



Third Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
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DYCK, Peter	Pembina	P.C.
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ERNST, Jim	Charleswood	P.C.
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EVANS, Leonard S.	Brandon East	N.D.P.
FILMON, Gary, Hon.	Tuxedo	P.C.
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FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
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NEWMAN, David, Hon.	Riel	P.C.
PALLISTER, Brian	Portage la Prairie	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank, Hon.	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike, Hon.	River Heights	P.C.
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REIMER, Jack, Hon.	Niakwa	P.C.
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STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**Wednesday, March 26, 1997**

**The House met at 1:30 p.m.**

**PRAYERS**

**ROUTINE PROCEEDINGS**

**PRESENTING PETITIONS**

**Gang Action Plan**

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, I beg to present the petition of Patricia Kuzak, R. Kuzak, C. Boadway and others praying that the Legislative Assembly of Manitoba urge the Minister of Justice (Mr. Toews) to consider using this action plan, the NDP's 18-point plan, to deal with gang crime as a basis for provincial policy on organized criminal gangs.

**READING AND RECEIVING PETITIONS**

**Gang Action Plan**

**Madam Speaker:** I have reviewed the petition of the honourable member for St. Johns (Mr. Mackintosh). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**An Honourable Member:** Yes.

**Madam Speaker:** Yes. The Clerk will read.

**Mr. Clerk (William Remnant):** The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the increase in violent crimes in Manitoba since 1990 has been more than three times as much as the Canadian average; and

THAT crime can only be effectively dealt with through both prevention and suppression; and

THAT the tough talk of the Manitoba Justice minister has not been matched with action; and

THAT Manitobans want a positive, comprehensive response to crime and gang crime that provides alternatives for youth; and

THAT the New Democratic Party has put forward an 18-point plan to deal with gang crime; and

THAT this plan is divided into elements focused on both the justice system and families, schools and communities; and

THAT this costed plan has been subject to widespread consultation and has been praised as a detailed plan to fight youth crime that is well thought through and constructive.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba urge the Minister of Justice to consider using this action plan as a basis for provincial policy on organized criminal gangs.

\* (1335)

**TABLING OF REPORTS**

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, it is my honour to table the Annual Report Concerning Complaints About Judicial Conduct in 1996.

**INTRODUCTION OF BILLS**

**Bill 9—The Public Utilities Board  
Amendment Act**

**Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs):** Madam Speaker, I move, seconded by the honourable Minister of Government Services (Mr. Pitura), that leave be given to introduce Bill 9, The Public Utilities Board Amendment Act; Loi modifiant la Loi sur la Régie des services publics, and that the same be now received and read a first time.

**Motion agreed to.**

### Bill 8—The Real Property Amendment Act

**Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs):** Madam Speaker, while I am on my feet I would like to seek leave of the House to again move introduction of Bill 8 because the text of the motion which I moved yesterday was not in order because it was written in English only.

I now have a text prepared as required in English and French. Do I have leave, Madam Speaker?

**Madam Speaker:** Does the honourable Minister of Consumer and Corporate Affairs have leave to reintroduce Bill 8? [agreed]

**Mr. Radcliffe:** Madam Speaker, I move, seconded by the Minister of Northern Affairs (Mr. Newman), that leave be given to introduce Bill 8, The Real Property Amendment Act; Loi modifiant la Loi sur les biens réels, and that the same be now received and read a first time—or a second time, I guess, a second first.

**Motion agreed to.**

### Bill 7—The Midwifery and Consequential Amendments Act

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, I would move, seconded by the honourable Minister of Agriculture (Mr. Enns), that leave be given to introduce Bill 7, The Midwifery and Consequential Amendments Act; Loi sur les sages-femmes et modifications corrélatives, and that the same be now received and read a first time.

His Honour the Lieutenant Governor, having been advised of the contents of this bill, recommends it to the House. I would also table the Lieutenant Governor's message.

**Motion agreed to.**

### Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have this afternoon from the Riverview School twenty-three Grades 5 and 6

students under the direction of Mrs. Susan Delaney. This school is located in the constituency of the honourable member for Osborne (Ms. McGifford).

We also have fifteen Grade 11 students from Fisher Branch Collegiate under the direction of Mr. Cliff Skibinski. This school is located in the constituency of the honourable member for Interlake (Mr. Clif Evans).

