was wondering if the Minister is contemplating increases to Social Allowance benefits because of the budget increases in the sales tax and hydro rates.

**HON. L. EVANS:** The Minister of Finance did make some adjustment to the cost of living tax credit; in his Budget Address, he makes reference to that. We haven't planned to make any adjustment, at least at this point in time, to the rates.

**MRS. C. OLESON:** Last year I asked the Minister what action he had taken concerning determining eligibility, which came out of meetings with the Association for

Rights and Liberties. The Minister replied that he would have his staff prepare a report on what was happening in Manitoba and in other jurisdictions in this regard. This was to do with how far to go in the invasion of privacy when you're determining eligibility for assistance.

Can the Minister provide us with a report or a statement of any action he has taken on this matter?

**HON. L. EVANS:** Yes, we can give the member some information. Mr. Chairman, as the member indicated, we did conduct this comprehensive review of the policy, based on meetings with the Manitoba Association of Rights and Liberties, the Manitoba Anti-Poverty organization, and also our Welfare Appeal Board.

As a result, we issued a revised policy effective April of this year. The policy lists the identifying factors of the common-law union under the headings of Residency, Family Interdependence and Financial Interdependence rather than under the previous headings of Familial, Sexual, Social, Economic and Other.

The policy indicates the family unit is the primary concern in assessing alleged common-law situations and that economic factors are of a secondary importance. In order to establish the existence of a common-law union at minimum, documented evidence of both residency and family interdependence is required.

Once the family unit has been determined and categorical eligibility established, the financial interdependence factors would be considered in assessing financial eligibility. The new procedures break the assessment of an alleged common-law situation into four stages: investigation, communication, mediation and resolution.

Procedures prohibit activities which are unduly intrusive to either the client or the alleged common-law spouse and we have a concept of mediation as was proposed to us by the Attorney-General, which has been introduced into the procedures in the form of a predecision conference.

The conference is a meeting between the district director, the client, and the Economic Security counsellor to discuss all the relevant facts before a final decision is made in cases where the client does not agree that there is a common-law union.

The procedures also require that clients be advised in writing of a decision to terminate benefits, the reason for the decision and their options and their right of appeal. Well, we can have investigations for other reasons but I think that generally - (Interjection)- yes, it seems to have been accepted quite well by all those organizations who were pressuring us to clear that area up, so . . .

**MRS. C. OLESON:** In the Public Accounts book, it listed also payments to individual businesses and groceries - I mentioned the Public Accounts book before in another section - so it begs the question about vouchers. Does this department . . . does the province give out vouchers for groceries etc., and then reimburse the suppliers? Is that a policy that is followed? I know it is in municipal - often in the municipal social assistance, but under what circumstances would the province be using the voucher system?



**HON. L. EVANS:** Mr. Chairman, vouchers are used on a very limited basis in exceptional circumstances where the doctor involved, a psychiatrist or whatever, suggests that that happen, or there is some other evidence we have that the person can't handle money. You know, this is a very minor amount. The total money that is given out, the total expenditure is very minor, the amount spent through voucher systems.

**MRS. C. OLESON:** Another subject that has been raised to me is the budgets for welfare recipients. The person who raised the point with me said that they had been done in the past by home economists but they weren't being now. Can the Minister comment on that? If they're not done by home economists, who are they done by, the budgets for welfare clients?

**HON. L. EVANS:** We don't get into the budgeting, that's up to the client. We give out a cheque, as I said, based on the size of the family and that's it. We don't tell them this is how much you need for food, or clothing, or anything. We give them the money based on the size of the family. That was brought in as of January of this year. Incidentally, it's in line with the Ryant Report for one of the recommendations.

**MRS. C. OLESON:** If people are having problems with the allocation of their money and running out too soon in the month and so forth, are they given help with the budgeting in that they set aside so much for food and so much for rent and so forth?

**HON. L. EVANS:** Mr. Chairman, this is what we're hoping to do now that we've got the computer coming on stream, that the workers will have a bit more time to assist as required, with matters such as budgeting. Ultimately, it depends on the individual. It's their life but we can certainly try to give them some assistance.

There are other agencies, particularly in Winnipeg, there are many agencies, social service agencies available to help you. Certainly, once they get into our Human Resource Opportunity Program, that is one feature of that program, there's some training about handling money. And certainly it would be included in this new program with the Federal Government if it's necessary.

**MRS. C. OLESON:** The case of Mr. Finley in the Supreme Court, is that case being heard or soon to be heard, or what's the status of that?

**HON. L. EVANS:** It's in the Supreme Court and the date has not been scheduled, so that's about all I can tell you.

**MRS. C. OLESON:** My next question has to do with the Property Tax Rebate.

A letter that was received by, I believe it was by Mr. Filmon who forwarded it to me, of a case in which welfare recipients were living in a low rental home and they had asked for receipts for rent paid for by social assistance in order to claim the Property Tax Rebate. I'll just quote to you so you understand just what the problem is. It isn't my words, it's the person who wrote the letter, and I'll quote: "One party recently vacated

one of the low rental houses which was so badly damaged and dirty it took one month to put it into shape so that another tenant could move in. This party has demanded a receipt for her rebate purposes. This situation just makes me sick."

Now, last year in Estimates, I asked about rent rebates and the Minister said he understood that legally the people can get it, but you don't really pay too much attention to it because it's a small number. So I took it from that that no deduction was made for rent rebates. But I think, in this case that I've cited, the taxpayer is really being asked to go a little further than the extra mile, shall we say, in assisting. I think this is perhaps not an isolated case.

The taxpayer is paying the social assistance, including the rent. They built the accommodation in the first place. They subsidized the building and they subsidized the rent. Now they have to be asked to clean it and prepare it so someone else can live in it again, while the recipient is accepting the tax rebate.

I wonder if the Minister would like to comment on that. Are there cases where they do charge people, I mean monetarily, for the condition in which they leave a public accommodation or even a private accommodation where, in this case, perhaps the confiscation of the tax rebate might be one way to go because it seems rather, as I said, unfair for the taxpayer to bear all that burden of that housing?

**HON. L. EVANS:** Well, that's a very difficult problem and I don't know what we can do. It's going to happen. We actually do pay a damage deposit in some cases. In other words, actually the landlord does get a deposit, does get a sum of money for damages. So to that extent, it helps the landlord if there is damage.

**MRS. C. OLESON:** In this case, the landlord's us.

**HON. L. EVANS:** I don't know how we can control that. You're suggesting we penalize the recipient somehow for causing that damage. I'm not sure if that's what you're suggesting, but I don't know how we can cope with it. It's a very difficult question, and we don't often know about this unless the landlord, you know, writes to us and tells us and complains.

The other thing, we've had a policy of not being intrusive. In other words, once we determine the level of rent assistance we can give to the client, that client normally gets the money and does his or her thing. There are exceptions, of course. If they're not paying the rent on time, we can make a grievance with the landlord and pay the money directly to the landlord. That does happen where there are problems. But generally, we expect the tenant, or the client rather, to look for his or her accommodation and to settle matters with the landlord. That's their responsibility. We don't get involved; we're not intrusive.

**MRS. C. OLESON:** I guess what really happens in a case like this, this is a small community this came from, and people living in the community who are perhaps not too well off themselves are paying their bills, looking after their place. They see this sort of thing, and they look upon it as a widespread abuse. It may not be but, to them, they are realizing they are paying for this. I

think it's something that the Minister might take a look at through the low-rental housing. They have boards, and there could be communication between the two departments of government on this.

**HON. L. EVANS:** Just on that, we have entered into a contract. One of the services that MAPO is providing under this grant that we're giving them now is in the area of housing advice. Maybe we could do something in that area to encourage the client to respect the property and whatever, to be active in that respect.

In regard to the low rental housing, of course, what happens if you don't abide by the regulations and if you do destroy the property and so on, the local board can and does evict the errant client. So you may be on welfare. It doesn't mean you're guaranteed public housing, social housing. If you wreck the property or you don't pay your rent or whatever, you can be evicted. You're not guaranteed, simply because you're on welfare, to be in social housing.

**MRS. C. OLESON:** My next question deals with day care spaces for people who are on social assistance. I realize that there will be day care spaces paid for by this department for people who are on training programs. Is there a problem with obtaining part-time day care spaces?

**HON. L. EVANS:** Mr. Chairman, it's difficult for us to answer that question. We don't really know if they'd come back to us with that information. Of course, we only pay for day care if a person is employed, has a job or is in a training program. Otherwise, we don't provide any money for day care. If they wanted some kind of day care, for whatever reason, they would have to find it from their regular cheque.

**MRS. C. OLESON:** That's strictly, even if they're on a training program, they may be provided with some funds for that, but they look after procuring the day care?

**HON. L. EVANS:** They're expected to make their own arrangements.

**MRS. C. OLESON:** In April, it was noted in the Inner-City Voice newspaper that the Minister was going to meet with this inner-city church group to discuss the problems of social assistance, and I believe it was soup kitchens and that sort of thing. Did the Minister meet with the group?

**HON. L. EVANS:** Yes, Mr. Chairman. Myself and some of our senior staff visited the Stella Mission which has a weekly dispensation of food. It gets a food supply which it distributes to several hundreds of people. We also visited the Agape Table and also Winnipeg Harvest, which is sort of a wholesale distribution organization. It distributes food that it gets from various stores, the Manitoba marketing boards and so on, the various agricultural products that are available through the marketing board system, and distributes it to over 100 depots or locations in the City of Winnipeg. That is free food, food that would have been wasted otherwise. So we did meet with those people, and we did visit and so on.

I would say, by and large, we don't have the so-called food bank problem in Winnipeg that we have in some of the other major cities. I think the problem is relatively minimal. I think a lot of the people who go to the food banks or who use the Agape Table have a lot of problems beyond lack of income. There are emotional problems, alcohol problems or whatever. Regrettably that is the case. There are also a lot of transients who might use some of these services who don't even get on to our system because they're just passing through. It is a dilemma. One doesn't like to see people having to go to a place to get food, whether it's the Salvation Army or anyplace or a church basement, but there are people who do that.

Mind you, I want to say this, I'm a bit cynical. If you have a depot which says you're handing out food, it's a rational thing to go and get some. It's just like a sale on in a store, you know. If everything's on half-price, why not get in on the bargain? If you're within, say, walking distance and it's not too difficult to get to a point where food is available free with no questions or very few questions asked, why not take advantage of that? And that does happen.

Some of these people, I suspect most of them are on social welfare but a lot are not. Some are not on social welfare. For instance, at the Stella Mission, I know some are old age pensioners who come there. They have old age pension. They're not on welfare. But, you know, if you can get a bag of potatoes, go home and make some perogies or whatever you do with it, why not? Or french fries.

**MRS. C. OLESON:** They're all, though, noticing increasing numbers, are they not?

**HON. L. EVANS:** I guess it fluctuates. I don't have any numbers that I have available. We do keep some records. All we would have is what they would indicate to us and I don't know what kind of record system they have. We have some information but this is public information. Agape Table says it serves 4,600 meals per week but it's pretty hard to calculate that, I think.

**MRS. C. OLESON:** With regard to the Special Needs Allowance of \$150, how much was spent on Special Needs. How big a sum was spent as part of social assistance last year?

**HON. L. EVANS:** I don't know whether we have that figure easily available. We can give the member and committee an estimate. Just over \$2 million.

**MRS. C. OLESON:** It, I believe, is \$150 no matter what size of family? Am I correct?

**HON. L. EVANS:** That is correct.

**MRS. C. OLESON:** Has the Minister given any thought to altering the allowance to reflect the size of the family?

**HON. L. EVANS:** We have given this a lot of thought and there's been lots of discussion -(Interjection)- give me the money and we'll do the job. No, we've given this a lot of thought. I would say this, that the 150 in some ways, not in all ways, is meaningless because I

would say 150 tends to look after a lot of the miscellaneous special needs, but if there is a vital special need we pick that up. In fact, the local director of the offices can go up to \$500 on their own discretion. They don't have to come to the central office. They can make a decision in Morden or Brandon or Portage to give an additional amount if there is a demonstrated need, like, supposing a major appliance gives out and there's no way it can be repaired. Even if you get a second-hand one you may need a couple of hundred, \$300, or whatever, say for a stove or refrigerator, let's say so we would cover that.

Also, particularly in the case of medical . . . there are many people who obtain special needs money way and above the \$150 for medical needs. I don't want to use any names but there are some cases of people who have had to have operations outside of the province.

There's been a lot of money apart from the Medicare picking up direct costs, there are a lot of incidental costs that we pick up, and in some cases we are paying thousands upon thousands of dollars on special needs because of the medical situation of the family. So if there is a bona fide, genuine need, particularly in the medical nature, we pay it. So, the \$150 doesn't mean anything in that respect.

**MRS. C. OLESON:** Is Health Services considered under a special need?

**HON. L. EVANS:** No, Mr. Chairman.

**MRS. C. OLESON:** In the Supplementary Estimates, the figures are given, it says the average monthly caseloads for Social Allowances Programs for '87-88 were estimated to be 24,000 for Social Allowances, 23,250 for Social Allowances Health Services and 10,520 for Municipal Assistance."

Are the Health Services cases in addition to the 24,000 or are they, in essence, the same people, only everybody doesn't need Health Services, if I've made myself clear?

**HON. L. EVANS:** The 24,000, those are the same people. Just about everybody has access to Health Services, including drugs, free drugs. There are a few exceptions like students and so on. I might add, I happen to have a number here for '86-87. The total costs for drugs, like under the Health Services Program, is almost \$6 million. We're paying out per capita, we estimate - this is per capita - we estimate \$270 per year.

**MRS. C. OLESON:** Can someone who is not on social assistance but unable to pay for medication, get assistance through the Health Services or do you have to be on social assistance to get any help that way?

**HON. L. EVANS:** There are some selected cases where people do get it, some who could go off welfare but don't want to go off because they'll lose their health card - Mr. Epp had written to us about this. People who now could get off welfare because they could apply for CPP early retirement benefits, for example. They ask well, could we allow them, if they're a marginal

case, to keep their health cards to get these benefits, to encourage them to do this? So, we said okay we would do that. But there are other categories where we allow that.

**MRS. C. OLESON:** The case I'm thinking about particularly is a woman who I was trying to help get help, through the Attorney-General's Department, with maintenance. Her husband has moved out of the province and it was difficult to get the amount of money and he wasn't paying the full amount that he was supposed to be. But even if he pays regularly the part payment, she can't afford her medication, and she needs to be on medication.

The reason I asked this was I was wondering if somebody in that sort of situation with a very limited income could get some assistance - in fact, I did direct her to the area where she lives, to the - I guess it was Brandon region. I haven't heard back from her whether she got any help but I was just wondering if this was a possibility.

**HON. L. EVANS:** Yes, if it's a borderline case there is a good possibility of giving her some help.

**MRS. C. OLESON:** Her other option, if she didn't get those maintenance payments was to go on social assistance. So she was a very borderline case and I did suggest to her that she try that route in order to see if she could get some help.

The Manitoba Anti-Poverty Association; I had in my notes to ask about their funding, and then I read, of course in the paper, where they had got an increase in their funding this year. Do they, did they get funding from the Core Area Initiative this year as well?

**HON. L. EVANS:** Mr. Chairman, that hasn't been . . . they haven't had approval. They're hoping but they hadn't, as of the last time we spoke to them, they hadn't had any firm indication - nothing yet, no.

**MRS. C. OLESON:** I understand they also get help from United Way.

**HON. L. EVANS:** Yes.

**MRS. C. OLESON:** Was the increase in funding to them this year for some specific program that they were undertaking?

**HON. L. EVANS:** Mr. Chairman, they are most anxious to do something for the grant money. So we have worked out an arrangement for them to provide certain services which helps our program. I mentioned housing advice - I have to be careful on this; information to clients on their housing rights, for example, but information and assistance in a variety of areas that support the people on welfare, help them get through some of our regulations, I suppose, but also refer them to other agencies, to generally support them. So in effect, therefore, we've given them a grant on condition that they undertake certain services but it must all relate to social welfare recipients.

**MRS. C. OLESON:** Are referrals then made to them by your field staff on a specific item that they're having problems with?

**HON. L. EVANS:** Well, they get a lot on their own. You know, people walk in to their offices or are referred to them. But I guess what we've been doing is going to them with housing, especially, we have some cases where people say they can't find housing with the allowance that we're making for shelter so maybe MAPOL can help them seek out some housing. You know, there is a possibility they can help in that respect. So we have referred some of those cases, but by and large I think they get people that come off the street or are referred to them by some other group.

**MRS. C. OLESON:** You mentioned the problem of rent and of course I noted in the paper the problems, and the listing of problems with available rent under the guidelines of the department. I think that probably is a very serious problem, trying to get decent accommodations that are within the guidelines, and I think we've talked before in Estimates another year about some of the standards of the places that are available to them. Of course, we can't tell them where to live specifically, you have to let them choose. But it seems to me that - I'm sure there is a problem trying to find a place that's decent, and to raise young children in the city with the rents that can be allowed by the department.

**HON. L. EVANS:** Mr. Chairman, we do have rent guidelines that are adjusted each year in accordance with the rent regulations. But our staff have the discretion to go above the guidelines, and in many cases they do go above the guidelines where it is demonstrated that that person cannot find adequate accommodation within the guidelines. So we do have quite a bit of flexibility there, but we have to be very careful. If we simply, say, tell the world, okay, on rent we're going to bump it all up by \$50 - what I'm afraid of is, who will benefit will be the landlords, and not the tenants - the money may just slip right through their hands and may not be any better.

The ultimate answer is increased supply of accommodation in Winnipeg or Brandon or wherever in Manitoba. Some Social Housing looks after this, but generally if there is an increase in supply in apartments or houses, that's what you need to ease the situation. But if you've got a very tight market, a very low vacancy rate, that's when our clients have a difficult time.

**MRS. C. OLESON:** A case has been brought to my attention in which the allegations have been made that a woman had been collecting social assistance for a number of years under the assumption that she lived alone or with her children. When it was alleged she had all the while been living with - there were two other adults in the home, I think it was a brother and a sister, or two brothers. I don't know, I haven't got the information in front of me. But when a complaint was lodged to the department, this person voluntarily took themselves off social assistance after a visit by the worker, which makes one wonder. That then begs the question of how is she managing now?

If we wonder in a case like this what action the department can take or does take, if they can prove that it has been fraudulent, or what investigation takes place. I will give the Minister the name and so forth

afterwards; I wouldn't give it in public. But these people were concerned, this had been going on for a number of years, but suddenly, when confronted with the information, she decided she didn't need any more social assistance.

I'm wondering just what steps the Minister's department can take with a case like this.

**HON. L. EVANS:** Mr. Chairman, we have a unit within the division that looks after fraud and, if anything comes to their attention, then there's an investigation. If the circumstances warrant, we get in touch with the Attorney-General's Department and charges - you know, there's a further investigation, perhaps by police, it depends - could be laid and so forth. So it depends on the circumstances.

**MRS. C. OLESON:** I will, as I say, provide the Minister - I guess I don't have it with me with my notes today, but I'll send it along to the department. I haven't got the time frame even when it happened, but there were some people who were quite concerned, they felt that this was wrong.

Now with regard to Municipal Assistance, I mentioned earlier that I had written to all the municipal corporations and I promised to share with the Minister some of the information. Not all of the municipalities have replied. I wrote the letter on the 21st of April and, of course, they're busy people and they haven't all replied yet, but I'm sure they will.

The underlying problem seemed to be, when you looked over all the letters, was the need by municipal officials for some training, something to help them in the delivery of social assistance. They lacked experience because in some cases they might have one case a year. They haven't got the staff nor the resources to investigate in many cases. To determine eligibility is a great problem, and the record keeping, there's all sorts of factors enter into it. Letter after letter outlined these problems in one way or another and it expressed a great deal of frustration in that they are not satisfied themselves with how they were dealing with the problem and they didn't think it was fair to themselves; they didn't think it was fair to the people that needed their help.

Many feel that the local level is the best place to deal with social assistance because they know the people who are involved, they know the community, but they're not trained, they don't have the experience. They feel that, even if the province took over this whole function, they would still want local input. Letter after letter stated that they felt that there should be some way, even if you went to the one tier system, of having local input.

In lieu of this presently, one wonders if there could be some training for officials or availability of staff to talk to them. You did mention that the different centres would communicate with them, but still there is this feeling that they feel inadequate. Now not all letters said that. Some said they had no problem at all, but they tended to be the ones that had very limited cases.

One of the problems is that, of course, it's the employables who they're dealing with and there's not the availability of work in the community. It isn't rated as to whether or not they're employable. The connection

isn't made whether there's anything to employ them at. In some cases, recipients who had been cut off in one area moved to another area. In a way they seek out places that pay the best welfare, I guess.

There isn't a great deal of continuity, we all know, in the pay-out payments by municipal officials. The municipal officials have no way of cross-checking to see who's who. There are more and more cases surfacing, and more and more problems coming with them.

Also, municipalities can't tap into some of the provincial programs that are in place. That was another complaint. Whether this is possible I don't know.

I've taken a number of their statements. They are out of context, of course. They are not with the rest of the letter, but I took them and put them on a paper - but not all of them. I took out the ones that were typical because, if I had put them all down, it would have been many pages. But I wanted to give a clear picture to the Minister and just the sort of answers I was getting.

Of course, I don't expect an immediate response and all the world to be straightened out in a minute over this. But at least if we know the problems, we may be closer to getting some of the answers. Some of them are a simple matter of communication. Some of them are more complex and would take more action, but I'll read to you some of the problems that were encountered.

I just clipped them out of the letters and photocopied them. One of them is the lack of background knowledge of duplicate assistance, that is, receiving from two sources at once; little knowledge of social programs available, that is CRISP, etc.; determining the true place of residence of people; lack of extra time needed to administer; availability of affordable accommodation, especially housing is limited in their particular town and should the need for social assistance suddenly increase the situation would become a problem. I could give the Minister, when I find it, a copy of this if he likes.

Another one says, "Our municipal council would be in agreement with the adoption of a provincial one-tier system of social assistance. The close association typical of small communities between council and applicants for social assistance provokes value judgments and uneasiness between both parties. It is difficult to exclude personal bias or prejudice from entering into social assistance applications."

Another one says, "The municipality has very few, if any, problems in dealing with social assistance on the short-term basis. Social assistance granted by a municipality for a period longer than 30 days presents a problem in that the municipality has neither the expertise or the resources to deal with the problems. The problem of deserted wives is one example. The province takes over social assistance after 90 days but always before the 90 days, there are problems which arise that the municipality cannot deal with, and the province will not deal with until the 90-day waiting period has expired. The long-term transient social assistance recipients present problems in verification, maintenance, and emotional strain on municipal staff."

Another one goes on to say, "The province accepts responsibility only for clients who are totally unemployable. People with extremely limited employability, for example, due to hearing impairment,

alcoholism, drug addiction, other medical problems, are considered a municipal responsibility."

And another, "While the Fine Option Program has certain benefits, a client cannot actively seek work while working off their fines." That was one that I hadn't come across before.

"The fact that the province reimburses only 40 percent of welfare costs on a monthly basis while retaining the remaining 35-40 percent of the grant until year-end is frustrating in that it is very obvious that we qualify for the full grant of 80 percent of total assistance, less one mill on equalized assessment. This means that municipalities are carrying a cash flow problem that belongs to the province.

"In certain situations, the province will assume responsibility for a social assistance case after three months (an abandoned mother with children or a person disabled to the extent that the person is unemployable). However, the municipality must retain responsibility for non-qualifying cases.

"It is council's opinion that the main problem at this point is the absence of properly trained personnel. Municipal councillors who are elected to operate the municipal corporation and the secretary-treasurer who is hired to administer policy make poor substitutes for a trained social worker. A caseload of, perhaps, two or three per year hardly warrants the hiring of full-time personnel with the result that the ultimate loser in the social assistance is the social assistance applicant who is reduced to a bare necessity standard of living.

"Council realizes the need for front-line people at the local level who are readily accessible by those in need and who are authorized to supply the immediate and usually urgent needs of the applicant. However, they also feel that the province should assume responsibility for all cases after 90 days as they have the trained resource people who can provide more than just financial aid.

"If municipal secretary-treasurers were provided with some degree of training to respond adequately and efficiently to applicants and the province was to assume responsibility for cases after three months, council feels that this would be an adequate solution to the problem. Trusting these thoughts will be of some assistance."

The next one, "The biggest problem that emerges from assisting people in need of social assistance is that a person may come to the office for social assistance and council will not be meeting for another two weeks. Therefore, there will be a special meeting called just for the hearing of one particular application.

"Council does not have the applicant's best interests in mind. They represent the municipality as a whole and try to minimize spending of social assistance money as much as possible." This is their own words. They realize their problem.

Another one goes on to say, "Trying to answer your questions. One, the big problem of helping those in need is that they usually need help immediately. In order to give aid, their situation must be checked into. We are not professionals in dealing with the problem. A better source of reference is needed for us to carry out our duties. I have contacted various departments of government only to receive conflicting opinions and no answers."

Another one, "The greatest problem in assisting people is knowing whether they qualify, as we do not



have the resources to properly check an applicant, and knowing what expenses qualify for aid. Our greatest complaint is the persons who move into the municipality on a weekend, are in the office Monday morning applying for aid." I've got just a few more of them.

"Our problem is referring new applicants to their provincial department on short notice. Often, first-time applicants do not apply until they are desperate and often at the last minute before, say for example, their hydro is cut off. The dealer will not deliver house heater fuel without payment of an overdue bill - no food, and it is the Friday before the long weekend.

"I realize this is not the fault of the provincial workers, but it means we provide assistance and then we are told that we shouldn't have, as it was a provincial responsibility. This happens only in the case of our own residents.

"There are many problems that emerge in assisting persons requesting assistance. However, many of them stem from one reason. Neither the administrative staff nor the council members are professional social workers. Contact is usually made first with the office staff who, in some cases, are authorized to provide emergency funding and sometimes not. No immediate reference is available as to whether the person or persons involved have been or are on assistance from another source or in receipt of other funding.

"Without proper training, we sometimes tend to group persons in need of assistance and take a negative and hard attitude to them. This of course is unfair to the persons genuinely in need of assistance and compassion."

Another council wrote: "In many cases, municipalities do not have qualified personnel to administer. Also, in our particular office and probably most municipal offices, time does not permit making a visit to the homes of applicants to better assess their circumstances. Social assistance allowance rates vary greatly from one municipality to another. When it is advantageous for recipients to locate in a municipality with higher allowance rates, we surely have a system that must be totally unfair to those who are not able to relocate."

And the last one: "There are problems of a grey area for some applicants that fall between the lines of provincial or municipal assistance criteria, particularly those that do not qualify under the Medical Review Panel, but yet are too elderly, frail or sickly to be seeking suitable employment."

Now, from a monetary point of view, there's a great deal of inequity between municipalities. I know within my own constituency, side by side, there are two municipalities where one has no expense with social assistance and the neighboring municipality has expenses of \$24,000 a year.

Now, this is evident all over the province. It just happens to be where the municipality is located in many cases, what people live in it, what jobs are available. There are all sorts of variables, but this is what happens. I'm wondering if the Minister has ever done an assessment of the costs to individual municipalities.

**HON. L. EVANS:** Well, we would have information, Mr. Chairperson, on what the various municipalities pay out because we cost-share with them. I might add that I was very interested in what the member has brought

forward. You've done a lot of research and I commend you for bringing all that information forward. I really look forward to getting a copy of it; I think you said you could get us a copy.

I think what you've pointed out by outlining those answers is that there are a lot of difficulties that the municipalities are having, a lot of difficulties that the people are having, the would-be clients, and there are a lot of inequities. There's no question in my mind. We have sent staff to municipal administrators' meetings in the past. This past year, I think we had three staffpeople go to help coach the municipal reeves or whoever - not the reeves - the secretary-treasurers of the small municipalities, who needed some assistance and who had wanted to get some information. We have done something like that over the years. But I think the member has made a good case for a one-tier system; I think you have.

You should know that 80 percent to 85 percent of municipal welfare is right in the City of Winnipeg. It only has about 55 percent of the population, but 80-percent-plus of the municipal welfare cases are here. Then when you add in Brandon, Portage, Thompson, Flin Flon, you know the major centres that have regular staff, it amounts to a very small percentage of people on Municipal Assistance outside of Winnipeg and the regional cities or the regional centres.

But I agree with you. It's created a lot of problems with those municipalities. They don't know how to cope. They have to have special meetings, etc., and there are all kinds of difficulties. So I did appreciate very much that research that the member has done, and I will be glad to read what she has.

I would be interested to know whether she is in favour of establishing a one-tier system in the province. Seven out of ten provinces in Canada have the one-tier system. It's only Ontario, Nova Scotia, and Manitoba that have the two-tier system. I believe, in Nova Scotia and Ontario, they do regulate their municipalities. Somehow or other, the municipalities don't have the freedom that they have in Manitoba to look after municipal recipients. They are much stricter. They set the rates, or they have other regulations that they impose.

With regard to accessing provincial programs, we did make some major changes in the Human Resource Opportunity Centres, like Westbran and the others around the province, the seven of them. I have overseen this over the years because I've been involved with it now under two portfolios for a number of years, and I think it's a good thing to do for all kinds of reasons. It's greater efficiency, and there's a lower cost involved and it provides more opportunities for the clientele, and it does provide some jobs for people in smaller municipalities. This is the point I'm getting to.

What we've done with Westbran and the other is say, okay, we will train you here but we can place you in work experience around the region. So there are many people who are financed, assisted, trained and counselled out of Westbran, who get jobs in the smaller towns in the Westman region.

I think this is great because it does enable the smaller municipalities to access, whereas they didn't before. We do take municipal welfare recipients. I know we certainly take a fair number from Brandon and I know we take - I don't have the numbers with me, but we do take a fair number. That's the case in Dauphin and

Portage and so on. That's the advantage of saying, okay, we'll give you some counselling and pre-employment training and so on, but we can spot you in these various small businesses and non-profit organizations, as opposed to having everybody under the Westbran shelter as we did some years ago, four or five years ago. Everybody who got trained in Westbran or Dauphin or whatever was trained on the site, and the same thing in Winnipeg.

So now we've gone, as of the last couple of years, into this decentralized programming. We have at least gone a little way towards assisting the smaller, outlying municipalities in accessing programs to get the people right from the municipal welfare rolls onto the Westbran or the Portage or the Dauphin program under the Human Resource Opportunities Centre.

But I think you've done a good job in outlining the problems that we do have with the municipal tier. The City of Winnipeg is very sophisticated. It's got a large staff, and they're in the business in a big way. Certainly in Brandon and Portage, they do have staff who have become expert because they're dealing all the time, but the people in the rural municipalities do have a difficult time because they don't know the regulations. They have very few cases in some instances and it's a big hassle.

I think that information does help make a case for the one-tier system.

**MRS. C. OLESON:** Well, I might remark to the Minister that the municipalities, as these answers have come in about the one tier, it's almost getting to a 50-50 split. I haven't got all the answers in. I thought maybe it was going one way at first, but it's getting to be fairly even.

The major reason for not wanting to is usually money. They are afraid that they'll lose their autonomy and they're afraid that it'll cost more and that the province will say, okay, we're going to assess you all and you're going to pay more. That's the abiding fear. And they feel, quite rightly, that they know their communities and, you know, it makes sense that, if you were to go to that system, you still have some local input into it. It makes good sense to me if that was the route you went. I'll be asking some more questions about the costs later.

I'm just wondering right now, what percentage of municipal recipients go on to provincial assistance. Have you got a figure on that?

**HON. L. EVANS:** What percentage go from municipal

**MRS. C. OLESON:** Who are on municipal assistance and then go onto provincial.

**HON. L. EVANS:** Well, first of all, we don't necessarily quantify this. The answer though would be very few because those who are on the municipal rolls, as the member knows, are employables. So as long as you're employable, you stay on municipal welfare but, once you're deemed to be disabled or unable to work, then you come onto the provincial. Now I guess you may be - I don't know whether you're referring to, say, single parents, but they come automatically after 90 days.

**MRS. C. OLESON:** Are there instances in which people go directly onto provincial, like mothers-to-be, others who are going to definitely be maybe a long term - longer than 90 days - do they go directly?

**HON. L. EVANS:** The bottom line is some people come directly onto provincial. The vast majority that are on provincial assistance come on directly.

**MRS. C. OLESON:** In replying to my letters, the local government districts, a great many of them said they had no problem with social assistance because the government looked after it all, and others said that they were looked after and then they were reimbursed 100 percent.

I'm wondering if the Minister could explain the structure of help to local government districts, because in replies to my letters, some people seemed to pay and some didn't. Maybe it was because they had no people on assistance. Maybe that's what they meant.

I wondered if the local government district staff administer and the province reimburses them, or how is this structured?

**HON. L. EVANS:** This is a very complex area. We're talking about local government districts. If they are non-area residents, we'll reimburse 100 percent of the cost. If they are residents of the area, we pay 40 percent or 80 percent, depending on circumstances. It gets to be very complicated. In terms of the administrative costs, we pay 50 percent.

So it is a complex formula and it ranges from 100 percent to 40 percent in terms of payout, and then in terms of administration, we pay 50 percent of the administrative costs. We cost share those on a 50-50 basis.

**MRS. C. OLESON:** On the other jurisdictions, you only pay administrative costs if there is a full-time staff or something. Is that not the case with the local government districts?

**HON. L. EVANS:** Just to answer you directly, according to the CAP regulations, they have to be full time, or designated as clerks or personnel working on welfare cases, in order to get cost-sharing. So that's a difficulty some small municipalities have when there's no one earmarked to spend so many days a week for that.

**MRS. C. OLESON:** That was a question that was raised in one of the letters I got, was that there was no provision for, say, a half-time person to deal with cases. In some of the larger centres that have more cases, of course, it's very difficult to hire staff who can be that adaptable, but that was one concern they had, that they had to be full time.

**HON. L. EVANS:** Mr. Chairman, I sympathize with them but for us to get cost-sharing they have to be full time on that.

**MRS. C. OLESON:** Now with regard to Treaty Indians, a number of municipalities raised the topic because they deal with a number of them in their area and they expressed a concern in establishing whose duty it is

to pay the bills - the municipality or the Federal Government. All Natives don't qualify and there are quite a few problems. They have to do with definition of the Treaty and who is eligible under municipal, who is eligible under provincial.

(Mr. Deputy Chairman, D. Scott, in the Chair.)

The concern was mainly in the amount of clerical time and record-keeping and general staff time it took to deal with it. In contacting the Department of Indian Affairs I learned that their caseload is about 8,500 per month which would be approximately 30,000 people on the reserve Indians, and they spend about \$50 million a year in social assistance. And it's been increasing as the . . . rolls have of course over the years and the Federal Government also pay for Treaty Indians who have not established residency off the reserve by being self-supporting for a period of 12 months, and that is a caseload of 1,600 and costs of \$11 million.

So there is another dimension that is a problem for people who - there's one municipality in my constituency has this problem. It takes a great deal of their staff time in dealing with it and in fact they were so concerned about it they drove in for an appointment to see me in my office about it. They didn't just write a letter. So I'm wondering if the Minister could comment on this and how there could be help with this in this area.

**HON. L. EVANS:** I agree with you it's another complication. We try to cooperate with the Federal Government but if they have responsibility we expect them to, you know, to recognize that and to pay their share. What the Federal Government does do, of course, is to use the rates that we establish in the province. So whatever rate we establish, that's the rate the Federal Government uses on the reserve. But it becomes very difficult, particularly if the person's moving off and often, and as you say it could be up to 100 percent if the person's off fully for 12 months.

Again, I don't know whether there's any easy answer to some of these problems. People are mobile. The Federal Government has set up certain regulations that it wishes to follow. I don't know what we could do, there's all kinds of arrangements, but it is the responsibility of the municipalities to bill the Federal Department of Indian Affairs. Both the municipalities and ourselves bill Indian Affairs directly for anybody that we deem to be eligible for federal assistance.

**MRS. C. OLESON:** With regard to the - we were talking before about the two tier and the one tier system and the Ryant Report gave figures of projected costs. I wonder if the Minister has found out just what criteria Mr. Ryant and his committee used when they were arriving at the projected costs. They're there in the table but there's not a great deal of rationale for why they are listed and what criteria was used to arrive at those projections.

**HON. L. EVANS:** Regrettably, we don't know all of the underlying assumptions used by his research staff and by that committee. All we have is what they've come up with. We don't necessarily agree with those numbers, and of course, they change through time anyway. We've done our own estimates and it varies depending on

how far you go. If you included everybody in Manitoba on the one tier system, including the City of Winnipeg, on a gross basis it would be about \$25 million.

**MRS. C. OLESON:** The Ryant Report also suggested that it could be voluntary and that, perhaps, if the City of Winnipeg didn't feel they wanted to join in this, or if you decided you didn't want to ask them to join. What costs did you give me, or did you give me costs for just the areas outside the City of Winnipeg?

**HON. L. EVANS:** I didn't give you - I said the ballpark figure was about 25 million. That's a ballpark figure. Just 25 give or take a few million.

I guess you can imagine it would be a small amount. I said about 80 percent of the municipal welfare, over 80 percent is in the City of Winnipeg. So, a good chunk of that money, over 80 percent, would be related to the City of Winnipeg. This is a very ballpark figure and that's before any recoveries. It gets a little complicated but that's assuming the total costs before we get federal cost-sharing.

**MRS. C. OLESON:** What does the Minister see as the major factor in higher costs? Is it uptake or is it staff? What does the Minister see as the reason for such high numbers of increase of costs?

**HON. L. EVANS:** I think a couple of things. Essentially, our rates are higher, the municipal rates. Secondly, I suspect, and the member touched upon this, that we would likely be a little easier on some of the eligibility - you know. There are grey areas there and some of the local municipal people may not want to go so far as we may. Once we've established a rate structure and regulations, the money is paid out on that basis.

Where you get all these smaller municipalities involved, of course, it's paid out in accordance with the views of those particular municipal governments so you get a hodge-podge as you've demonstrated with that information. But generally, I would think that we would be paying out more because of the approach we take.

So those would be the two reasons - the higher rate structure which is substantially higher in some instances -(Interjection)- Yes, right, and also more people would qualify because if you have a higher amount available, we have thousands of people who get supplementary welfare, so a small municipality might say: Well, you can get by on that small amount of money. But according to our regulations you might be able to get another \$100, \$200, \$300 a month in provincial assistance.

**MRS. C. OLESON:** What sort of staff projections, does the Minister - he mentioned he had been studying this. What increase in staff did he think would . . .

**HON. L. EVANS:** Well, I suppose outside of Winnipeg, it wouldn't take very much. You simply add up who's delivering it around the province now and that would be the beginning of your basis. If you took the whole province over including the city, how many are delivering in the city now, there's hundreds of people - (Interjection)- there's 200 staff in the City of Winnipeg,

then you go to Portage and Brandon, you pick up a few more and you build it up from there. There are about 30 outside of Winnipeg, 200 in Winnipeg and 30 outside. So that's just very rough - 230.

But remember, there are people out there doing those jobs. In effect they would be working for the Government of Manitoba instead of for the municipalities. And there may be some economies, may be some. It's hard to say because we've got so many of the small municipalities as you've pointed out yourself, that don't have anybody working on this. But we can see a lot of the small municipalities wouldn't give us any more work; we couldn't handle it without any more staff.

**MRS. C. OLESON:** When the province is negotiating programs for social assistance - like job creation programs and training programs, do they also negotiate it on behalf of the City of Winnipeg?

**HON. L. EVANS:** In some ways. The major one, I guess, is under the diversion fund. We negotiated with the Federal Government and there is a role for the City of Winnipeg and some other municipalities. So, in that case we did. We're into job training programs now which is the other side of the department.

(Mr. Chairman in the Chair.)

In some other programs though, we're running them purely as provincial. Like our major program, Training for Tomorrow, is purely a provincial program.

The Federal Government's major program - well, it has several under the Canadian Jobs Strategy - and they just tend to pay out the money to whomever qualifies, whether it's the City of Winnipeg or XYZ company, you know.

**MRS. C. OLESON:** From a municipal point of view, I was wondering if you negotiated for, say, the City of Winnipeg and the City of Brandon because they will have - I don't know whether the City of Brandon does, and I would imagine they do have - some programs they would want to put on to help relieve their welfare rolls.

**HON. L. EVANS:** We have \$1.2 million under this National Diversion Fund that we're into for '87-88. Of the \$6 million that we have this year, \$1.2 million is for municipal and environmental projects, so to that extent. But generally, we don't have much beyond that.

**MRS. C. OLESON:** I think that's all I have in that, under Municipal.

The 55-Plus Program, there was a press release put out about the SAFER Program, the Shelter Allowance for Elderly Renters, and it referred to, and I quote from the press release of February 20, '87, where it says the enhancement to SAFER is part of the 55-Plus Program. Is that in essence part of this program from this department, or are they intertwined in some way between the Department of Housing and this department?