On behalf of all honourable members, I welcome you this afternoon.

\* (1340)

### ORAL QUESTION PERIOD

#### Regional Health Authorities Public Board Meeting

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, my question is to the First Minister (Mr. Filmon). We have become aware that a certain regional board, specifically the central health authority, has determined that the board meetings will be held in private. They will not be open to the public.

I would like to ask the Premier is this acceptable in terms of open, accountable government, and will he be instructing his Minister of Health to make all of those regional health boards open to the public?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the Leader of the Opposition raises a very important issue in the operation of regional health boards. Obviously, it is a matter of having the right balance in allowing a board to be able to conduct and do its work and have a free-flowing discussion on issues, while at the same time ensuring that the public knows what is going on and also, I would add, has an opportunity to make representations to that board from time to time in an appropriate manner. I am working now with those regional health boards to try to strike the right balance. I am aware of the situation in the central health region, and we hope that can be achieved.

**Mr. Doer:** We feel the government failed the test of balance in terms of democracy when it failed to allow the people of Manitoba to have the balance to elect those boards. We have the imbalance of a patronage-

appointed system by the present government, so you have failed the first test of democratic balance.

I would like to ask the minister will he instruct the Central Region Health Board and other boards that are contemplating the issue of closed meetings—will he have as a standard that these board meetings must be fully open?

The government has said that Manitobans must have more local control to meet their health care needs. Will he issue those instructions to the regional health care boards so communities, particularly in central Manitoba, will feel that their board is open and accountable as promised by the government but not presently existing in the way the boards are meeting?

**Mr. Praznik:** I think we certainly agree that there has to be the right balance, but the Leader of the Opposition asks his question as if we were operating in a void. I do not recall any instructions from the New Democratic Party, when they were in government, to every hospital board across this province that every one of their meetings should be totally open to the public when in fact they were administering health care for the people of this province.

So for the Leader of the Opposition to say that today just tells me he really is not concerned about finding the right balance but more about making a point that is really not valid.

**Mr. Doer:** We are not making decisions in a void, we are making decisions in the backroom. This government is allowing the government to do so.

We have promised and committed ourselves to elected representatives, democratically elected representatives as recommended by the government's own rural and northern task force.

I would like to ask the Premier (Mr. Filmon) will he give us elected regional boards, No. 1, and will he make those board meetings open to the public all across Manitoba?

**Mr. Praznik:** Madam Speaker, let me say very clearly that it is our intention to ensure there is a proper balance in the operation of those boards that allows

them to do the work that they need to sometimes do in camera. That happens from time to time on a number of issues. It happens now with municipal councils. The Leader of the Opposition was part of a constitutional committee with myself that did our deliberations in camera. I do not recall him advocating it should be totally open.

We will hope to find the right balance, because the fundamental point he raises about a degree of the public access in knowing what is going on I recognize and support. Surely to goodness, we can find the right balance.

With respect to elections, the bill does provide for that, but I would expect that he would also support, as part of any plan to have elections of those boards—would also come in accountability to the taxpayer with the right to levy a tax to pick up their deficits. I gather that is the position of the New Democratic Party.

#### **Pharmacare Income Tax Statements**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, we are receiving calls from numerous outraged Manitobans, and seniors in particular, who again find out without notice, without any kind of advance discussion from the government, that they have to provide their 1995 income tax assessment forms in order to qualify for their Pharmacare deductibles. We have seniors that do not have those forms.

My question to the Minister of Health is how can the minister explain why the government is intruding into the private lives of Manitobans who did their tax forms. Will the minister advise this House whether or not people will be denied their Pharmacare benefits if they do not provide their 1995 tax assessment notices?

\* (1345)

**Hon. Darren Praznik (Minister of Health):** I am aware of this particular issue. Again, it is one of balance. I am advised that our people in the department, in doing checking on auditing of claims last year—and I do not have the exact numbers for the member, but I am sure we will discuss those in

Estimates—discovered that in many cases people had provided inaccurate information with respect to their incomes.

As I am sure the member would appreciate—and I am not saying that they did it in a fraudulent way—sometimes inaccurate information is given. You are dealing with people who may have some confusion in extracting that information from their tax form, and they do give us the right now to access their information through Revenue Canada to check that, Madam Speaker. This is a much faster and convenient way to determine their income level and hence their deductible. Surely to goodness, the member would not be condoning an administrative system that allowed some people to not receive the appropriate amount of money, because that obviously comes at the expense of others.