**HON. L. EVANS:** No, they're two separate programs.

**MRS. C. OLESON:** Absolute separate? Okay. What does the increase in funding to the 55-Plus Program,

what does it reflect, more applications or just a change in indexing?

**HON. L. EVANS:** Yes, we doubled the benefits. We increased the eligibility levels in effect, and of course we've got the indexing. So all that added up costs a lot more money.

**MRS. C. OLESON:** There are two components - are there? - to the 55-Plus Program, some who are on pension and automatically are put onto it and others who have to apply on their own?

**HON. L. EVANS:** That is correct.

**MRS. C. OLESON:** Now into 2.(e), the Economic Security Field Operations, caseloads in this department have been mentioned to me as being in excess of 300 cases per caseworker.

Can the Minister confirm that? Is that about the average caseload?

**HON. L. EVANS:** Yes.

**MRS. C. OLESON:** It seems to me to be quite a bit to expect of one caseworker to handle that many cases with all the complex rate structures and so forth. I just wonder if the Minister would not agree with me that's a lot to ask of individual staff members. I believe the City of Winnipeg has streamlined their method of assigning caseloads in the last little while, and I'm wondering if the province has taken a look at this.

**HON. L. EVANS:** Well, I agree with the member. Of course, this is where the automation is going to help us, because it is going to free up the workers to deal with the clientele, as I've indicated. So it's going to ease the burden considerably. That is a major streamline.

**MRS. C. OLESON:** For instance, in trying to deal with a case that would come under the Brandon office, does the Brandon office have as heavy a caseload as there would be in the City of Winnipeg?

**HON. L. EVANS:** I'm advised that it's about the same.

**MRS. C. OLESON:** Well, in the case that I'm thinking of that I was dealing with, there was the - and in fact I mentioned that case before - the person who was having trouble getting her maintenance payments and was going to have to be going onto social assistance. When I was phoning the Brandon office, I was told that the fieldworker who would go out to that particular area was away on holidays - this was sometime in April - and she was to be away on holidays till the middle of May, and that no one would be going out to her area until her return. Of course in that instance, this person who was in need of help was not going to get the help she needed. So I am thinking that would not be an isolated case. That caseworker would have quite a number of cases and nothing - would that be what would happen, that nothing could be done, intake or dealing with her caseload until she came back from holidays?

**HON. L. EVANS:** Mr. Chairman, that would not be the norm. In fact, that would be unusual. The offices should provide for backup staff when somebody's away on holiday or even sick, extended sick leave or something. There have to be arrangements made by management to provide the service. We certainly have a lot of replacement staff. If somebody's ill or away for part of the year, we can bring in people and so on. That's just part of good management, so that should not happen. I mean, there could always be the odd case. I can certainly look into it, again if you give us the details.

**MRS. C. OLESON:** Has there been an increase - I haven't got my staff chart here - but has there been an increase in in-field staff to reflect the increasing caseloads in the last year?

**HON. L. EVANS:** There haven't been any this year. In the past few years, there's been a bit, but not this year. And of course, one of the reasons is because of the automation.

**MRS. C. OLESON:** How many of these field staff will be trained to use the computer equipment?

**HON. L. EVANS:** The ideal or the objective is to train 100 percent of the staff, everybody including the manager, so that everybody will be able to use the computer.

I had occasion to visit our training centre in Winnipeg which was set up in temporary quarters. It's quite elaborate, quite extensive and it's been done very, very well. We have some very good people. Some of them are with us.

What we've done is train certain key people on staff who, in turn, have become teachers, and this is great because there's more confidence in those people because they know those instructors from the staff are very much aware of our problems in administering social assistance. So it seems to be going pretty well and the staff have accepted it very well. No one is in danger of losing their job because we've told them, we want you to do more work with the clientele and to do a more thorough job etc.

I'm reminded by my deputy that we've had a lot of compliments from other jurisdictions as well and within Manitoba and within the government as to how we've implemented this system. We've taken our time, but it's been done thoroughly and well, progressively over three years, at least three years, and finally we're at this point.

It's probably the most significant computerization system that's been set up in the government service - I'm not talking about the Crowns and utilities - and it may have some potential for other departments at some future time for regional staff, whether it be Health or Community Services or whatever, but that's another bridge to cross at some future time.

I might add, a side benefit of the system, that it will now enable us given, say, a year when we get the data so we have something to analyze for policy-making purposes, it will give government the ability, the management, the key staff, the key personnel, the ability now to analyze caseload and come up with maybe suggestions and so on.

Previously, when you wanted to get an estimate of something or other, you had to do a sample by hand. Like, you take every fifth card or every tenth card and make some kind of an estimate, which is very cumbersome and so on. But now, eventually it will be able to be punched out very quickly and accurately.

**MRS. C. OLESON:** So what the Minister is telling us really in this is that the role of the fieldworkers will be changing somewhat, in that they will have more time to counsel clients, to visit the clients perhaps, so that their role is going to be changing through this computerization. Is that what the Minister's telling us?

**HON. L. EVANS:** As you describe it, pretty well. What it does, it will give them more time to be more thorough with their cases, including client visitation. Also, it's good for the client, because we've maybe helped the client; it may be good for the taxpayers because we can make sure that we were paying out the money properly, that there isn't any shady questions here; so that, generally, we both stand to benefit.

The fact is that this is long overdue, but now that it's in place we'll probably have the most sophisticated computerized system of any social welfare agency in the country.

**MRS. C. OLESON:** Does that tell us that the Minister is going to be giving tours to other provinces, and to people like myself?

**HON. L. EVANS:** Well, we'll give you a tour sometime, give us a couple of months, and maybe we should invite the other provinces as well, eh?

**MRS. C. OLESON:** Well, I think that's all I have in this area.

I'm looking at the clock. I guess it isn't really suitable to get into another complete area of discussion.

So perhaps we . . .

**MR. CHAIRMAN:** Can we pass section 2, then?

**MRS. C. OLESON:** Yes.

**MR. CHAIRMAN:** No. 2.(a)(1) to 2.(e)(2), inclusive, were each read and passed.

Resolution No. 56: Resolved that there be granted to Her Majesty a sum not exceeding \$218,064,000 for Employment Services and Economic Security, for the fiscal year ending the 31st day of March, 1988—pass.  
Mr. Minister.

**HON. L. EVANS:** Okay. On a point of procedure, and it's nearly six o'clock, so I gather the member doesn't want to get into the . . .

**MRS. C. OLESON:** It's just 10 minutes.

**HON. L. EVANS:** Okay, as I indicated earlier, prior to the meeting starting, I am required to go to two different conferences out of the province next week, dealing with matters pertaining to the department, and therefore I won't be available for Estimates.

So I guess we'll have to ask our respective House Leaders to decide on who would follow. I guess it's



Government Services perhaps - I'm not sure - but whoever, I guess, will take it and we'll have to pick it up a week following.

**MR. CHAIRMAN:** Business Development and Tourism.

You'll make the proper arrangement with your respective House Leaders then?

**HON. L. EVANS:** Yes. It's regrettable, but that's the way the cookie crumbles.

**MRS. C. OLESON:** Right. I'll speak to Mr. Mercier about it.

**HON. L. EVANS:** Thank you.

**MR. CHAIRMAN:** Is it the wish of the committee that we call it six o'clock? (Agreed)  
Committee rise.

### SUPPLY - ENERGY AND MINES

**MR. CHAIRMAN, C. Santos:** Committee of Supply, please come to order.

We are considering the budgetary Estimates of the Department of Energy and Mines. We shall start with the opening statement from the Honourable Minister responsible for the department.

The Honourable Minister.

**HON. W. PARASIUK:** Mr. Chairman, I believe that since we have this year provided the Supplementary Information for Legislative Review, and since sometimes the introductory statements basically repeat a lot of the material that is in the Supplementary Information, in terms of trying to ensure that we have the fullest debate in terms of question and answer, I would forego making a major statement, apart from saying that we have brought our Estimates in. There is a slight reduction from last year.

We have our ongoing tasks in the energy area and the mineral development area and I think that the questions that my critic, the Member for Lakeside, or others might put forward to me will cover anything that I might have to say in a general introductory statement.

I've gone through this for a number of years, so has he, and I think that he has a very good knowledge of the department. I believe that we would best carry on if we went more expeditiously into questions and answers.

**MR. CHAIRMAN:** As is customary, the honourable critic will now present his reply on the Minister's opening statement.

The Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, I appreciate the willingness on the part of the Minister to get down to business and leave the rhetoric to others. There are a number of issues that I would like to raise with the Minister during the course of the next three or four hours. I would like to have some understanding, which I suspect I will get from the Minister, that we can deal with the breakdowns in the departments as they are broken down in the department. We may not follow

the line-by-line consideration but we will, to enable the Minister to more conveniently have staff with him, deal with the main components of the department as they arrive.

Mr. Chairman, I can't help but comment that indeed in the first section of his Estimates, namely that having to do with Administration and Finance, the overall request for appropriations for tax dollars is somewhat less than the previous year. In consideration that salary increases do still take place, incremental increases do take place, I simply ask the Minister: Is there a specific diminution of the role here in the sense of staffing or of operations carried out, or has there been any transfer to another department? There's a conciliation statement that indicates some transfer to the functions from the Main Estimates to Municipal Affairs and some allocations to the Jobs Fund.

This may not be the appropriate place - the Minister can take that as notice - but I would want somewhere during the course of the discussions to know precisely what \$134,700 was transferred to the Department of Municipal Affairs.

And as you know, the Opposition has with some difficulty, Mr. Chairman, tried to determine precisely how and where monies flow to and out of the Jobs Fund. This is not a particularly large allocation, although it's an allocation of \$2.5 million in their reconciliation statement attributed to the Jobs Fund. But that can serve as simple notice at this stage for the Minister.

We are dealing with the first resolution of \$1.1207 million having to do with Administration and Finance. And I note that is down marginally from last year's request. Has the Minister indeed been one of the few, I might add, that has curtailed administrative costs in his department? Because I think it can be said without exaggeration that the one area that his colleagues, this administration has excelled in has been the, what we would describe as inordinate increase in salary costs, particularly in this area, administration, support staff and so forth. I can't make that same claim with this Minister and with this department where in fact we have recorded a slight decrease in demand or the request for monies in the coming year.

**MR. CHAIRMAN:** At this point in time, we would like to invite the members of the administrative staff of the department to take their respective places. Deferring budget Item No. 1.(a) relating to the Minister's Salary as the last item for consideration by this committee, we shall begin with consideration of Item No. 1.(b)(1) Executive Support: Salaries, Other Expenditures.

**HON. W. PARASIUK:** I'd like to introduce the staff who are here. Charles Kang is the Deputy; Garry Barnes is the Director of Administration; and Craig Halwachs is in the administration of the department as well.

And it's true, I think that we tried as a department to get by with less. I, as a Cabinet Minister, felt that it's not only important to try and carry out the functions of the department but also try and live in times where money is in short supply and, as the member no doubt remembers from his Cabinet days, one has to play a dual function of trying to fight the department and also trying to take the larger government objectives as a member of Cabinet. And I grudgingly give up funds

within the department or try and hold the line within the department, if one in fact says that the greater priorities at this particular time would be to maintain social services, especially in the area of health and other areas like that.

So we've tried to run quite a tight ship. There have been some shifts. On the energy side, we've basically gone from a type of grant program to a loan program with the Energy Conservation Loan Fund. We thought that the program had been in place for a period of time. People have seen it and then, rather than offering the grants, one would look at the loan program and determine whether in fact people, either residential entities or business entities or non-profit entities, would make those types of decisions through a loan program. That program is under way right now, and that's reduced the direct expenditures in terms of this department.

With respect to Jobs Fund, I know that I expect to be available when the Jobs Fund is discussed. I certainly will have the information for the member at that time with respect to those aspects, and I'll cover them.

I think that there are things there that, in a sense, fall to the Minister, plus some of these things relate to the Limestone development and that's best covered in that way. I think we had discussed some of the Limestone training when we did the Manitoba Energy Authority. But I certainly would commit that I would be available and provide that information at that particular time.

**MR. H. ENNS:** Mr. Chairman, a feature that has developed by this government that has disturbed us in Opposition - my colleague, the Member for Morris, has particularly made note of it on several occasions - that is where governments have managed or have deliberately, in our estimation, moved over responsibilities that they continue to have but whose salary costs, whose administration costs are not in fact included in the line department Estimates. We have examples of that, indeed examples of that which the Provincial Auditor took note of in his annual report and reported on as to questioning the legality of that, the authority of it, most noticeably in the Department of the Minister of Cultural and Heritage Affairs that we just concluded the consideration of her Estimates.

Mr. Chairman, I appreciate in this department, a relatively small department, but we have several other components that they are closely associated with, ones that we have dealt with at committee stage, namely, the ManOil, Manitoba Oil and Exploration Company. We have the Manitoba Mineral Exploration Corporation.

My question to the Minister - I did not detect transference of the kind that I'm speaking about when consideration of those corporations at the legislative committee stage, but my question to him: Is the department having done for it, if you like, if I can put it that way, certain functions that I would describe as being legitimate functions, chargeable to the Department of Energy and Mines, by ManOil, by Manitoba Mineral Exploration Company? In other words, are your salary and administrative costs being made to look better or lower because of certain costs that have been able to be transferred to these corporations that I mentioned?

**HON. W. PARASIUK:** No. The Manitoba Oil and Gas Corporation functions are specific functions; the

Manitoba Mineral Resources functions are specific functions; the Manitoba Energy Authority functions are specific functions. There is there the Limestone Training and Employment Agency that does get funded through the Jobs Fund.

The other development that would be funded by the Jobs Fund would be those aspects - and I expected we'd get into this at some time - of the potash development that related to the Manitoba Potash Corporation, the joint venture between Canamax Resources and the Government of Manitoba. So those functions are clearly being carried out there, and are being accounted there.

There are areas where obviously there is some work together, but basically the department does the planning and the regulatory function. An entity like Manitoba Oil and Gas Corporation would be - they give the information. It's available to all the other oil companies sitting down analyzing this, having discussions or negotiations with private companies for joint venture and undertaking their activities.

The same thing would hold true with respect to Manitoba Mineral Resources as well. So there are areas where, in a sense, one looks at an issue or a problem from different perspectives, but we do not offload costs or, in a sense, hide costs from a Crown corporation.

**MR. H. ENNS:** Mr. Chairman, I presume that these administrative operating expenditures still - well what I'm after is, the practice has been by the department to pay and to carry administration costs of the Manitoba Energy Authority. Has there been any change take place?

**HON. W. PARASIUK:** Since the passage of The Manitoba Energy Foundation Act, where it is costs associated with their activities in relation to power sales will in fact be recovered, that is being capitalized and there will be a recovery from there. Therefore, the government or the Province of Manitoba, through the Department of Energy and Mines, is not picking up on a yearly basis those interest costs that it did last year or the year before. But that is being accounted capitalized carry-forward. They are involved in the process of selling power, in negotiations, and those are a cost of that selling.

**MR. H. ENNS:** Now, Mr. Chairman, is the Minister telling me that covers all of the cost incurred by the Manitoba Energy Authority? I make specific references to costs that the Manitoba Energy Authority may enter into, consulting contracts. The Minister is aware that we had some discussion about that a year ago, the fact that the Authority was the appropriate body that issued or awarded a contract but the department, as we were told last year, was doing the bookkeeping or was doing the payroll and it was doing the administration for the Energy Authority. That's really what I'm trying to get from the Minister, whether or not there has been any change in that respect.

**HON. W. PARASIUK:** There has been a change in that respect in the sense that the Manitoba Energy Authority now has its own bookkeeper accountant, and I think he was introduced at the committee meetings that we

had. There is still a function that is carried out - and again, it's a matter at this particular time of trying to make do with existing resources rather than building up resources in every entity - and that's in the area of communications.

There is material - and I'll pass this over - that's put out by the department as part of federal-provincial agreements. We do have a capability. There is a cost-sharing to it. At the same time, we find that the economies of scale are such that we could have communications related to the, what I would call, Jobs Fund aspects of the Manitoba Energy Authority, namely, the attempt to get as many benefits of a contractual or business nature in Manitoba, and also to have the training and employment take place in such a way that as many Northerners and northern Natives as possible get an employment opportunity. So, there are some materials that are put out there that would be done by communications staff in my department.

The communications material relating to the energy aspects and the Manitoba-Federal Mineral Development Agreement - and here's a sample of what was put out last year. By agreement, we have to put out these publications and we do put them out, and I think the work is done in a very professional way. I'd just maybe ask a Page to take this over to the member.

I forgot, since I was not at Estimates last year, that I think the member had asked for material last year.

**MR. H. ENNS:** Mr. Chairman, just a final comment from me, a further comment on the administration of things, one of the areas of difficulties that has developed with government administration, particularly with this government's administration which we have to our sorrow experienced, is a falling in-between stools of reporting mechanisms, areas of responsibility.

I won't particularly take time at this time of the Estimates to discuss this Minister's responsibilities with respect to certain Crown corporations and which other Ministers are now partially responsible for, but the Manitoba Energy Authority kind of floats out there. It has money, as the Minister just explained, that is drawn down on a capital account and will be capitalized with respect to, chargeable to future hopefully successfully negotiated hydro sales. On the other hand, it seems very much to be a cousin to the department when it's convenient, when administration work has to be done, payroll work has to be done.

I've always made the assumption - I just want the Minister to confirm it - that the Manitoba Energy Authority answers to this Minister, or is there a question mark in anybody's mind? I appreciate the fact that, although the person we're speaking of wears two hats, I am clear that, despite earlier comments, the Crown corporation this Minister's responsible for in this Chamber with respect to Manitoba Hydro, and that area of responsibility is fairly clearly defined.

The Manitoba Energy Authority, who obviously doesn't have to depend on this Minister and on this department for its money supply, Mr. Chairman, I've experienced that if you're not responsible to a particular source for your daily bread, then the rest of the discipline as to who you answer to and who you're responsible to can become somewhat diffused. So I'm asking the question, in the Minister's mind, the way

the Energy Authority is set up: Is the Minister of Energy and Mines directly responsible for the Manitoba Energy Authority?

**HON. W. PARASIUK:** Yes, I am responsible by Cabinet designation, by the Lieutenant-Governor-in-Council for the Manitoba Energy Authority, just as I'm responsible for the Manitoba Mineral Resources, the Manitoba Oil and Gas Corporation and Manitoba Hydro.

I've been listening to some of the comments that people have made on the other side of the House from time to time about the Crown corporation situation. Some of the comments that the member just raised, I think, are somewhat analogous, not completely analogous but somewhat analogous, to a situation where you have a Minister responsible for a department, but you also have a recognized Treasury Board function as well.

And the recognized Treasury Board function - and I'm not sure whether the member was a member of Treasury Board when he was a member of Cabinet - but you understand what role the Minister plays with respect to the department. You also know that there's an overview of the position taken with respect to Treasury Board, and those are straightforward. It hasn't diminished the responsibility of the Minister responsible for the department, nor does it diminish the responsibility of the Minister responsible for a Crown corporation.

The chairpeople in the corporation that I deal with - and I think right across the government - understand that relationship, that it's a relationship between themselves and the Minister responsible, and that there will be some items to assist from a Treasury Board perspective that would go forward to the Crown Management Corporation.

**MR. CHAIRMAN:** 1.(b)(1) to 1.(d)(2), inclusive, were each read and passed.

2.(a)(1) Energy, Policy Planning and Project Development: Salaries 2.(a)(2) Other Expenditures; 2.(b)(1) Provincial Energy Programs: Salaries, (2.(b)(2) Other Expenditures; 2.(c)(1) Provincial Audit Programs: Salaries, (2.(c)(2) Other Expenditures; 2.(d)(1) Cut Home Energy Cost (CHEC) Salaries; 2.(d)(2) Other Expenditures; 2.(e) Manitoba Energy Council - the Honourable Member for Lakeside.

**MR. H. ENNS:** Thank you, Mr. Chairman.

You didn't hear me say "pass" on any of those.

**MR. CHAIRMAN:** No, I just called them out.

**MR. H. ENNS:** Well, Mr. Chairman, I want to find out whether this Minister has lost his courage or his clout in Cabinet or both. Has he just slowly kind of given up the ship a little bit? Has he acknowledged that there are brighter lights in the Cabinet that have greater ambition and, more importantly, greater political clout than this Minister has? And that has to do with his ready concession, his ready concession to his colleague, the Minister of Finance, to allow him to grab onto those few extra dollars. There won't be that many extra dollars because I would like to know what they are that will help cripple his energy program by allowing his Minister

of Finance to tax energy-saving materials, insulation, double-triple paned windows, all the things, Mr. Chairman, that I can recall this Minister standing up and telling this House, telling me, that this program, this Energy Program, the CHEC Program, the Energy Monitoring Program, the inducement of loans to encourage both private and businesses to upgrade, retrofit their homes, to save energy.

Now has that program no longer become a priority with this Minister? Has that program no longer become important to this Minister? Or has he simply knuckled under the demands of his colleague, the Minister of Finance, and said that, well, you know, it was a good idea to have these items tax free. I really believed it. But I know you need the money, this government needs the money more than what the value of the program is, and allowed these programs, these materials, these insulation programs now to fall under the heavy tax hand of his colleague, the Minister of Finance.

**HON. W. PARASIUK:** Obviously the Minister of Finance is a very persuasive person, especially when he is trying to make sure that we entail some reduction in the deficit, as I think people on all sides of the House would want the government to pursue. And in pursuing something like that, one has to make some difficult choices and trade-offs. Secondly, he's bigger than I am. But beyond that, seriously, one has to weigh those types of trade-offs.

We have had this program in place. We believe that it won't have any major deleterious effect because we think people are at a stage where they should be making economic decisions about these types of things rather than making, in a sense, decisions on the basis of the incentive. And it was a difficult choice. One recognizes that there might be some negative implications to it, but at the same time we felt that there are sufficient incentives in the loan program in terms of the minor interest rate subsidization to enable people to try and plan all the things required for their homes and proceed on that basis, on the basis of audits done by staff who would look at what the best types of investment for energy development would be or in energy conservation would be for someone's home or for someone's business, and make that choice accordingly.

So, yes, we did have an impact. And I'm just trying to find, and I don't know exactly how much, and I don't have the budget documents here before me in terms of how much the Minister of Finance felt that he would raise through the imposition of this tax. I think it isn't sort of a major amount that would be in the millions of dollars. It certainly would, in my estimation, be probably less than \$1 million. And at the same time, I do think we have a very good CHEC Loan Program that will ensure that people still pursue energy conservation in a very rigorous way. In fact that's one of the, I guess the unsung things about the department. And I've always said that.

People might talk about a big hydro development or about something else that is of a large scale, but it's difficult to get people that interested in the hundreds and thousands of individual decisions that are required when someone decides to improve the energy conservation, energy efficiency of their house with either the insulation improvement, cutting down the leakage

of air, or insulating a basement or insulating an attic. And one of the things that I have found though, on a case-by-case basis, the population is very, very interested in that area because it's something that they feel they can do themselves. So I can appreciate the member saying that maybe this will slow down the energy conservation program. It's too early to tell, but it would not appear that is the case.

**MR. H. ENNS:** Mr. Chairman, I'm one who holds the view that conservation of any kind is always policy, particularly public policy, individual private policy that ought to be pursued in every way that it applies. I'm also aware, being the fragile human beings that we are, that we sometimes need a boost. We sometimes need some urgency to move us in certain directions. And so, Mr. Chairman, this Minister, this department and indeed the government that we were all too briefly involved with between the years '77 and '81 had that extra opportunity to, because of the prices, I suppose is the only way you could describe it, that brought energy and conservation much more to the fore in the minds of all our citizens and enabled indeed Ministers past and present to secure those always hard-to-find public dollars for these worthwhile programs.

I'm concerned that because the kind of pressure on some of the energy costs is off, has been removed - in fact, Mr. Chairman, if this Minister, this government is at all successful in substantially reducing the price of the natural gas a large number of our particularly urban householders and businesses use as a main energy source, that will further push into the background the need for energy conservation and the concern for it.

I maintain and I put the position forward to the Minister that energy conservation is good business, no matter what the price of fuel that we're using and ought to be encouraged, ought to be promoted the best we can.

My specific question, Mr. Chairman, to the Minister is: Has the government, has the department set up any kind of monitoring device to see what effect the Minister of Finance's tax grab will have on this area? Is the department set up to have some monitoring of the amount of renovations, with energy being uppermost in mind? Are you at all set up to monitor the retail sales of what we would describe as materials that fall under this classification, as they were for instance the last 12 months, and how they will be for the coming 12 months with the newly imposed 7 percent sales tax added to them?

**HON. W. PARASIUK:** I don't think we have a specific monitoring system as such. It's difficult to determine what the impact of something like the removal of the 7 percent sales tax might be, in that if you apply it to new homes for example, this probably increases the price of a new home, a 1,200 sq. ft. home by \$400.00. Of that, \$200 would be related to windows. We know that there is a tremendous demand for new homes in Manitoba. Secondly, we know that, despite the fact that there's a \$400 increase, say, in their price because of this tax - and I think there were adjustments made for a transition there - that house prices are going up very dramatically. I would warrant that house prices,



since the introduction of the Minister's budget, have been going up as well so that there are a whole set of other factors.

What we can do and have been doing is that we did some modifications in the home CHEC-UP loan. It used to be \$1,000 and we've increased that ceiling to \$2,500 at 8 percent. What that does, I think, is provide some greater flexibility for homeowners to do the proper planning and cover out the options, rather than in a sense say, well, I can do this type of job within \$1,000 but I can't do the whole thing within \$2,500, therefore I won't take the job that falls within the \$1,000 ceiling. We've been very pleased with what's happened with the home CHEC-UP Program since its introduction in 1984.

Over 9,000 homeowners have utilized the service and we have a number of other residential energy programs. We've got the Home Energy Savers Workshop that's been spread throughout the province. I think one of the things that the Member for Lakeside would acknowledge is that we, as a department, have tried very hard to reach out into rural and Northern Manitoba, with the Energy Audit Bus trying to do specific things - I know that his community or one of the communities he represents, Stonewall, was involved with a competition with another community - in order to try and heighten people's awareness, because we think that ultimately the best way of promoting energy conservation is through education and through a patient but persevering approach.

I might say that we have got an information centre at Eaton Place, and that's one of the reasons why we try and structure things out into rural Manitoba. We'll go out where there are fairs, we'll do that type of thing to get our message out. We've done a lot with the business of the community CHEC Program. Again, we've worked with school boards; we've worked with non-profit recreational associations; we've tried to pick out various demonstration projects.

What we tried to do there is try and deal with institutions where you might have a lot of people involved with the institution so that, if they get a chance to see how energy conservation might affect the school district or a community recreation association where you might have 400 or 500 members, then they might say, this might have some application for me. That's what we are doing and that's the type of monitoring that we are doing, but we have not set up the type of monitoring system. I think that, if we did, the costs of that would be very expensive, and we'll have to see what feedback we get from groups that we deal with and we interact with, and we'll get that over the course of the next year or two.

But I did find that most people felt that they could accommodate the change and that people would not sort of, say, turn their backs on energy conservation, that certainly they'd still go ahead. One of the things that might affect this is that there is a feeling now that there might be a bit of a lull or a plateauing with respect to energy prices. It's important for us to push the educational program or the informational program very high, because one of the things that I think both the Member for Lakeside and I would agree with is that, especially with non-renewable energy resources, this is just a lull before climbs that are going to take place in the future.

We do have a mobile information centre that travels throughout rural Manitoba and gets into Northern Manitoba where roads permit. I think that we've done a lot with respect to energy conservation.

I'm pleased to say that the Federal Minister of Energy, Marcel Masse, has been raising this issue again at the federal level. He set up the task force chaired by Thomas Hearens (phonetic) from Ontario, who will be looking at increasing energy conservation and looking at alternative energy resources, while at the same time not turning our back on conventional supplies. There's a person from Winnipeg who I haven't met yet, but I expect to be talking with him in the near future, a Mr. Walden, who's a Manitoban on that committee. I've had discussions with the Federal Minister of Energy on this and I've commended him for it, because the previous Minister and I think, prior to that, the previous Minister and the previous government had been wanting to phase the Federal Government out of energy conservation, and I thought that was short-sighted.

I found that some of my ministerial colleagues at the Energy Ministers' Conference were talking about removing the government entirely from energy conservation, thinking that this is a soft program because a lot of it does depend on information and education, but they weren't pursuing it. Again, I felt this was short-sighted, because we can spend billions of dollars on tar sands developments or heavy oil developments, and the payoff might not be as big as the \$1,000 and \$2,000 expenditures that people make on their houses in terms of bang for the buck.

I'm very pleased that the Federal Minister of Energy has moved, and I have been in touch with him, saying that we want to work closely with them. We'll see what happens over the course of the next year as their studies move along.

**MR. H. ENNS:** Mr. Chairman, the Minister referred to the information office that was established some time ago by the department. Briefly, I take it that their operation is still functioning in full form. Can he give me some indication with the - the Minister indicated himself that the crisis has somewhat been removed with respect to prices. Is that office being utilized to the extent that it ought to be utilized?

Can we have some idea of the number of visitations to the office, what kind of staffing arrangements we have at the office, its hours? Is it operating five days a week? Or are there indications that would not necessarily surprise me if indeed fewer and fewer people were coming to that office. Then of course the Minister should be considering whether or not those monies could be spent in some other way, a more mobile way of bringing the same message across.

It was established at a time when the question of energy and energy costs and energy savings was very much in the minds of all Manitobans, and I believe it was a reasonable sound rationale for the establishment of that office. However, like anything else, if changing times have diminished the requirement for that office, then certainly I would encourage the Minister to look at alternative uses for those monies.

I would be interested in knowing precisely what is the cost, what is the visitation of the energy office that the department runs, the specific one you were referring to.



**HON. W. PARASIUK:** We have the Info Centre that used to be in a prime space in Eaton's Centre. We've moved it out because there has been some change, and we thought that we'd like to have it a technical repository, so we moved it upstairs with sufficient signage. So it's up on the fifth floor of Eaton's Centre where the department is. So what we're doing is, in a sense, trying to reduce our expenditures there. We're also switching our activity from just being domiciled in that one Info Centre into more of an outreach program with a mobile unit.

We have contacts currently made through the Info Centre on the order of 15,000 per year, so we've got quite a number. And we have something in the order of two-and-a-half staff, and I think that generally the hours are probably from 9:00 a.m. to 5:00 p.m., if I'm correct on that, or 9:00 a.m. to 4:30 p.m.- 8:30 a.m. to 4:30 p.m. We do have people through the mobile system who go out and work on weekends and other hours. We're basically trying to, in a sense, keep a presence centrally, have the technical repository - there are a lot of other people involved in this as well - but do much more outreach.

So it's two-and-a-half staff - some of them are working on a half-time basis - and it's 15,000 visits per year, but I don't have it specifically categorized on what the rental for that particular space is.

**MR. H. ENNS:** Mr. Chairman, referring briefly to your annual report in the energy area, the department concluded or carried out or is in the process of carrying out several, I would describe, more exotic studies. Again, it's interesting for us all to talk about them or at least raise them because conditions change, and nothing changes more rapidly and with greater volatility than in the energy field.

But for instance, I know that there was a heightened interest in the possible development of hydrogen, again going back a decade when hydrogen was looked upon as an alternate fuel source with greater interest than now is the case, a \$72,000 study was carried out or is in the process of being carried out by the department. I simply ask for a status report with respect to that study. Has that study been completed? Have we concluded anything from that study? Did we put hydrogen in combination with our other great natural resource, namely hydro-electricity, that is a major component to the successful development of hydrogen fuel sources, or did we simply set that all on the back burner for the time being as a result of the studies that we have undertaken?

**HON. W. PARASIUK:** We have conducted the study. We thought it was an appropriate study in that we do have this tremendous hydro-electric resource, and we thought there was some way that maybe we could marry the two of them in the future. Ideally, you'd produce a hydrocarbon with running water, and that technology is still being developed in terms of improvements to it.

But in terms of the economics of that technology in comparison to the economics of producing hydrogen from natural gas, it's not economical at this stage. We did the study. That's what the study concludes, but we thought it was worthwhile in taking it from a technical

perspective. We still, I think, are members of - it's called the Hydrogen Industrial Council - and we thought in a sense we could keep a watching brief, now that we've established a good base reference point that we could keep a watching brief on hydrogen developments in the future and, in a sense, have our eye through the window and see what takes place. Quebec, for example, is spending a fair amount of money still on this in terms of electrolysis of water to produce hydrogen. I've visited their facility in Quebec. We certainly don't want to spend that type of money, but we do want to keep interested in it and keep on top of it and keep in touch.

Situations might change. We could have another Iraq fighter destroy another or knock out, say, an American ship, and we could find ourselves in a very dramatically changed world in three months. Again, those things could start changing.

So one, I think, has to have a good base reference but not, at the same time, have unrealistic expectations, and the study shows that it's not viable right now. I would hope, since the Member for Niakwa isn't here, that one might pass that onto him and say that you've raised it - (Interjection) - I didn't mean it in that sense. When the Member for Lakeside has an opportunity of speaking with the Member for Niakwa, he might point out that he's raised this item, that it isn't economic at this time, but we certainly are interested and we'll keep a watching brief on it.

**MR. H. ENNS:** I thank the Minister for that response.

Just as a matter of further interest, it's in the back of my mind that major airline companies were particularly interested in the development of this as an alternative fuel source. Is the Minister aware of or staff of the department aware of significant ongoing research being done in this development, or is that a technology that is being set aside for the time being? Just as a matter of interest, it would be informative to know whether or not some jurisdictions are carrying on a significant amount of research in this area.

**HON. W. PARASIUK:** Through the Hydrogen Industrial Council, that type of research is being done. We keep a watching brief with Quebec. They had been having discussions with NASA, but my understanding is that they've run into some market setbacks in terms of the American market with NASA. But we do have people who do keep in touch with it, and I think there is a technical exchange. But at this particular stage, the hydrogen that might be used would be from natural gas.

So at the same time, if they start expanding the usages of hydrogen and if there's a crunch at some time with natural gas, that then starts changing around the economic basics with respect to potential electrolysis of water to produce hydrogen.

**MR. H. ENNS:** Mr. Chairman, another one of these studies that the department was involved in was the development of ethanol from cellulose. I probably have as many aspen or poplar trees on my farm than my colleague from Morris has stalks of wheat coming up on his farm.

**MR. C. MANNES:** Your farm's a lot larger than mine.

**MR. H. ENNS:** No, it isn't. That subject, of course, from time to time has also been of interest to Manitobans. Again, I suspect that all of these programs that were looked at, perhaps a bit more seriously at the time that departments or a Minister was convinced that a study was worthwhile, were when we were looking at a period of time a few years back with energy prices seemingly going out of control and heading only in one direction. They may well come back to that, but nonetheless these studies were undertaken, in some instances, at considerable costs of public dollars. I would ask the Minister to give us some updating of what is currently. Has that study been concluded? Have we drawn any conclusions with respect to the feasibility study surrounding the extraction of ethanol from cellulose products?

**HON. W. PARASIUK:** It was a study that was joint funded by three parties: Canada, Manitoba and this company. It's been completed; it's in the hands of Mohawk. They are looking at it as a potential investment, but at the same time one of the negative factors from the view of the investment - and it's a negative factor right across Western Canada - is the very low price of grain. So they have the technical material, they know what the economic parameters are. They have to do further assessments and determine whether in fact they would make an economic investment. I don't think that is likely at this particular time, but at the same time, that certainly wasn't the situation when people were embarking on this study and that circumstance, as the Member for Lakeside knows, will change. At the same time, I think it's important from a Manitoba perspective to know whether in fact that is possible and feasible because I believe that you've got to use it for something. It would be nice to have some potential use for aspen.

**MR. H. ENNS:** Mr. Chairman, I can't help but remind the Honourable Minister that there are times when the research is done, conditions seems to be right for some development, and then what is required is a little bit of political will or common sense if you like. It's that kind of will that was applied, particularly one - I'm recalling the Member for Arthur with respect to development of the Mohawk plan in Minnedosa. He was able to convince our Minister of Finance to "keep your grubby hands off" the product for a few years to let their product develop. Now, see what you can do with that Minister of Finance that's sitting right over there to your left. I know he outweighs you by 40 or 50 pounds, but don't shy away. Don't back off, don't back off. I was - (Interjection) - pretty close.

But I say, Mr. Chairman, very seriously, you had a situation where we had an entrepreneur come into the province, was prepared to convert an industry that has fallen on bad times, the liquor industry in Minnedosa. We knew that we could create a gasohol product with the use of some of our natural resources, grain in this instance. But to make it fly, to give it that extra little push, that encouragement to get it off the ground - and it is now providing how many jobs in Minnedosa? - (Interjection) - 30 or 40 steady jobs in Minnedosa, providing what many users believe is a very acceptable fuel, and it's homemade here in this province.

I suggest very seriously to the Minister to look hard at the conclusions of these kinds of studies and to see where and when some additional government action is required, even on a temporary basis, to help it get off the ground. In our case, of course, it was an exemption of fuel taxes for a period of years.

**HON. W. PARASIUK:** There is still a tax subsidy, and I'm sorry that the Member for Lakeside raised it. It probably will now whet the Minister of Finance's appetite because one of the dilemmas here, one of the dilemmas though with this is that it is now been probably something in the order of seven years that tax subsidy has been there. So if you look at it over the years, there's probably been something in the order of about a \$6-million or a \$7-million subsidy to that activity, and the tax was put on as an initial start.

The circumstances were just at a stage where they're changing or wavering, and one doesn't want to withdraw them at that particular time. I think that the discussions and relationship we've had with Mohawk have been pretty candid, and I think they've tried to take a long-term perspective, and I think that's important. They haven't been in there on a one or a two-year basis, so that there is some incentive right now. It's a matter of whether, in fact, the fundamental economics are there.

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

**MR. J. DOWNEY:** Mr. Chairman, I only rise to make a few comments - and I'm not sure whether this is the appropriate place or not - dealing with energy conservation or maximizing the use of energy and energy production.

A further comment on the gasohol plant, I think it's important to note - and the Minister may have a comment - that the use of alcohol out of that plant now is being used as, rather than the lead additive in gasolines not only in Manitoba but is now a replacement for the lead, which is less pollutant to the atmosphere.

I'd be interested to know if there's a continuing growth in that area. I think that the Minister of Environment should as well be interested in it because, as I understand it, the ethanol that is now added or the alcohol that is added from the grain plant at Minnedosa is used rather than the lead in the gasoline to do whatever it has to do to work properly in the combustion engine. I imagine there's a tremendous demand for that if that's the case, and it could well grow and see some extension in opportunity for that industry.

Mind you, I have tremendous faith in the Mohawk people. I think that they know the industry and they know the business and, if there's an opportunity to expand and it's an economical opportunity, then they will do so with a little bit of encouragement, as my colleague said, from the Department of Energy.

Another area that I would like to deal with, Mr. Chairman, and that is that of the reduction of oil-well spacing in the southwest corner of the province. There were hearings by the Energy Board to allow a reduction in spacing to 20 acres. Does the Minister have a report on some of the complications that arose out of that trial? As I understand it, there was a major saltwater problem developed that polluted or contaminated a

considerable amount of acreage, and it was because of the reduction in spacings that it took place.

I'd like a report from the Minister on that, because I can't help but relay the feelings of the constituents who I represent - and I'm sure the Member for Virden as well - the concern that was brought to that hearing by landowners. I know, under energy conservation, that the policy for maximum extraction of oil has to be implemented because there is such a large percentage of the traditional oils left in the ground that anything that can be done to enhance the recovery is better than drilling a new oil field. So in general overall principles, one cannot be opposed to the maximizing of oil production out of the system that's there.

However, it happened at a time, Mr. Chairman, when this government and his colleague and he, for some time, had neglected to look after the interests of the landowners under the Surface Rights Board. There was a tremendous reaction, because the farm community saw again an imposition on them and their property and an environmental loss problem because of some of the damages that have occurred. Without the other problems being solved, they were going to see twice as many problems or twice as many potential problems, in fact, which came true when they hit the saltwater - (Interjection)- That's right. My colleague from Virden says on the first drilling hole. So there's substantiated evidence now that the farmers knew what they were talking about, and I'm not saying the department didn't know what they were talking about. They have a responsibility, I'm sure, to try and maximize recovery, but the concerns of the farmers had not been looked after.

Now we've been told by the Minister of Municipal Affairs that there's a new Surface Rights Act to be tabled in the Legislature in the next few days, and we look forward to that, but I'd like an update as to what the department now foresees as the reduced spacing. Does he see it being implemented on a broad scale? Does he see it being used again, hearings, or what is the particular situation right now as far as the government policy is concerned and the reduced spacings for increasing the recovery?