**Mr. Chomiak:** Madam Speaker, why would the government dare—and I will table a copy of someone's Notice of Assessment—force Manitobans to provide this sensitive, private, personal information to the government with no checks in place, with no legislation? Why would the government dare do this without any privacy legislation, without any kind of checks and balances and without any protection from misuse by the government or by any other officials? Why would the government dare do this?

**Mr. Praznik:** Madam Speaker, I know we are going to get into the detailed discussion, but there was a variety of discrepancies, some as high as \$9,000 in income, on the audit that was done. Surely the member cannot condone that type of unfairness in the administration of the plan.

The member rises today as if this is a new thing. There are other government programs, both federal and provincial, that require the provision of similar types of information.

Madam Speaker, again, all of the regular protections that are there for people apply in this case. It is simply that the accurate amount can be determined. I am sure there are even some cases where people overstate their income and that may affect them. So this is a check to ensure that the system is properly administered. I do

not know if the member has an alternative that is more applicable. If he does, I would hope he would offer it.

**Mr. Chomiak:** Madam Speaker, the alternative is to restore the universal health care program and the Pharmacare that we had.

Madam Speaker, my final supplementary to the minister is the same as my initial supplementary. How can the government dare to ask Manitobans to provide this very sensitive information? In fact, they are not even asking for '96, they are asking for the year before 1995. People do not understand that. How can they ask for this information without protection in place to protect citizens from unlawful or illegal or inappropriate use of their very sensitive tax information? There is no legislation, no protection.

**Mr. Praznik:** Madam Speaker, I can assure the member that if anyone in the administration of this program misuses this information, that would be an unlawful use of that material. It is provided for one purpose and one purpose only, and that is to determine the eligibility. As an MLA, the member would know from time to time we have constituents whom we help complete forms that require that same type of information to determine their eligibility for other programs.

The member talks about universal Pharmacare. Let us remember that Manitoba today has one of the richest, if not the richest, Pharmacare program in the country.

### **Aboriginal Programs Government Initiatives**

**Mr. Eric Robinson (Rupert's Land):** Madam Speaker, in the throne speech, this government after eight years in office noted for the first time that there are children living in poverty and most of them are aboriginal. Of course, we welcomed this new insight by this government and hoped that this budget would contain major initiatives in this area and, of course, that did not occur.

I would like to ask the Minister of Northern Affairs whether he could tell this House what plans this government has with respect to the implementation of

the Aboriginal Justice Inquiry, the Northern Economic Development Commission, the Hughes report and, also, the Royal Commission on Aboriginal Peoples.

**Hon. David Newman (Minister responsible for Native Affairs):** Madam Speaker, what I am pleased to respond to is the opportunity to give information as to the kinds of things that are being done pursuant to the report of the Aboriginal Justice Inquiry that are consistent with our multicultural society and our judicial system as it has been but building on the experiences and wisdom of the aboriginal people and also their traditions and values.

One of the things that is going to emerge in the next few days through announcements is a substantial contribution, along with the federal government and others, to what used to be the fly-in sports camp in northern Manitoba. That has been approved and will be forthcoming.

Also, in downtown Winnipeg in the core area, there will be a major contribution to a program through the school system dealing with the local gang issue, and that will be announced in the next few days as well.

Thirdly, with respect to ChildFind, an announcement of funding for a program for aboriginals is forthcoming in the next few days.

\* (1350)

#### **Aboriginal Justice Initiatives Fund Status Report**

**Mr. Eric Robinson (Rupertsland):** I read the '97-98 Estimates, and in the last four years it has been \$1 million as far as aboriginal justice initiatives are concerned. This year I noted that the fund that was originally what I described earlier is now referred to as aboriginal and other justice-related issues.

I would like to ask the minister to tell this House what action he has taken with respect to the AJI Fund that we have been hearing about for a long time and whether or not it was indeed eliminated from the '97 budget.

**Hon. David Newman (Minister responsible for Native Affairs):** Madam Speaker, that is probably

more appropriately a question for the Minister of Justice (Mr. Toews). However, the monies that I have just referred to funding the programs I have spoken about come out of the budget line for the Aboriginal Justice Inquiry Initiatives. Some of the programs I believe that are being considered for the coming year fall under the ambit of the \$1.5-million budget line, and those kind of initiatives will be pursued under that line, as I understand it.