**HON. W. PARASIUK:** I will answer that matter briefly now, and I would suggest that we could get into it in greater depth in 3.(b) when it's under Petroleum.

But I'll just give a quick comment on it, and say that we did have concerns with that spill. We had some concerns with respect to the reporting, the fact that there was a drilling operation and an operations operation. One reported to Calgary, I think, one was reporting in the Virden office, and I'm not sure there was as much communication as there could be or should be. We've had one report, we've asked for a further one, and we've suspended any further drilling until we are satisfied with respect to that situation.

I think there is more technical homework that has to be done. Until people feel satisfied with that, we certainly wouldn't be proceeding with any more, but I could give you more specifics at a later time.

With respect to the first point you raised on Mohawk, there is the incentive still. Secondly, they have increased their market share a bit in Manitoba. We don't provide the incentive for their sales outside of Manitoba, but

they are marketing gasohol in other areas of the country as well.

**MR. J. DOWNEY:** Mr. Chairman, I was more specifically interested in the use of the alcohol that's produced to replace lead in gasoline. That was the real question and I understand that is now a major part of gasoline production, and it's certainly got tremendous environmental benefits rather than using the traditional leads, that they are replacing that with the alcohol that is produced out of Minnedosa, which I think is a tremendous thing both for the suppliers of product and also for the farm community and for the environment. My goodness, what better thing could happen if in fact that is the case.

While I'm on my feet, Mr. Chairman, would this be the area which we would deal with in the removal of the energy incentive program? Is this the department in which - (Interjection)- Okay, well, that's good, I'm pleased. I will read Hansard and then I will be able to question you again. - (Interjection)- Yes, well, I'm fully confident that my colleague from Lakeside did an excellent job, but I just want to, Mr. Chairman, as well put on the record that we have a government who I think really don't know what way they're going when it comes to the use of taxpayers' money. They're now having to take off or remove a tax break for energy conservation.

**MR. H. ENNS:** Because he lost a fight to Gene.

**MR. J. DOWNEY:** Well, that's true. He's showing his weakness in Cabinet, for sure, and of course now they had to put another super Minister over in his other areas of responsibilities.

**HON. E. KOSTYRA:** He suggested it to me.

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

**MR. J. DOWNEY:** Oh, now the truth comes out, now the truth comes out. Shame. Now we will have to spend some time, Mr. Chairman. I can't believe that the Minister of Energy would do such a thing. However, the Minister of Finance just indicated to us that the Minister of Mines and Energy recommended that the energy support program or the removal of taxes on energy conservation products should be taken, or the program should be removed at a cost to those people who are trying to conserve energy.

At the same time, Mr. Chairman, we would have thought that it would have been his responsibility to further encourage energy conservation. Maybe they've got themselves a problem with some of the energy they're producing and they're trying to now see people use more energy, to make the Limestone. Maybe that's the reason that the Premier of the province hasn't brought the price of gasoline down yet because he has a Manitoba Oil and Gas Corporation that's losing money and he wants to see it become profitable.

So, Mr. Chairman, we really see what now is starting to unfold. We're starting to see they're in trouble with some of their policies and projects, in Limestone. - (Interjection)- That's right, self-interest, and of course he doesn't want people to conserve energy, he wants

them to use the maximum amount of energy. That's precisely how it is and, Mr. Chairman, the record should clearly show it.

I just want further clarification on the gasohol thing, if the Minister could do that. I don't think there will be any way that he'll ever be able to explain why he recommended the removal of the program that was an encouragement to conserve energy and that has to be clearly on the record as well.

**HON. W. PARASIUK:** As part of Cabinet, I'm part of a collective decision and I won't comment on what takes place within Cabinet, despite the indiscretion, which is an incorrect one, of my colleague here.

When you're talking about it, you talk about it as an octane enhancer and that work is being done. I don't have specific numbers but Mohawk is pushing that. I think that they probably could have more room there because they've certainly done a lot of it in the United States. I think a lot of that might depend on the companies, how they market. I remember a number of years ago, you used to have pumps where you could get a range of octanes in your gas; right now it's just two. And I keep wondering whether in fact I've . . .

**A MEMBER:** Low and lower.

**HON. W. PARASIUK:** . . . Yes. That certainly is one use for alcohol - one can think of some others as well - but I certainly would think that all the surplus alcohol beyond the other essential needs can certainly be used to enhance the octane.

I might just comment, with respect to the energy conservation, that we have in fact pursued energy conservation in a very rigorous way. I think we've probably done more on a per capita basis with respect to energy conservation than any of the provinces with the exception of Prince Edward Island because of their particular unique situation, being an island, not having any main power sources themselves.

**MR. J. DOWNEY:** Now that they're taxing hydro, they want us to use more.

**HON. W. PARASIUK:** As Federal Government regulations reducing lead are increased, and I think that is a step process, the alcohol will indeed be more prominent and I think there is a long-term demand building up. We have pushed it.

I remember a discussion with a prominent member of the previous administration - not a politician but someone who certainly was very heavily involved in energy conservation - who basically offered me exactly the advice that the Member for Arthur talks about, namely, you know, don't worry about conservation, full speed ahead with this other activity. We've always said that it's important to have a balanced approach, and I'm pleased that the Member for Arthur believes that as well and I believe the Member for Lakeside believes that as well. I've always said that it's important to have that balanced approach between consumption and production.

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

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

Now that we're talking about the 20-acre spacing, just that I'm here, could I just ask you a bit of information? When this happened, I asked you what you're going to do and you said you're going to conduct an investigation and I'm wondering where that investigation is at. Is it completed? Is it ongoing? Do you know anything?

**HON. W. PARASIUK:** It's still ongoing because there are some technical hitches in it, and we want to make sure that we're confident the technical aspects - that's one of the reasons why I have not come back to the member, which I indicated that I would and I thought I'd take the opportunity and talk to him privately when I got that information and felt confident. But you can rest assured that it's certainly not our intention to have any further drilling take place unless everyone feels very comfortable.

There was an unforeseen circumstance in that there was already a greater amount of water pressure there than people anticipated. That's something that people are going to have to take into account and we certainly wouldn't want to - you know, it's important to see whether technically that program can work so that you get some enhanced recovery, while at the same time balancing off those concerns with respect to environmental damage.

I think the area that we were trying to do this first was probably more on pasture land than on other types of land. This is always a difficult balance that one tries to maintain, but certainly until there is complete - well, you wouldn't have complete to the sense of being fail-safe, but as soon as there is an understanding of the technical aspects and a belief that there is a technical solution, that would be the condition. If there wasn't an understanding of the technical circumstance and if there wasn't a belief that was held technically by people that they could deal with it, then there wouldn't be further drilling.

**MR. G. FINDLAY:** Mr. Chairman, I'd just like to ask the Minister: Is it your staff that's doing the investigation or is it Chevron staff or is it jointly, just so that we know ahead of time?

**HON. W. PARASIUK:** My staff have asked a number of questions that the Chevron people have to answer. Some of the questions weren't answered fully, sufficiently; more work has to be done. So what we're doing is we're having Chevron do the work. We're doing the analysis of their work to make sure that work is done properly. That's the line of responsibility in a sense, but ultimately the responsibility is ours.

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

**MR. H. ENNS:** Mr. Chairman, we've expressed some concerns about the matters relating to energy and this Minister's actions in that regard.

I wish to deal for a little while on an overall matter that I hold this Minister particularly responsible for with respect to energy and energy costs in this Province of Manitoba. Mr. Chairman, it may not particularly fall in the ambit of the particular line that we're discussing, but I regard the Minister of Energy in the Manitoba



Cabinet as being the lead Minister with respect to energy questions, energy questions that relate to all matters pertaining to that subject matter. When he is part of and when he allows statements to be made, positions to be taken by his government that he is a senior member of then, Mr. Chairman, I feel it entirely appropriate to take occasions such as this and when we're discussing his Estimates to make some comments about them.

I appreciate, Mr. Chairman, that comments that I'm about to make might have been more appropriately made when we come back to dealing with the Minister's Salary or could have been made in response to a more formal opening statement on the part of the Minister and the response by an Opposition spokesperson, but I intend to make them now anyway. If you rule me out of order, why then we'll have a little donnybrook about how you're running this committee, Mr. Chairman.

**MR. CHAIRMAN:** Is that agreed to all, every member of the committee?

**HON. W. PARASIUKE:** I prefer having these types of discussions. I think we've handled previous Estimates on that basis; we've handled committee on that basis. The only reason why occasionally I'll point to a particular area is that there might be staff who does come in, but for purposes of general discussion, fine.

**MR. H. ENNS:** I appreciate that. Part of the difficulties, of course, as all members are aware, we have two committees functioning. Different members walk in from time to time and we're not aware of the original arrangements that were made.

Mr. Chairman, this Minister and this government has, in my judgment, stretched the bounds of integrity and of decency, quite frankly, in dealing with very fundamental energy questions to all citizens of Manitoba. I speak to two specific issues, the one being the very straightforward promise made by none other than the First Minister of this province, supported by, I must assume, this Minister of Energy and the rest of the Cabinet just prior to and indeed in the midst of an election campaign, a little over a year ago, March of '86, who said that this Minister of Energy, this government would do something significant about reducing the price of gasoline in the Province of Manitoba.

Mr. Chairman, to make promises of that kind, and I know on the basis on which they were made, they, after all, with the help of staff, with the help of experts, they are keeping their ears to the ground. We're well aware that there was a cyclical decrease for a short period of time, gasoline prices, gas prices at the pumps throughout Manitoba going to occur within about the time frame that the First Minister set out for himself. It did, in fact, Mr. Chairman, occur. We did, in fact, have a seven, eight, just about nine cent a litre drop in the gasoline prices for a brief moment, for a brief period of time. But that had nothing to do with the actions of this Minister, had nothing to do with the actions of this government and had nothing to do as a result of the commitment promise made by the First Minister of this NDP Government. There were some market forces at play at the particular time. There were,

in fact, substantial reductions at the wellhead prices of energy. They were being passed through just about at the time to coincide with the First Minister's comments.

But then, Mr. Chairman, what has happened since that period of time? This Minister and this government participated in another little bit of window dressing. They had a special bill passed - and I'm trying to recall the name of the bill, right now it escapes me - to add some further evidence as to the intentions of this government about doing something with respect to regulating and controlling the price of gasoline at the pumps. Only one other province in our country has similar legislation, namely the Province of Nova Scotia which can in effect order - and does from time to time - oil companies to bring their requests for oil increases, gasoline increases to, I believe, the Public Utilities Board or a similar regulatory board in that province for review and for consideration before they can be passed on to the consumer.

Mr. Chairman, in that province, it hasn't affected any material change or benefit in terms of reduced oil prices, gasoline prices, and I'm talking gasoline prices now for the average consumer. Of course, we have seen no such reduction in gasoline prices in Manitoba. In fact, a survey done just a little while ago by some of our limited researchers indicates that we are now, in Manitoba, paying among the second-highest prices of all jurisdictions.

Mr. Chairman, I need not have the Minister lecture me that there are reasons for different prices. We have different levels of taxation across the province, but that wasn't the issue. The issue was, it was opportune for him in the heat of an election to be party to making a promise, a commitment to the gasoline users of Manitoba that, if elected, their government would do something about it.

Mr. Chairman, nothing has transpired. Oh, we've gone through hoops, we've gone through loops, we've passed legislation. This Minister of Finance has added a few more cents to the gasoline prices, but I don't particularly single this Minister of Finance out. All too many other Ministers of Finance across the country have done the same, including my federal colleague, the Federal Minister. But that's not the issue that I'm making. I'm saying that this Minister and this government left the deliberate impression with the electorate of Manitoba just prior to and during an election that he and his government would do something about gasoline prices, would appreciably lower them. I believe they actually gave a specific amount, something like 9 cents a litre within a certain time frame.

**A MEMBER:** We all knew it was coming.

**MR. H. ENNS:** Well, that's what I call callous disregard for honesty when it comes to approaching the electorate. That's what I call deliberately playing on a matter that was of concern to all gasoline users. Prices were going higher and higher. When this Minister read the same market analysis that we read, others in the industry read, and said, yes, there is going to be a temporary decline in the prices, he went out on the platform, he went out on public speaking engagements holding out these kinds of promises to Manitobans in the very important field of energy.



But, Mr. Chairman, where are those benefits today? Where are they today, and what has this Minister and his government done about it?

You see, Mr. Chairman, the promise achieved what it was meant to achieve, a narrow victory in a tight election, two or three extra seats that enable him to hold onto office, he and his colleagues to continue in the Treasury Benches. That's all it was meant to achieve. It wasn't meant to achieve lower prices for gasoline users in the Province of Manitoba and it hasn't, Mr. Chairman. I hold this Minister responsible for that.

Mr. Chairman, this Minister is again, with the leadership shown by his First Minister, saying of course the same thing with respect to natural gas prices, graphically showing us on television how much the average residential user in Winnipeg is being overcharged, how much the small business or average industrial user is being overcharged. We are paying millions of dollars more than we ought to, says the Minister, says the First Minister.

I wasn't at that annual NDP convention where the First Minister really got wound up on this subject, but he promised the people of Manitoba, as this Minister continues to promise the people of Manitoba, substantial reductions in the cost of a major energy source, natural gas, to the 35 percent to 38 percent of Manitobans that use that as their principal source of energy in the heating of their homes and in their businesses.

Mr. Chairman, I would hope that the Minister will show me wrong and make me retract these words, perhaps when next we meet a year from now. I see no signs of this government caring at all about its own reputation with respect to the promise they made on gasoline prices, motive fuel gasoline prices. Nothing has transpired, no action is being contemplated, nothing is being done by this administration to carry out the promise they made to the people of Manitoba prior to the last election on gasoline prices.

Mr. Chairman, they see in the question of natural gas that there are some political Brownie points to be made here. They can charge against large companies, whether it's Trans-Canada Pipeline multinationals - that's always a favourite target, just as they charged it to Shell and Imperial Oil, forgetting of course that our own great people's organization, Petro-Canada, that we all own, was keeping pace litre by litre, and all the cooperatives and his own ManOil Company - that ManOil Company, by the way, that was going to reduce my taxes; that ManOil Company that is supposed to help reduce my income taxes; that ManOil Company that was going to send all our children up to the university free because of all the profits we were going to get from it.

All it has done today is cost us money. I have to dig deeper into my pockets to support his concept of producing oil in this country. I have to ask my farmers who are having a tough enough time out there right now to pay a few extra dollars so that this Minister of Energy can walk around saying, but I built the company; it's called ManOil.

**A MEMBER:** He's the sheik.

**MR. H. ENNS:** The sheik of Manitoba.

**A MEMBER:** But he doesn't have a Cadillac.

**MR. H. ENNS:** He hasn't got the Cadillac yet, which his colleague, the former Minister of Telephones, provided to a few sheiks in Saudi Arabia with the \$27 million that we left just dangling around there, somewhere in the shifting sand dunes of Saudi Arabia, 27 million Manitoba tax dollars floating around there somewhere. And he hasn't done that yet, but give him a chance, give him an opportunity.- (Interjection)- ManOil is only a few years old and they're only losing a million dollars a year.

But, Mr. Chairman, my colleagues are diverting me from my remarks. The point I'm trying to make with this Minister of Energy on two very important energy questions - and you will be judged by this, Mr. Minister. You are striking out on the first promise that was made, was made not just by you but by your Premier to the people of Manitoba that you would do something about gasoline prices significantly different than what other jurisdictions did. You were going to do something because you had a commitment to it. We passed legislation to do just that.

Mr. Chairman, you buy gasoline. You're paying 48, 50, 51, 52 cents a litre for it, more than what it was when the promise was made. Mr. Chairman, when have we heard the question of gasoline prices even raised by members opposite? They'd just as soon want us to forget about that now. As I said, that promise was made for a specific purpose. It achieved its objective. The objective never was to reduce gasoline prices; the objective was to hold onto office.

**A MEMBER:** At any cost.

**MR. H. ENNS:** At any cost. So I will await this Minister's action on those two fronts.

The Minister and his First Minister has gone very clearly on the record that Manitobans are paying up to 30, 35, perhaps 40 percent more for natural gas than they ought to. The Minister has suggested and threatened to take the Government of Alberta to court. The Minister has suggested we'll find alternative sources or we'll buy it from the United States. I suggest to you, Mr. Chairman, that the Minister will continue making these kinds of statements right up until the next election. The First Minister will say, but we are fighting with Alberta and we are fighting the multinationals, but no Manitoban will receive a reduction in natural gas prices. But he is hoping that in this instance the mere sham battle that he'll put up will be sufficient to convince Manitobans that he in effect is trying to do something. Mr. Chairman, this Minister is on record on those two items, gasoline prices and natural gas prices, to deliver the goods.

**HON. W. PARASIUKE:** Actually I take the comments of the Member for Lakeside seriously.

**MR. H. ENNS:** They were given seriously.

**HON. W. PARASIUKE:** I know and I'm not trying to say otherwise, although I must say that I think he was at his eloquent best and I have commended him since I first came into the House that, when the Member for

Lakeside gets going with the rhetoric and the eloquence - and those go together - he can be in fine form. I think he was making a case that I would like to take a few minutes to respond to. I don't know if I'll wax as eloquent as someone who's going through the shifting sands, and I would like to try and be careful when I go through some of those metaphors.

The Member for Lakeside basically is talking about a couple of areas where, in a sense, he's saying and we have been saying that the market isn't working in a proper way. When the market's soft, the price should come down, because we all know that, when the market firms up, those prices always shoot up. What one wants is some type of coherence to the market, that you don't have a whole set of forces that keep prices artificially high when they shouldn't be high, when the market forces are such that the price should be coming down.

So what we have and had with respect to gasoline was that we had a situation where the prices should have been coming down, and they were not. There was a big debate as to whether those market prices should be coming down because there was a drop in the price of oil. That was for gasoline. We said, if those prices don't come down within a certain period of time, there will be action, and we jawboned and pushed and those prices did come down.

But I think the member has a point when he says, well, what about what's happening today? And there are those variations. Now there is a commission of inquiry, as the Member for Lakeside knows. I am not the Minister to whom that commission of inquiry will report, and I would hope that, after that commission of inquiry is concluded with its report, the government might undertake to see what might be possible in the light of the evidence there. So that's the gasoline thing, and I certainly will be part of the Cabinet that will look at that and make those decisions, because the member, I think, when he was talking to me as Minister of Energy, was saying, fine, anything of energy relates to you. I will say that, yes, within a Cabinet context, I will be talking about that, but I cannot be specific with respect to gasoline. I recognize the types of fallacies made with respect to gasoline.

Clearly, I think that he is expressing a frustration that maybe the market isn't working properly, that there might be a set of forces within the market that basically are skewing it. That's what I would like to find out from that commission of inquiry, and that's what we asked the commission of inquiry to determine.

If that market is skewed, the question then becomes, what types of things can a province do to make that market work better or, if it's going to be skewed, to make sure that Manitobans as consumers of gasoline can be better protected in an unskewed or imperfect market. So we'll have to see what that commission of inquiry says.

Now, let me turn to natural gas. The market isn't working there either. Deregulation was brought about by the producing provinces and the Federal Government because they wanted deregulation. They didn't like the NEP; they didn't like a regulated system. I think their assumption was that the market would firm up and the prices would go up and you wouldn't have a ceiling, because they saw the regulated price as being a ceiling. That's not what's happened. The market softened but, if you're going to bring in a deregulated system, you

should at least let the market work. Those have been the frustrations that we have had, that I've had as a Minister, we have as a government.

If you're not going to have a ceiling, then you can't have a floor. Some of the producers - not all the producers in Alberta and other provinces want to have some type of hidden, artificial floor. Some of the major entities that control that whole system want to have a hidden floor. They don't want to call it a floor, because to call it a floor means that you're going to put in a request for a ceiling. The Alberta Government, in my estimation, wants a hidden floor, but they don't want to call it a floor. They're hoping that somehow they can keep those prices propped up artificially high until such time there are possibly many more sales take place to the United States and the surplus goes down. Then the prices are firm and they don't have a ceiling and the world has changed and we pay the higher prices, but we haven't had an opportunity of taking advantage of the lower prices that reflect the market. So there are those market imperfections and, again, we're a consuming province. We're a province of 1 million within 25 million.

But we're serious, we've been doing our homework, I've been having negotiations. I hope we can pull something together and I've expected, if that happens, there will be opposition. There will be opposition, and I can appreciate it in some senses. Alberta would like to keep those prices high because they would like to get their revenues. But we have said, it's unconscionable to have a situation where residential people in Manitoba pay \$3 and large industrial users might pay \$1.75 or \$1.60, because large users can go out and directly purchase gas but residential people can't, on their own, go purchase gas directly. Or it's unconscionable if we have situations where gas - natural gas, I'm talking about - is going into the United States to residential users and industrial users at, say, \$1.60 or \$1.70 or \$1.80 or \$1.90 or prices like that and that's all okay, but somehow it's not okay for Manitoba residential, small business and commercial users to somehow have access to gas at those types of prices.

And we have been having those discussions, negotiations, airing differences of opinion, trying to see if there is any common ground, trying to understand what the other side is looking for, what we're trying to achieve. Despite this deregulated system, there isn't full deregulation. There are a lot of hidden props and supports that we believe in their application may indeed be unconstitutional in terms of interprovincial trade and discriminatory. We want to make sure we've done our homework on that.

We have another situation where there's an artificial distinction between the large users and the core users, and that's not true. Ottawa says that's not the case. They're both parties to an agreement. One has one interpretation of it and the other has another interpretation of it.

So, that's the world that's out there that we are trying to do something about. And we will have opposition when we do things. We're trying to pull together something that might make some sense. I don't know if that can happen, but we'll try.

But when that happens or if it happens, I'll be interested to see whether in fact the Member for Lakeside will be as firm in saying do something as he's

just been. If you throw the challenge to me, the challenge comes back to you in terms of, are you going to sit there and nit-pick, or are you going to say the objectives should be to get lower-priced gas. If there are battles, let's fight the battles together because, knowing full well that Alberta will have a certain set of concerns as a producing province, but surely it's important for us to do what we can to protect the consumers and to do so within some notion of fairness as to what's a fair price. That's hard to determine if there's supposed to be a market.

So I accept the challenge of the Member for Lakeside, and he can hold me accountable a year from now or whenever he wants to hold me accountable on it. But if we meet that challenge, knowing full well that the world's a difficult world out there, I would hope that he would respond to the challenge that, in a sense, he's put on himself to try and make things work.

**MR. H. ENNS:** Mr. Chairman, I take issue with none of the explanations the Minister made. The issue I take is that he was aware of all of these issues. His government and his First Minister were aware of all of these issues prior to them making the kind of public statements that left the impression, because this is a government that likes to leave impressions, that the matter could all be cleared up by virtue of a hearing from the Public Utilities Board.

Now I know that's not what the Minister believed to be the case. The Minister, as he just indicated, and the government knew full well that we had partial deregulation in this country and, for all the reasons the Minister just put on the record, that it will be very difficult to significantly do something about it in the short term. Whether or not we have to await for contracts to expire, or whether or not we have to await for some - goodness knows, I would suggest that we'd have to wait a long, long time for some constitutional changes to be made, inasmuch as every province has the veto now - or whether or not you could realistically expect a change of policy, a change from the Federal Government to reimpose some heavy hand on producing provinces, as indeed was the case during the Seventies and the National Energy Program.

But I'm saying, Mr. Chairman, all of these factors were well known to this Minister, who has certainly just demonstrated the difficulties that this government or any government would face in bringing about a fundamental change in the supply system of natural gas to the Province of Manitoba.

Under those circumstances - and I still ask the same question I asked a little while ago, as I asked about statements made with gasoline prices, statements that his First Minister and he have made with respect to the unnecessary millions that Manitoba users are paying for natural gas, about whether or not, speaking fairly, that is holding out fair promises, fair conditions to the people who he's addressing.

The Minister wants to know where I stand on this matter? Well, it is a matter of public record where I stand on the matter. I wish that we were still in the shape, physically speaking, as a province that we could do something courageous, because in my judgment that's what is needed, and do it for all Manitobans.

Natural gas is the closest non-renewable energy source that we have, at least in our concept, in vast

quantities. So a distribution system covering the entire province would not be out of the question if we had so prudently managed our affairs that we could take on the kind of visionary programs that a much more tight-fisted government like the last Liberal Government of this administration, back in the days of D.L. Campbell, took on when he decided that, damn it all, we're all going to have electricity in this province, not just the cities, not just the larger towns. By comparison, that was a greater commitment. It would have called upon greater draw down on the resources of those residents then in the Province of Manitoba, in the financial capacity of the Province of Manitoba than it would be for this Minister, for this government, to nationalize the natural gas program in the Province of Manitoba and to provide it to every resident, to every person living in Manitoba. Now there is a challenge, Mr. Chairman, and if this government comes up with something like that, I will show you where I stand on it.

**HON. W. PARASIUK:** With respect to the comments that the Member for Lakeside has made on these issues, I can say that the proof of the pudding is in the eating. On the gasoline, work is still being done; on the natural gas, we are trying to do work, we're trying to pull together a package. We'll have a chance to see how the Member for Lakeside responds, how he critiques or approves or what, any of the initiatives that we might try and undertake.

**MR. CHAIRMAN:** 2.(a)(1) to 2.(e), inclusive, were each read and passed.

Resolution - the Member for Lakeside.

**MR. H. ENNS:** Thank you.

Just one final further question with respect to the Manitoba Energy Council, that grant I noted over the years has remained static. Could the Minister give me some indication as to what the activities of the Energy Council has been in the last year? Is the Energy Council functioning in an active way, as was the intention when it was established?

I won't particularly hold that to the task of this administration, but it happens to be a habit of all governments. We establish different advisory groups, different organizations at a particular time when the need was particularly felt that they could provide a useful performance. I certainly don't indicate that the Manitoba Energy Council advice is not as pertinent today as it was when it was first established. I'm simply asking the Minister, what is the Manitoba Energy Council up to these days.

**HON. W. PARASIUK:** I think a couple of years ago anyway, I did indicate the membership and I don't know if it's changed dramatically. What the Energy Council's expenditures are, basically you've got, they do have meetings. We do have some transportation costs because we tried to get some people from outside of Winnipeg so it just wasn't a Winnipeg entity. You've got supplies and services, which basically would account for some consulting. They did have one conference.

What they've been working on - and I think they've been very good in this area - they've been looking at

the government programs with a view, especially on the energy conservation side, of trying to get the government to move to do what might be called a least-cost energy analysis. Let me explain a little bit. Basically what you're trying to assess is what's the biggest bang for your energy dollar. If you can recall, and then I was quite prepared to deal with the debates and defend it. People were saying if you invest in energy conservation, then you don't have to build hydro dams.

In fact, I have visited people who have been doing a lot of technical work. The University of Berkeley has been doing a very good amount of technical work in this respect, where they've got energy-efficient appliances, the light bulbs are different. That is something that is moving, but I think often what happens is that the technical know-how might be there, but human willpower being what it is, it doesn't move as quickly as people might think ideally.

Just think yourself, people say that you can buy light bulbs that can last for seven years. You buy one and it pops after a year - you're not going to touch them again for a long time. It may turn out that those light bulbs that supposedly last for seven years are good. So what we have started doing, and we've been talking to the Federal Government about this, and this has been primarily with the base work done by the Energy Council - they wanted us to take a look at how one measures the impact of various investment, and trying to come down to some common base and look at energy patterns with respect to comparing a dollar for hydro development versus a dollar for the energy conservation versus a dollar for the energy alternatives.

Through their first work, we started doing some work within the department, doing some work with hydro, just to make sure that we did have this overview, even though there might be some blinkers - I wouldn't call them blinkers, but there might be some disposition to do certain things one way or the other. What we found fascinating is that we are now launching this work - it's a lot of detailed technical work because you're breaking new technical ground - but the Federal Government has come along. They're probably about six months behind us, but they'd like to be doing this type of thing as well. So I think that that's been a - if I had to think of a significant contribution, I mean, the most significant one, it's been that.

They've commented on the types of energy conservation programs we have had. We've tried to get response from those people, some of whom are actually in the business of energy conservation, to give us commentary and feedback on how we might shape our programs. I think we've taken that into advice to try and make the programs more understandable to the public so that they might respond.

**MR. H. ENNS:** The Energy Council, I look to as a group somewhat arm's length from government, a forum, where kind of vanguard planning and approaches can be discussed and reported to the Minister, to the Government of the Day. They were more active, as I recall, in those early Seventies years when, pardon me - (Interjection) - perhaps I'm confusing it with a natural resource body. I accept that correction from the Minister.

I was going to say though, I would look to this same group as - perhaps sitting in judgment is not the

appropriate phrase - but looking at this Minister and this government's direction with respect to the appropriation of resources for export power sales would be a subject matter that, if I were sitting on the Energy Council, I would want to have an opportunity to discuss and to examine and to comment on. Have they, in fact, specifically looked at this government's, this Minister's stated objectives that they are pursuing, I hope strenuously, for the sake of Manitoba taxpayers, with respect to more and more putting Manitoba in a position of exporting particularly hydro power. And I'm speaking about the further advances of the development of the Nelson River. Have they specifically addressed that issue?

**HON. W. PARASIUK:** They have addressed it in the sense of saying that one should be looking at the energy conservation aspect as well as the energy production aspect, and that one has to weigh whether you get a bigger bang for your energy buck on doing the energy production, which is to say the Limestone development, as opposed to doing - some of the concepts raised are quite dramatic.

There are some utilities in the United States that will actually pay someone \$5,000 to insulate their homes. They see that that still is a pay-back to utilities because they don't have hydro as an option. They've got tremendous pollution control problems, especially if you're in some place like southern California, and no one wants to touch nuclear. So, they don't have the source of energy, so they're almost spending money to avoid having to build new plants. That's a dramatic approach or an extreme approach.

So what we're trying to do is, rather than debate, look at these things theologically almost. Let's do the surveys of what usages are, let's see how you might switch people, how quickly they might move with switching. I don't find that approach inconsistent at all with the hydro production because, to the extent that we can conserve more, I think we have more to export; to the extent that we can read the markets better any place, we're sure of what we're doing and that is the type of dialogue I've had.

**MR. H. ENNS:** Mr. Chairman, one more item before we pass this section with respect to energy, I know the Minister, like myself, among the hosts of technical documents and journals that we both read vociferously related to energy questions, on occasion we also read such lesser magazines like Time. The question of superconductivity was recently featured in one of these articles and, when one takes the time to read some of the very ambitious projections of what this kind of breakthrough in technology might mean to the transmission of energy, what it might mean to a province like ourselves, what it might mean to future transmission lines that this Minister hopes to build, what it might mean to the greater utilization or the more efficient use of energy that we currently have, particularly in the field of electric energy. I would welcome the Minister's comment on this exotic subject.

**HON. W. PARASIUK:** I welcome the Member for Lakeside raising it. I saw and actually clipped it out, the Time article on superconductors. I had also



contacted Jasper McKee who is a physicist at the University of Manitoba and asked him for notes and background material on superconductivity because he was on CBC one morning, and I've also asked my staff on this. I've asked, more specifically, Hydro staff to look at it. They're monitoring it, because what's happening here is that you're having very dramatic breakthroughs almost of an exponential nature every two, three weeks.

Now the implementation of this might be 20 years down the line, but the technical breakthroughs are almost exponential and very exciting, and people, - if you, you know, have read the article - they are having such a hard time keeping up. "This has a positive and possibly a negative effect. I think it's going to increase the usage of electricity." That's the conclusion of Jasper McKee, physicist.

It'll increase it because there are many more things you could think about doing. Now what you're talking about is just the transmission law; so you're talking about a transmission law, say, of 7 percent or 10 percent or 15 percent. They're saying you can do so many more things if you can eliminate that loss.

One of the dreams that I've always had is that we could have our railway system powered by electricity. I mean, to me, it seems ridiculous that we would be using up a declining or depleting renewable resource to power trains when you can go to Japan, who don't have very expensive electricity, they're using electricity to power their trains. They have mountains, they have snowstorms, they have all the things that we have; but we've already got all this built-up infrastructure and it's difficult to get people to think in other terms.

But I would like to see us using the electricity to power the trains and saving the hydrocarbons to power tractors, because it's going to be pretty hard putting the lines over the fields and pretty hard developing the type of battery engines that would have far-motive power, or aircraft usages, or chemical, their fertilizer feedstock. That's what I'd see the hydrocarbons being used for, you know, their best-end use. I don't think powering a train is the best-end use of a hydrocarbon - it might be right now - but you know, we expect to be around as a country for hundreds of years and these hydrocarbons won't. So I find the superconductivity development very exciting.

Secondly, it opens up new business for us, even more so in terms of how far one might be able to transmit electricity. So it is a new development, we're monitoring it. I think it's exciting and I think the pluses will outweigh the negatives. But again, it's at an early stage and it's probably about 20 years down the line in terms of actual application which, you know, if the world unfolds ideally or idealistically, we would have power available, contracts and other things, for electrification. That might be a nice time frame. You have to think with these types of developments 20 years or 25 years ahead, even though they might try to project very far in the future.

**MR. H. ENNS:** Mr. Chairman, I know the Minister will forgive me - it's one of the penalties of having been around a little while; you do remember things of the past. For instance, like I remember, Mr. Chairman, before he became a politician, when he was head honcho in something called the Planning and Priorities

Committee that is of Cabinet which is now being resurrected again by this government, and it was in the early Seventies, I think, and the decision was made that now is the time to get into electric cars. Well, it kind of floundered because Premier Schreyer was on his way home one day and his extension cord ran out on the Disraeli Freeway and that's as far as he got.

Regrettably I, a few years later, became Government Services Minister and I had to find some way of disposing of these lemons. We had seven of them, I think. They had about 4,000 pounds of batteries in them - these were little Renault cars, you know, that could barely carry that weight.

I would hope that maybe, with the advent of superconductivity technology, we might be able to resurrect that program again and drive more.

**HON. W. PARASIUK:** I just want to mention, I don't think you can have it both ways. The Member for Lakeside can say be bold, be visionary, look at the future, do these interesting things. You know, when you do some of those interesting things, a few of them are lemons.

**MR. H. ENNS:** The Minister's been around here long enough to know. You can have it both ways when you're government but, when you're in Opposition, you obviously can't. That's a cardinal rule of being Opposition.

**MR. CHAIRMAN:** Resolution No. 60: Resolved that there be granted to Her Majesty a sum not exceeding \$4,209,600 for Energy and Mines, Energy, for the fiscal year ending the 31st day of March, 1988—pass.

Item No. 3. Mineral Resources, 3.(a)(1) Mineral Resources Administration: Salaries; 3.(a)(2) Other Expenditures; 3.(b)(1) Petroleum: Salaries; 3.(b)(2) Other Expenditures; 3.(c)(1) Mines: Salaries; 3.(c)(2) Other Expenditures; 3.(d)(1) Geological Services: Salaries; 3.(d)(2) Other Expenditures; 3.(e)(1) Canada-Manitoba Mineral Development Agreement (ERDA): Salaries; 3.(e)(2) Other Expenditures - the Member for Lakeside.

**MR. H. ENNS:** Well, Mr. Chairman, with respect to Mineral Resources, mineral is an all-inclusive term as we understand it in the Opposition, including potash, including the new gold mine that I will allow the Minister to announce the successful opening of just this past week, I understand.

More seriously, we would want to talk at some length with respect to the difficulties at Leaf Rapids, the Ruttan Mine, and our involvement in that situation.

But I know that if it's all right with the Minister, some of my colleagues would like to discuss the question of potash briefly and I'd like them to do so now.

**MR. CHAIRMAN:** Is that agreed? (Agreed)  
The Member for Roblin-Russell.

**MR. L. DERKACH:** Thank you, Mr. Chairman.

My first question to the Minister is with regard to the proposed potash development in the Russell area.

In February of 1986, the Minister put out a news release that indicated that there would be a Letter of



Understanding or there was a Letter of Understanding between India and the Manitoba Potash Corporation with respect to developing the mine in the Russell area. In that particular release, the Minister indicated that there would be a Marketing and Equity Participation Agreement reached by November of that year.

Can he indicate to the House, or to the committee, what the status of that particular agreement is right now?

**HON. W. PARASIUK:** That work is still being done on that agreement. The market at that point was soft, and for the buyer buying it, they saw it as a buyers' market. So they were far more focused on buying on a yearly or a six-month basis.

They are looking at how that market is changing, especially with respect to the future supply situation, and I had a further set of discussions with the Indian Government officials and their minerals and metals people through the month of December. I must say the reception I received from the Indian Government and their corporations and the Ministers was excellent.

What we had received was, in a sense, they had received an approval in principle to pursue it. They've taken it further where they are now talking about more identifiable amounts with respect to offtake, talking in the order of 500,000 tonnes, talking in the order of a 20-percent equity investment. They want the technical feasibility study to be complete. They'd like to do their assessment of that, because again it's a big step for them to especially think about making an equity investment in a foreign country when they've never done that before.

However, all the work that we have done with them, I think has been very good. It's taken longer and I'm finding that, in dealing with Third World countries, it takes longer than it might take in a North American setting. At the same time, it's important to be patient and persevering in that the areas they're going to experience the demand for potash consumption will be the Third World countries that will require the patience and perseverance.

We basically have a mature market in Japan; we basically have a mature market in the United States. But in the countries like China, India and Brazil, these are very large offshore markets right now and they have no place to go but up in terms of future demand for potash.

They're building a number of nitrogen fertilizer plants, basically ammonia plants, urea plants, using natural gas as a feedstock because they have indigenous natural gas. So their first fertilizer applications in the past, historically, and now they're adding to it, are nitrogen, and they add phosphates and they add potash almost as a dessert. So a lot of their effort is on building extra nitrogen capacity.

There's a program of five plants for China, five plants for India. They will use a lot more potash once those plants are operational and they're applying that much more fertilizer. That demand is increasing right now. Despite the slump over the last few years, that demand still has been going up by 6 percent or 7 percent in offshore markets. It's gone down a bit in the States. So we feel good about the discussions and negotiations we've been having with India, but they do take their time.

China, which was out of the potash market for awhile - they might have had stocks of potash, but the other thing that they did, they did something that, in a sense, brought more market forces to bear on the Chinese economy. They allowed an increase in prices for farm produce and, if you look at any of the material about China, you'll find that the Chinese farmers are making more money; some of them are doing extremely well. But they also then reduced some of the fertilizer subsidies. So the first thing that the farmers did, they quit using fertilizer.

When we met with them - and the Premier and I were there a couple of years ago. The Minister of Agriculture met with us and the Vice-Premier of China met with us. They indicated that they expected that there would have to be a three- to five-year transition for their new economic reforms in terms of their reforms to work their way through the system. The people would stop using fertilizer, their yields would go down, they'd realize they needed the fertilizer and they'd get back into it. That appears to be happening.

Last year, China came back into the potash market in a very dramatic way, and I'm pretty sure the member is following the information on potash, and you'll see that they've been back in the market. The question is: Are they going to be in there consistently? It would appear that they are.

Brazil is another situation where - and neither China nor India has indigenous potash. China has a little bit of a salt mine lake, but India doesn't have potash, nor does China. Brazil's an interesting situation where some of the companies we have talked to, I think would be interested in an equity investment, but they've got tremendous foreign currency restrictions.

However, fertilizer, to all these developing countries is probably in the top three priorities in terms of the country's economic priorities. So they do allow the foreign exchange for fertilizer purchases. So Brazil's consumption of potash went through a little bit of a slump through the mid-Eighties but is back up to their high level. They're up to 2 million tonnes, so they're even higher than China right now. Again, they are diversifying their crops right now. Brazil produces more citrus fruit than Florida does, and that's been only in the last five years. So those three markets are very good, very big and very solid.

Those are the ones that we've been focusing more of our attention on. There have been some others who have had discussion with us, Koreans for example, the Japanese. They would either use some for their own purposes, but they also do trading into a number of the other countries that aren't big in relation to China or India. But you're taking Indonesia with over 100 million people and you're taking the Philippines and you're taking Malaysia and you're taking Thailand and places like that. So it's a fairly complicated process, but I think the fundamentals are solid.

**MR. L. DERKACH:** When one listens to the Minister's explanation, one can't help but get the impression that the outlook or the future for potash development in Manitoba is definitely bright. But there is a cloud on the horizon, I suppose, and that being the soft market right now presently in the world, and the other is the glut of potash in the world and especially in Saskatchewan.

With Saskatchewan having the technology, having their mines in place, the potential for production and the capacity for expansion is readily available there. They don't have the construction costs to go through. That of course conjures some questions on my behalf in terms of whether or not these considerations have been taken into account and whether we are perhaps creating some false hopes in terms of where we're going in the potash industry in this province. Perhaps I would like to hear the Minister's remarks in that regard.

**HON. W. PARASIUKE:** The questions and comments of the Member for Roblin-Russell are legitimately raised comments. What we're trying to do with the potash development is to bring about a counter-cyclical investment. The potash cycle is a bit of a longer cycle than, say, the pulp and paper cycle, but basically all the commodities have a business cycle to them. They've got a high period and a low period, and you could almost trace the historical cycles.

The potash cycle, as I said, is a bit longer, and the other thing that has happened is that, since that very, very deep recession of 1982-83, that turned things so that now the recovery from that period was a lot longer than had been the case in the past. Pulp and paper took a longer time to recover than it has historically but, if you follow the business pages, now you'll see that the pulp and paper companies are doing fairly well when they were in terrible shape for quite a period of time.

The fertilizer industry is in difficult shape. There is a consolidation and rationalization taking place in the phosphate industry, taking place in the nitrogen industry, some taking place in the potash industry as well. But nitrogen, you can make in a lot of different places in the world if you have natural gas. Phosphate is in a lot of different places in the world. But there are two major sources of potash, the Soviet Union and Canada.

Before I get to talking about the Saskatchewan situation, I just want to paint a little bit of a picture about the world. We talked a bit about demand earlier. You've got American mines that are running out over the next five to eight years. There'll be a couple that provide or produce a special type of potash, and it's called potassium sulphate, so that's a special type. But the other ones are running out. They want protection. They accuse Saskatchewan and other people about ante-dumping, while they run their mines out over the next five to eight years, but they're going to run out.

You've got Spanish mines in difficulty, you've got French mines that are basically running out, East German mines that have probably reached their limit of capacity, you've got West German mines that have reached their limit of capacity. You've got an interesting area that I've never seen, the Dead Sea. Jordan and Israel have two plants that produce potash by evaporating the Dead Sea, leaving the salts, which they filter out, and they have potash. Fascinating, I've never seen it, but they are producers and they have some room for expansion but not that much. So you end up with Saskatchewan and New Brunswick and the Soviet Union.

The Soviet Union has tremendous logistical problems just shipping the potash. They've had two mines go down, but there you never can predict them totally.

New Brunswick has an advantage. They have a high cost of mine development; they have poor-quality ore; it's not a flat-layered ore. It's difficult to follow. It's almost like ribs and it's more expensive, technically difficult, but they're right by the water so their transportation cost is less. So they have certain areas where they have some advantage to, but not all of them.

Then it's Saskatchewan and ourselves. Now, we've never seen ourselves acting as such in competition with Saskatchewan. They have seen us acting in competition with them because, in order to let people know about our development and the timing of it, we've gone out and seen people right when they're in difficult straits because they're producing potash today.

Now if you've looked at any of the Saskatchewan Ministers' statements when they talk about they're probably going to have to shut down one or two mines that maybe they should have shut down earlier, maybe they were acting for political reasons and not economic reasons. We were part of a company that shut down Tantalum, the Tanco Mine. We shut that down, but the potash kept on running. So they may go through a process right now where they shut down some operations. The operations they'll probably shut down are the poor-quality mines, because there are 10 mines in Saskatchewan. But you know, our mine potential is with the best one of their mines, not the poorer-quality ones. So they may have to shut down their poorer-quality mines, and that'll push the price up.

Secondly, they do have potential for expansion, but the one potential for expansion, probably a big brand-new development called Bredenburg (phonetic), and that's a big one. I'm not sure that they will want to. They may want to hold back on that for awhile.

Secondly, you know of the flooding problems that they have in Saskatchewan mines, and I think they have to watch that very carefully. We've tried to take that into account in our technical design of the mine, and we have in fact. That's slowed things down a bit, but we think that's time and money well-spent to take that extra time to make sure you reduce that risk or lessen it. That doesn't mean it's completely risk-free. Any type of investment has a risk to it.

So what we're looking at is a situation where we think that the market might be bottoming out. We think there's going to be a one or two-year period of recovery, and it's in that one or two-year period that people would have to make some judgments and some decisions.

Now the interesting thing there is that - I want to come back to my original comments about a counter-cyclical decision. I looked at a whole bunch of industries or a whole bunch of companies involved in mining, and one of the things that I find is that sometimes there is a herd mentality. When the price is high, everyone rushes in and builds it. It's like office building. When the price is high, you build all the office buildings, and then you have a glut of offices. You'd wonder whether in fact people might not sit there and try and be building when the price is low, but you see some impact and, if you look at the company that's done the best in this respect, it's been Olympia and York, the real estate company of Canada, that generally has made counter-cyclical investments.

This is the Reichmann brothers. They bought Gulf, for example, and everyone said, oh my god, they've

bought Gulf, look how expensive it is. If there is a turnaround in those prices, that may turn out to be a superb business acquisition. They bought a whole bunch of apartment blocks in New York when the price was collapsed at \$300 million. Those apartments are probably worth over \$2 billion now. That's what's called a counter-cyclical investment. Now you don't just do it rashly. You take your time, you're very careful about it. You establish contacts for a longer-term market offtake because that reduces risk. That's the difference from building it on spec.

So I said, that is the strategy we are pursuing. We think it's an innovative strategy, we think it's a bold strategy and, at the same time, we think it's a prudent and careful strategy. I hate putting a specific timetable on it because, when you do that, the negotiations might go longer. What usually happens is people will ask, well, when do you think something will happen. And I used to think, well, I think it will take place in six months or nine months. I'm not trying to duck the issue when I'm saying that I think it's more difficult putting those time frames, because we've learned through experience these time frames might drag out further.

But the quality of the mine, the quality of the technical work, putting ourselves in a ready position to move, to me, is a wise investment. Some people might argue, well you shouldn't spend that much money but, if we didn't and the market started turning, we'd have to do that work anyway as catch-up. Then we'd always be behind everyone else, because the key thing is you want to position yourself properly, because it is a five or a six-year lead time to build a plant or to build the facility.

That means we have to do all of our homework and be in a position, hopefully at the appropriate time, and make the judgments. It won't be just our judgments. There are going to have to be a number of people involved in this.

But we are receiving, I think, interest from the countries, other countries as well, and from private companies. So we think the basic ingredients are there; we think the potential is there. We know that there's a softness now. We know that softness will probably continue for maybe even two years. But we know also that people are recognizing that we're probably going to be in a situation where all the mines in the world will be operating at about 90 percent capacity at about 1992 and 1993. Historically, when mines are operating at that amount of their capacity, the prices are very high. The Royal Bank is now saying that; a federal analyst who's been working on potash for 20 years is now saying that, so that gives us more confidence. At the same time, one has to recognize the reality of what actually takes place. So this is not a blind leap of faith.

But one thing that the member should feel good about is that the world will go up and down, but that potash is there. It's a world-class potash mine. We think it's the world's best deposit that isn't yet developed into a mine. So therefore it's not a matter of "if," it's a matter of "when," and that's why I put that potash deposit that's in the Russell area better than the one that's in the St. Lazare-McAuley area because it's just a poor-quality mine in terms of the ore grade.

That doesn't mean that at some stage that won't be a good mine. It might be 50 years - no, I wouldn't say 50. It might be sometime 20 or 30 years from now; it's

still going to be there as well. But this one is just such a good one.

**MR. L. DERKACH:** Mr. Minister, I agree with you that all the indicators are pointing to 1993 or 1992 being a time of turnaround in the potash market, and I think even Saskatchewan, although very pessimistic at the present time, are indicating that some of the mines that they've closed now may open up again in 1993.

But when you say that the timing is important, I agree with that, for many more purposes than just the economic and practical purpose. As you know, just prior to the last election, there were some vibes made by yourself when you did visit the Russell area that alluded to a mine coming into the area very soon, and I'm hoping that you're not waiting until the pre-election kind of announcement for a mine in the Russell area because then it is political, and I don't agree with that kind of timing at all. I think if the deposit is there, and if you're moving toward the development of it, it should be done in a way whereby we don't use it merely for political purposes.

But I'd like to ask a more specific question now that I've gone through this, and that's with regard to the feasibility study or studies that are being completed in that area at the present time. I understand that some of them have wound up already and there are still some phases of that study that are just in the wind-down stages. I'm wondering whether the Minister can give us a time frame as to when these studies will be completed and if they will be available to us in the Legislature to peruse once they have been made available to him as Minister.

**HON. W. PARASIUK:** I think that if you talk to the Mayor of Russell, you will find that I was very careful with my statements that this is not an announcement.

Coming down to the questions that you raised with respect to the technical study, I expect that it will probably be some time in July, maybe mid-July, end of July, and they won't be public studies. What I'm trying to think - and I'm just thinking on my feet right now - I'm wondering if there wouldn't be some utility in possibly having a private briefing because what we're talking about will be commercially confidential information in terms of people weighing one thing off against another.

We would like to sign agreements with those people who will look at this on that basis, and there are requirements. I know that there are requirements that one lays out if you give anyone information. I think that the member is being very sincere in his comments and questions, and I think obviously has a very legitimate right to be interested. I would like to try and think of some way in which we could provide that information so that you would feel confident about it or at least feel you know, with the caveat, that this is commercially confidential.

We haven't done that much in the past, but I think it might be a useful time to do it because this is a complicated project in a complicated world, and I think that type of background always would be useful. I would certainly also take into account the attendance of the Member for Lakeside as the critic.

**MR. L. DERKACH:** I have a question in regard to the acquisition of property surrounding the area of the proposed site for the mine.

At the present time, there are several families who live very near or at least one or two families that live very near to the proposed site of the mine. And there's a lot of anxiety about what the future holds for them in terms of their family farm dwellings and their farms because they have established farmyards, they have parcels of land that they've worked very hard at getting to where it is right now. I know that there has been some communication with them in terms of expropriating the property or at least trading that property for property elsewhere, but there have also been some problems in terms of arriving at a suitable or an agreeable price. I'm wondering whether there is any activity being carried out in that respect or whether we now have a stalemate and things are sort of nowhere.

**HON. W. PARASIUKE:** With respect to the purchase of surface rights, that is being done by Canamax. Canamax is the operator that does that. My understanding is that there is agreement with all surface rights owners, with the exception of two - and I'd rather not name them and we probably talked about the same ones - and I think there it's a matter of I guess, price in relation to the other people and conditions in terms of what lands, whether in fact one would have to have lands. In Saskatchewan, I gather that's one of the issues raised. And that's something that I think Canamax has had a fair amount of experience in dealing at and I think their intent, what they've done to date with the other surface rights owners has been quite solid, quite fair. You run into some stumbling blocks, and I would hope that it would be possible for these two brothers and Canamax to resolve something between themselves.

**MR. L. DERKACH:** Mr. Minister, just I guess as a matter of public relations and keeping people informed, I was talking to one of the landowners just a couple of weeks ago who indicated to me that he's not sure as to where the project is right now because, although he's leased his surface rights to Canamax, or to Manitoba Potash Corporation, he's not sure whether they are going to proceed to purchase the land - because as a matter of fact it's his land that the primary site is on - and whether they are going to proceed in purchasing the land or whether he's to go and continue farming it. And there are many people who are in that state, Mr. Minister, including a lot of people in the town.

I've raised this in question period on several occasions because - and it's a sincere concern in the area - we've got some probably land speculators and property speculators who are drifting around and even some people from within the communities who have become somewhat speculative of probably trying to make a dollar or two on the prospect that the mine will come into the area. The sooner that we can at least establish some communication as to whether or not we are really going to go ahead with the mine or whether in fact we're going to wait for two or three years before we start construction, would certainly be beneficial to the community. I'm wondering whether the Minister can make some comments in that respect.

**HON. W. PARASIUKE:** I think that I basically have been saying that we're in a 12 to 18 month time frame. Things could move up faster. The difficulty, and I find myself

in some difficulty because I've run into some people, some of these in the Legislature, from Russell - is it going to go, and I say, no, not if you don't buy anything on that basis. We know it's a question of if, but it could be a question of when, so don't put yourself out like that.

Secondly, with respect to options being converted to purchases, probably a renewal of option that has totally to do with economics, once you have made the decision then you convert the option to a purchase, you pay for it - (Interjection) - you think so? Well, that's interesting because, if you're saying people should go out and buy and then make a decision later on how they would organize their finances, usually you're going to get an option. - (Interjection) - Well, that's fine. I was dealing with the Member for Roblin-Russell who raises it specifically, and I'm trying to give him an explanation on that in terms of that question. It's a matter of financial decision at the appropriate time. I'm quite convinced that the options will be held and they'll be converted when the production decision is made or in that time frame.

**MR. L. DERKACH:** I just have one other area that I'd like to broach with the Minister, and that is the price of potash. I know the marketing study is either complete or is very near completion at the present time. But are there with India, with China, with those countries that are potential users of potash and potential customers, some consideration for wholesaling potash to them at a price somewhat lower in order to attract them into the market because it is a buyers' market at the present time, or are we going to go on a world market basis with them?

**HON. W. PARASIUKE:** Basically we've been talking about a world market price and they would get their return on their equity. But what they would have is some security of supply, because where they've found themselves in difficulty in the past is that on security of supply. When there's been a market crunch with the scarcity of potash and very high prices, they just haven't been able to get the potash. So we would be talking about world market prices. - (Interjection) - Oh yes, the prices would in fact escalate. They would be the market price and there are different ways of establishing the market prices, usually f.o.b. Vancouver, and there are different bidding systems for establishing that within a pretty close range because you're not having potash bought and sold every day like, say, grain is on the Chicago Wheat Market.

The other thing is that, when one looks at price, you often have to distinguish between the different types of potash. There's a standard grade that sells for a certain amount and then there's the granular which sells for a premium. Often people when they look at the price will pick a standard grade and assume that's all the potash. They say, oh, at this price, things don't work. Well, you have to take that blended price, what's the price of granular and what's the price of standard.

**MR. L. DERKACH:** So there will be no subsidization of the prices of potash to these countries per se by the Manitoba Potash Corporation to attract them into the market or to lure them into investing into the project itself?



**HON. W. PARASIUK:** If you're in fact going to get the various investors in, they want to make sure that they get a rate of return and they're not going to get a rate of return if there's subsidization. The rate of return is the key factor there, and certainly we want to get our rate of return. Canamax wants to get its rate of return.

The interesting thing, the key thing that the people who have been negotiating with us from, say, India and China have raised is in a sense they've been far more interested in rate of return, ensuring rate of return than they have been on the price. They're the ones who have to make the very major investment overseas. That's why they want to make sure they get the market price but they have security supply, and that will ensure that their rate of return is reflective of the world. It's not a subsidized one.

**MR. L. DERKACH:** What portion of the project, the potash mine, would the Manitoba Government now, at the present time, look at retaining a share in?

**HON. W. PARASIUK:** We have said that depends on how the potential partners come together, in terms of what types of shares they would look at. We haven't sort of fixed an amount. We've said, basically, it would probably be somewhere, you know, 20 percent or 25 percent. The Third World countries have wanted us involved because they believe they would have a greater comfort level if they are going to make that type of decision. So we're looking at 20 to 25 - we could even be a bit less - and we'd look at that type of range. One can't predict with certainty and we, basically, have said that we want to be in a minority position, and we don't become rigid on it because we'd like to have some flexibility in terms of seeing where the other people come in.

**MR. L. DERKACH:** Is there any will on the part of the government to perhaps make available shares in this potash mine to the private sector or to the private corporations, for example, IMC that is operating in Saskatchewan? Has there been some discussion with possible private companies who may, in fact, buy shares in the project?

**HON. W. PARASIUK:** The member, I think, was probably my pair a few weeks ago when I went down to Orlando with the International Fertilizer Association meetings. There were producers from North America, but companies, in a sense, all over the world, and we had a number of discussions with them. They are aware of the project specifics and we've had some companies talk to us about a potential investment. We have said, yes, we would welcome private investment in it. So that is open, it is not that it'll be governments, we expect that we will have private investors, as well.

**MR. L. DERKACH:** If there is an openness for private investment or from the private sector, what percentage of the whole project would this government be prepared to sell to the private sector or have the private sector develop?

**HON. W. PARASIUK:** Conceivably one would talk about a range. I think that one could talk about selling it all,

but I think realistically you'd talk about anything between 40 percent and 60 percent because of other people who would be involved. I mean, if the Indians were involved and that ameliorated the risk or lowered the risk of the project because they're taking long-term product, you'd want them involved. If they would say, look we have some comfort level if the Province of Manitoba is involved, fine, we are able to talk in terms of a range with private companies. We have talked to private companies about what types of share they would be interested in. Certainly we've talked to some about control, about more than 50 percent.

**MR. L. DERKACH:** Will Canamax be involved in the actual construction and development of the mine, or will the shares of Canamax be the ones that will be sold off first, prior to the Manitoba Government's shares?

**HON. W. PARASIUK:** Now they have 51 percent of the shares, but they're not a big enough company at this particular stage. Their parent is, but their parents have had some financial difficulties because of the molybdenum market. But I would expect that they would want to retain some share ownership in it, and we would probably do that on a joint basis of reducing our shares 49 to 51 down, in terms of other people coming in. We haven't fixed that or said that, but it would be probably some joint reduction in ownership.

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

**MR. J. DOWNEY:** Mr. Chairman, I just can't help but get into this debate a little bit and really talk a little bit about it, because my colleague from Roblin-Russell is being very statesman-like and I compliment him for it. He's a very capable young member of the Legislature doing an excellent job, and he really wants some information to help him do some constituency work. But I think it would be unfair of me to sit here and continue to listen to this debate if one didn't really come right to the point as to the yield or the rate of return that this government planned to get out of the potash mine. And that's maybe going to be tough for the member to take.

But really, what their objective is is to get that seat from the Conservative Party in Roblin-Russell, Mr. Chairman. That's really the only yield, the rate of return, that this government wants. The history is there, Mr. Chairman. The history is there, you just have to go through it.

Mr. Chairman, a deal was made with IMC, a private company, not using massive amounts of money - (Interjection)- Yes, a participation by the Province of Manitoba with them.- (Interjection)- Yes, I don't deny that. That was 1980-81, Mr. Chairman, that it was all there.

What have we done from 1980-81 until 1987? We have done absolutely nothing. We are as close, Mr. Chairman, to having a potash mine - (Interjection)- Well, he's going to have fun, Mr. Chairman. Well, it has to be pointed out. The people of Roblin-Russell - had the people of other parts of the province supported the Conservative Government in the election in 1981, we would have in fact had a producing mine. When would



we have had it producing? Mr. Chairman, the point is it wouldn't have been subsidized in a major way. It will be under this government.

Let's look at the history of this government and their resource development and investment. One only has to look at the ManOil; one has to look at Manfor; one has to look at all these things, Mr. Chairman.

**A MEMBER:** The buses.

**MR. J. DOWNEY:** Yes, the buses. And why did they do it, Mr. Chairman? Not to better the interests of the people of Manitoba, but to better their position in the Manitoba Legislature and the number of seats. No, I don't want to use up time. What I want to put on the record, Mr. Chairman, is where are we really at? The Minister goes to conferences and he's approached. Approached by whom? Can't talk because of the confidentiality of a deal. He'd like to have a private session; I think that would be extremely helpful. If he can't, for corporate reasons, or confidentiality reasons, I think it would be extremely important for him to discuss with the critic for Energy, the Member for Roblin-Russell, precisely where it's at.

We want to see the development of a potash mine, Mr. Chairman. We don't want to do it though, Mr. Chairman. We don't want the taxpayers of Manitoba, in a major way, subsidizing the export of potash to do what? To compete against 20,000-some farmers who are trying to sell wheat at a lot less than it's worth in the international market, Mr. Chairman. Why should we subsidize or why would we want to subsidize with taxpayers' money a product to go into the international market to continue to help depress wheat markets? We'd be better to sell the wheat, Mr. Chairman, and try and get the price up.

The potash isn't going to go away, Mr. Chairman. It's not bizarre reasoning. If you follow what I'm saying, yes, I believe there should be a potash mine developed, and it should be done on a sound business economic basis so that community can have the jobs and all the spinoff benefits. And I'll get into that too, Mr. Chairman, because I can tell you under some Conservative policies, if you look through the oil activity - and I do compliment the Minister's staff or whoever did it for putting this out, and the information that's in it. It truly shows that a government doesn't have to have money as in a Crown corporation or be actually involved. What you have to create, Mr. Chairman, is the proper climate.

We talked earlier about the gasohol plant. It's in spades here, Mr. Chairman, in the Oil Activity Report what the proper economic climate will do and the same thing would apply to the potash mine. I'm pleased, we've got a little life in this place. I thought the government members were all going to be non-attendant to the importance of this.

But, Mr. Chairman, the point I keep raising and will continue to raise, in 1980-81 if the Minister had proceeded as was struck, there would have been a major development there. The jobs would have been there. The mine would have been producing potash. The taxpayers wouldn't have had a major drain on them, Mr. Chairman, and we'd have had all this political straining back and forth behind us. (Interjection)

Now, Mr. Chairman, the Minister of Highways thinks that he's got a big thing when he talks about Alcan.

I'll get into the Alcan debate sometime for him because, I'll tell you, the 800 jobs that would have been in my colleague's constituency would have been far more important than the two-bit kind of comments that he's trying to put on the record.

**A MEMBER:** What two-bit comment?

**MR. J. DOWNEY:** The ones he just put on, Mr. Chairman, the Minister who builds a bridge without any roads in his colleague's constituency, either the Premier's or the other one.

But back to potash, Mr. Chairman, I think it's time, the point is that after six to seven years, Mr. Chairman, the Minister of Energy should start to put something concrete forward. He puts press statements out. He leads the community to believe that there's something developing. We talk about India; we talk about China; we talk about all these places, these faraway lands that are going to come with that great amount of money and expertise and develop our potash.

Mr. Chairman, it isn't as complicated as I'm sure he's trying to lead the community to believe, and don't let anybody say that we don't want to see a potash mine in the Roblin-Russell area. You bet we do, Mr. Chairman, but we don't want to see a major drain on the taxpayers as we've seen with everything else that this incompetent government have done whether it is Manoil, buses, as I indicate, everything else. And the Hydro disaster that we're looking at, Mr. Chairman, and I say it will be a Hydro disaster - you know, is he going to sell? Is one of his pricing policies for potash going to be the same as he sells hydro? Not on the cost of production that it takes to produce the potash out of the Roblin-Russell mine. Are we going to use the cost of production of some other far-off land, Mr. Chairman, nothing to do with the cost of production, as we're pricing our hydro?

You see, his policies on selling of resources and products of Manitoba aren't that good. His record and his government's record isn't that sound. So what we're doing here in this committee, and my colleague has been trying to do is, how is he going to base the decisions as to whether or not there is participation by other private-sector companies. What is his policy going to be? Because I can tell you, from all indications right now, why would you want to go out and subsidize a mine in Manitoba? Why would you, to put potash into the international wheat market that is in such a depressed state? My goodness sakes, we don't need to have a lot more competition there from some of the other countries.

We'd be better to sell them the wheat, because there are a lot more jobs created through the agriculture sector in the production of wheat than there are directly in the mining, of jobs and putting it on a train, sending it outside of this country. It's like the hydro deal. You'd be better off with an aluminum smelter in the Interlake with 800 jobs than you are sending hydro down to the United States at a subsidized price.

Mr. Chairman, that's the point that we've got to keep making to this government who are on some kind of a path; it's an ill-conceived path. But again the point I want to conclude with is, the one reward that they hope to get out of this, the one benefit that they hope to get out of it and the main one as far as they're

concerned, is to take the seat that the Member for Roblin-Russell sits in right now, my good friend and colleague from Roblin-Russell. What they want to do - and I tell you, Mr. Chairman, it won't happen.

So please, do the responsible thing. Don't play the political game to the extent that you have. Do the responsible thing, use the taxpayers money responsibly. Let us know what you're doing with the development of the mine up front, open and clear, and I'm sure you'll get lots of support for it.

But<sup>st</sup>, Mr. Chairman, want to just say that the final benefit, the major benefit that this government wants is that seat to go NDP, and you'll see more activity from the Premier -(interjection)- Oh, it won't go that way. The people out there are far, far, far bright-eyed.

**A MEMBER:** It came pretty close.

**MR. J. DOWNEY:** Yes, Mr. Chairman, close, but close doesn't count as you know, and that's why you're sitting on that side. So that blew that argument out. Close doesn't count, does it? It didn't count in the case of Roblin-Russell, and it didn't count in our case as far as becoming government is concerned. It was close.

Mr. Chairman, this Minister's record in negotiating on behalf of the people of Manitoba with hydro is disaster; his record with ManOil is disaster. His record, Mr. Chairman, is so bad that the Premier had to put a super Minister in place of Crown Investments to oversee the activities of this Minister - yes, Mr. Chairman. The proof was in the activity and what has happened.

So I ask the Minister, after seven years, surely he has something a little more concrete to come forward with than what we've seen to this date.

**HON. W. PARASIUK:** We have something much more concrete than what Saskatchewan has developed over the last five years. Saskatchewan's lost a lot of markets overseas and they've hurt themselves in North America, not a peep out of these people on that.

But the interesting thing about what the Member for Arthur had to say is that it reflected how little he knew about what was going on when he was a member of Cabinet. If he is saying that somehow the government involvement in a potash project would be a public subsidy, and therefore is wrong -(Interjection)- Well, why do you talk about subsidized potash prices then? -(Interjection)- Oh, I was listening quite carefully because I was trying to discern whether there was an element of reason as opposed to bombast in the statement from the Member for Arthur. I found that it was basically bombast and not reason.

Now, that's fair enough. That's his style, and I thought that at one time he might be up to talk out the clock and that's understandable. We've done that in the past and all of us have done that in the past, and one can recognize it.

But he should understand that his government, when he was a member of it, had a 25 percent commitment going up to a 40 percent commitment, and no one had a chance to look at the material.

Secondly, when he comes along and then says we shouldn't talk about developing potash to sell to the Third World because those people will buy food from

Canada, he forgets what a number of people across this country have said, that it's important that the people in the world have the wherewithal to buy the food.

We talked about this a bit, I think last year or two years ago, and I think it's a balance. Do we want an Ethiopian syndrome, where you have destitute countries that can't buy anything, or do you want to bring these countries up so that they start eating varied food? They start eating more meat; they start looking at different things. I think that if you increase the standard of living

**MR. J. DOWNEY:** How much more meat do you suppose India is going to eat?

**HON. W. PARASIUK:** Well, again, that's a nice joke, but it's not true.

**MR. J. DOWNEY:** But it isn't a joke. It's not a joke, because you know why they don't.

**HON. W. PARASIUK:** There are a lot of people - you know, you may not understand this, if you'd like to think about it . . .

**MR. J. DOWNEY:** You call it a joke, I was serious.

**HON. W. PARASIUK:** You may be interested to know that there are probably about three to four times as many people as there are Canadians in India who eat meat. There are about 26 million Christians in India.

**MR. J. DOWNEY:** There's a lot more in India than there is on your side of the House, I can tell you that.

**HON. W. PARASIUK:** That's the type of comment from a person who isn't a Christian, and basically comes in - that's fair enough, he can walk in anywhere but acts as the buffoon. If the Member for Arthur wants to be a buffoon, let me tell the world that he fits the role perfectly. He does it naturally, and I can understand, when he goes through his comments, why people wouldn't want, on the other side, for him to be the critic of Agriculture because he doesn't get into the points. But that's fair enough.

I was waiting to see whether he wanted to raise any intelligent comments on it; he didn't. He took some time, basically said that the whole approach to the Roblin-Russell development is a political development. He discounts 350 jobs, discounts the spinoff jobs, and preached this all in crass, political terms. Well, that might be the approach for the Member for Arthur; I don't think it's been the approach of the Member for Roblin-Russell; and it hasn't been the approach of the Member for Lakeside, and we'll see where the chips fall in the future on this.

**MR. CHAIRMAN:** 3.(a) - the Member for Lakeside.

**MR. H. ENNS:** Mr. Chairman, the Minister chooses to attack what I say is perhaps the soundest advice that any Minister of that government could have received. Perhaps he didn't like the way it was delivered, Mr. Chairman. So one can be picky.

But, Mr. Chairman, does anybody for one minute not, you know, just shudder at the collective amounts of

dollars, Canadian-Manitoban tax dollars that this group of incompetent Ministers, this NDP administration, has lost? I have to admire the courage of this Minister and this government to talk about further public investment into Crown corporations at this time with the track record that they have.

We tried making buses in this province, and what redeeming social grace is there in taking \$94,000 out of Manitobans' tax pockets to be able to sell a bus in Chicago or in Los Angeles or in Toronto?

**A MEMBER:** What do you do about it?

**MR. H. ENNS:** I'll tell you what we did about it. I'll tell you what we did about it. Under the four short years that we were responsible, Flyer just broke even. That's No. 1. And, No. 2, we tried to sell it and privatize it, because of the kind of opposition we had from members opposite.

Finally, this government, after having lost in excess of \$100 million, gave a Dutch multinational millions of dollars to take it off our hands. So, Mr. Chairman, let not the Minister of Energy and Resources get up here too quickly on his feet to chastise any member from the Opposition with respect to our concern about appropriate use of hard-earned Manitoba tax dollars. - (Interjection)- It is a good argument, Mr. Chairman.

Mr. Chairman, I want to talk about another great venture that was inspired by our socialist friends opposite, and I believe the Honourable Minister had a heavy hand in it, again relating to his previous career as a senior bureaucrat in the Schreyer administration in the early Seventies, in '71, I believe, and that had to do with the development of a mining community referred to as Leaf Rapids.

That administration held the view, and that maybe was again a view that one could support from a point of view of wanting to make a major change in how mining communities develop. They did not want to see another community develop what is commonly referred to as "company town," as has been the traditional practice over the years not only in our province but indeed throughout the country. So we created a public corporation that was to develop the townsite at Leaf Rapids around a mining venture that Sherritt Gordon was establishing in that area, in that region. That was only 16 years ago - 15-16 years ago.

This administration and this Minister are now faced with some very serious decisions that have to be made at Leaf Rapids, decisions, by the way, that should not surprise anybody. It certainly doesn't surprise me because mines do run out of ore unless they have the good fortune of sitting on a particularly large reserve and the appropriate monies spent to do the exploration.

Mines do run out of ore and in certain communities where that is the single industry, single economic activity that keeps the community viable, then of course the community is at risk, as is at risk, I would expect, a substantial amount of public monies not in the mine but in the creation of the townsite of Leaf Rapids.

That is not, as I understand it - and I would ask the Minister to explain that to us - the same situation that Hudson Bay Mining and Smelting, for instance, faces at Flin Flon or Inco at Thompson or the other mining communities that are indeed part and parcel of the

mining operation, amortized with the mining operation. The mine is concluded or the mine is finished - (Interjection)- Well, I will welcome some edification, some education on my part by the Minister when he stands up to speak to it.

But, more seriously and directly, I don't wish to allude to too great of an extent to the difficulties that Sherritt Gordon is facing at Leaf Rapids at this particular time. My understanding is that negotiations are still very much under way. It is also my understanding, it's a public matter that the company has sent out layoff notices to some 300, 400 miners effective, I believe, September the 1st. That could mean that, in total, an additional 600 people might be leaving that community, a community that was built to house 3,000 people down to some 1,200 to 1,400 now. Take another 600 out of that community and we're left with a skeleton community which was largely developed with public funds. I'm assuming that it was paid off privately, amortized. People and miners made their interest payments, made their payments of principal and homes, but I would like an understanding of that aspect of that situation; also, Mr. Chairman, an updating of what the current situation is with respect to negotiations between Sherritt Gordon and Hudson Bay Mining and Smelting.

The other aspect, the other third component part of it that I'm interested with respect to Leaf Rapids is the direct public loan that was made some 18 months, 2 years ago, amounting to some \$10 million, both federally and provincially, precisely what our share is. My understanding, Mr. Chairman, at the same time those \$10 million were advanced to Sherritt Gordon, they also required an additional \$20 million to be advanced, I believe, from the Toronto Dominion Bank.

I'm intrigued by what I understand to be the different security arrangements, collateral put up for that \$30 million. In other words, the Toronto bank's money, my understanding is relatively secure in the sense that it applies to Sherritt Gordon, period, its whole assets, corporate structure at Sherritt Gordon, whereas the public, the \$10 million, that we and the Federal Government have invested in is in the hole, is in the deepening of the shaft and our collateral remains solely the shaft, the fixed assets on the mine site. If the mine isn't operating, Mr. Chairman, there goes another \$10 million down a deep hole.

Now, Mr. Chairman, I'm not saying forever, certainly not, one hopes. The ore is down there, but certainly it seems to me, just on the surface, if my information is reasonably accurate, there is a fundamental difference in terms of how the \$30 million was advanced to Sherritt Gordon, the \$20 million that was advanced by the private sector is relatively well-secured. Sherritt Gordon is simply getting out of the mining operations in Manitoba, but the company is reasonably solvent and viable and operating in many other spheres of economic activity. So Toronto Dominion's \$20 million is relatively secure.

Our \$10 million - when I say our, the public's, Federal and Provincial Governments - is not that secure, or certainly it may be some time before the repayment terms are made on that \$10 million. Certainly, Mr. Chairman, if mining activity comes to a halt for any reason, because of differences between the two corporations in making a deal, because of other economic indicators that don't interest other mining

companies to take over the venture, it would appear on the surface that Hudson Bay Mining and Smelting has certainly the inside track in terms of taking over the operation; that processing, as they now are, their ore, it would be very difficult for an outsider to move into that scene, although one should not preclude that. Any arrangements can be made between corporations. These are some of the concerns that I raise with the Minister.

Mr. Chairman, let me just also put on the record that as I raise them, I do so hopefully, responsibly, not wishing to spread undue concern within the community or indeed jeopardize negotiations that, in my understanding, are currently under way.

**HON. W. PARASIUK:** I think the Member for Lakeside has been very legitimate, and I think he's raised the issues correctly. I'll try and answer them in the way in which he's raised them.

I'll just deal for one minute about my involvement in Leaf Rapids. It's an interesting thing there of the public getting involved in building a development that turned out to be considered a world prize-winning type of development in terms of the way in which it was developed and how it worked.

One flaw was that we relied on the private sector specification about the quality of ore and the life of the ore. They turned out to be quite wrong. Sherritt Gordon was quite wrong, and they admitted now that they made some major errors with respect to that mine in terms of assessing its ore quality and life, that they were the private people who knew what they were doing.

The other thing that one should recognize is that there is still a lot of ore at Ruttan Lake. It's too poor a quality at today's prices to make portions of that ore body economic. That does not mean that if the ore prices were at what they were in 1980, where copper was \$1.05, that whole area would be a going concern. We've had the longest stretch of low prices for copper since the depression.

However, there are the negotiations taking place. They are still under way and I really can't comment more than to say that they are under way. I don't like to say one thing or the other in terms of how they are progressing. They are progressing. I would hope that it wouldn't be that long a period of time where one could have those negotiations come to a conclusion. I think it's the hope of all parties involved to see that it happens.

I think that the member was a bit wrong with respect to the obligations of the company. In the past, the company built the company town. This time, the government built the town, but the company has a full set of municipal debentures and requirements that they have. Even if they pull out, Sherritt has a whole set of legal and financial obligations. So that's a bit different.

There are pluses and minuses to that. You've had the local council develop in there faster than any other community. They've had a school board; they've had the municipality; they've done things. I think the community as a community has worked well, but the ore quality, in relation to the prices today, there are certain portions of that mine where it might be and certain portions where it may not be.

In terms of the security, the security arrangements were against cash flow and against the asset as a final

aspect. I think Toronto Dominion has had a whole set of relationships over the past. I'm not sure what their other financing arrangements are and what other types of caveats there are, but there was a difference in security there, although we have a third and they have two-thirds ultimately. But we were going against the cash flow, but that investment or loan did trigger off the \$20 million because when you have a community of that nature you don't want to walk away from it, because once you've walked away from it, it's difficult opening it up again, especially if you think there is something there. It has gone on for the two years and there is a very good chance that it could go on for quite a time longer. It depends on the negotiations but, if that happens, then our loan would still be continued; there would still be a pay from cash flow, or pay back the cash flow, with the mine acting as a type of collateral.

The other point about that is that I guess the mine being the final collateral, you can just say it is a hole in the ground. But I look at the whole San Antonio experience where I think the government put a lot of money in, when that mine closed down, and there were attempts afterwards - and I found myself, as the Minister, having people come to me saying somebody off in Calgary has an interest in that mine that they've had for 35 years. It was the government who put all the money in for the close out. But yet, if there was going to be any restart of that mine, it would be some company that hasn't put a penny in, I think bought it the second- or third-hand, who owned that mine. Because when the price of gold went up, it appeared likely to some people that maybe that mine was a going concern. It still is, because there are people still looking at it even though it's a very deep mine.

This ore, at \$1.05 or 90 cents - not the ore presently being looked at, but other ore in that area - is viable ore, it's economic ore. I think the member was a Minister of Mines. You know that unlike, say, the Fox Lake Mine where the ore actually ran out, in this instance, you've got different grades of ore and the ore, the larger bodies of ore, just aren't good enough to be economic at today's prices. If the price changes - and there has been a bit of firming up in prices - and we were back to the 1980 days when it was \$1.05, you would have a very vibrant mine operation.

**MR. H. ENNS:** Mr. Chairman, perhaps that's an opportune time for the Minister to give me and the members briefly just a very general situation of where do we stand in the mineral situation. I'm thinking of our major mineral producers: nickel, copper and zinc, along with gold. With what kind of optimism do we look at the next two years in our major mining communities of Thompson, Flin Flon, Snow Lake and so on?

**HON. W. PARASIUK:** Nickel is a bit softer than people had predicted, but Reco has an open-pit mine there that makes it quite competitive. So I would think that the long-term future for Thompson is prettily solid. If you can recall, there was that transition phase about 1977, just after your government took office, where there was that shock, but there was that transition phase, so that's coming along. It would appear that the Namew Lake Development, which is a smaller



development, but it's a good nickel development near Flin Flon will proceed. So nickel is pretty solid.

The gold is still pretty solid, although one of the things that may be a problem here is that people are having unrealistic expectations that maybe this high gold price will continue forever.

But the gold prospecting is intense. We are finding mines, they are being proven out and I think that's good for the province, because the bad front is the copper front. Copper prices have been a historic low, they've been in a sense lower than depression. So the copper mines, the Flin Flon, Ruttan, are difficult situations. I think I said this previously, I believe that mining industry is going through a rationalization and a consolidation where you have to drive your operating costs down; you have to be very competitive; you have got to be able to hold in there, knowing full well that there are the Chileans or other people who might produce copper more cheaply, but there is a strategic risk as to whether, in fact, you'd always get your copper supply guaranteed.

So I think that's coming along, I would expect it, over the next year, year-and-a-half, two years. It's the copper industry that we have to worry about and, I think that if this negotiation can proceed, one has to look long term at the improvement and modernization of the Flin Flon smelter, which is, I think, our longer-term challenge, but I think it's sustainable but it's going to be difficult if copper prices stay as low. They have gone up a little bit. The financial forecasts that I've indicated indicate that some people are getting a bit more bullish about copper, but I can't predict that. We certainly need some type of increase in copper prices.

**MR. H. ENNS:** Mr. Chairman, coming back to Leaf Rapids for a moment, can the Minister just put on the record for us the actual amount of provincial dollars that were called upon at the time of that mine shafting program, along with the federal monies and the commitments that were made at that time with respect to repayments. Have those commitments even been met to date, or have they been defaulted on right from the beginning?

**HON. W. PARASIUK:** Yes, the Leaf Rapids one was all provincial and I meant to raise that before. It was the

gold mine called the McLellan Mine, near Lynn Lake, that was federal and provincial. What the Federal Government did, it gave a grant, so they have no worries about any type of repayment. A grant is a grant and a lot of other provinces across the country give grants. We structured this on a case-by-case basis, we don't have a general grant program. It was a loan based on cash flow if there was positive cash flow. They made one payment and they weren't able to make another payment, but that was written in the agreement if there was a positive cash flow. Right now that loan is still outstanding, but it is being taken into account in the negotiations that are taking place. So it's not a loan that will be forfeited, hopefully, in the new arrangement, but will continue to exist.

**MR. H. ENNS:** Mr. Chairman, does the Minister have available to him the amount of the outstanding loan with Sherritt Gordon?

**HON. W. PARASIUK:** I think it's in the order of \$10 million, which is still the loan principle outstanding, and I think there's an outstanding item of \$1 million in interest payments.

**MR. CHAIRMAN:** Committee rise, six o'clock.  
Call in the Speaker.

### IN SESSION

The Committee of Supply adopted certain resolutions, reported same and asked leave to sit again.

**MR. DEPUTY SPEAKER, C. Santos:** The Honourable Member for Inkster.

**MR. D. SCOTT:** Mr. Deputy Speaker, I move, seconded by the Member for Lakeside, that the report of the committee be received.

**MOTION presented and carried.**

**MR. DEPUTY SPEAKER:** The hour now being 6:00 p.m., this House is now adjourned and will stand adjourned until 10:00 a.m. tomorrow. (Friday)