**Mr. Robinson:** My final question is then for the Minister of Justice. Perhaps the minister could tell us why the word "aboriginal" is not so important at this time, it appears, and, also, what has happened to each of the programs that were funded under the AJI initiatives fund that we knew it as previously.

**Hon. Vic Toews (Minister of Justice and Attorney General):** This government remains committed to ensuring that practical and reasonable programs are implemented in respect of the issues identified in both the Aboriginal Justice Inquiry, in the Hughes report and others.

There are very specific areas that we can talk of. Some of the things have been mentioned by my colleague. Another that I am very proud of is the First Nations Policing Policy in Manitoba, a very important issue, I think, that arose out of the Aboriginal Justice Inquiry to ensure that there is a more representative population in our police forces or indeed in First Nations police forces.

I might indicate that, of the 62 First Nations communities in the province of Manitoba, there are 34 which are at or approaching the negotiating stage. Twenty are in the consultation stage and eight, in fact, have signed agreements. These are specific, concrete proposals that have been implemented, and we are very proud to proceed in that direction.

#### **Nelson River Bridge Construction**

**Mr. Oscar Lathlin (The Pas):** I would like to ask the Minister of Northern Affairs a question regarding the Cross Lake First Nation.

Madam Speaker, in view of the fact that Claim No. 109 of the Cross Lake First Nation, arising from the

Northern Flood Agreement, has been adjudicated now twice in favour of the Cross Lake First Nation for a vehicle bridge on the Nelson River, I would like to ask the minister as to when he will proceed, without delay, to construct the vehicle bridge at the Nelson River, because he has now received two decisions that are in favour of the Cross Lake First Nation for a bridge.

**Hon. David Newman (Minister of Northern Affairs):** Madam Speaker, I am familiar with that issue, and my understanding is we are awaiting an arbitral award chaired by the arbitrator named in the agreement. That award has not been forthcoming. It would be inappropriate for me to comment on it, but I do understand that an award is forthcoming.

I actually visited Cross Lake and saw the situation and appreciated what the need was, and whether or not that is adequately serviced by a ferry or needs \$10 million for a bridge is another question. That is the very issue, as I understand it, the arbitrator is deciding.

**Madam Speaker:** The honourable member for The Pas, with a supplementary question.

**Mr. Lathlin:** Madam Speaker, this is a very serious matter, and I am not even in a joking mood about it, but I would nevertheless ask the Minister of Northern Affairs as to when he will adjust this year's budget and include the costs of the bridge at the Nelson River for Cross Lake. Will he now include the costs of that bridge in the budget?

**Mr. Newman:** The simple answer to that is no, Madam Speaker. However, the question about the arbitration award, if the arbitration award has come out and I have not yet seen it, I will of course review it and I will make whatever decisions are appropriate in light of that particular recommendation or decision, which I have not seen yet.

\* (1355)

### **Regional Health Authorities Elected Representatives**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, my question is for the Minister of Health.

Yesterday I asked the question with respect to regional health boards and when are we going to see elections of regional health boards. The minister today tries to give the impression that his concern is one of taxation rights. My question specific to the minister: is it because of that particular question that we are not seeing elected regional boards? Is that the only reason for the prevention of the government moving ahead?

**Hon. Darren Praznik (Minister of Health):** First of all, Madam Speaker, virtually 100 percent of the financing of health care is voted through this Legislative Assembly. We are elected and have that responsibility. If you look at democracy and election, with the responsibilities that come with governance, one of those is also the responsibility to return directly to the taxpayer with the results of your decisions.

When the original health authorities bill was put through this Legislature, passed by this Legislature, my predecessor provided in that bill for the possibility of election. That may come in sometime, but, Madam Speaker, surely the day in which it comes would also have to come the mechanism and the acceptance of a taxation authority to go with that. I have yet to detect a willingness on the part of anyone to see that happen.

**Mr. Lamoureux:** Madam Speaker, will the Minister of Health acknowledge other jurisdictions, such as Quebec, where they do have the election of regional health boards and they do not have taxation rights, and that this is because of the political will? That is why I ask the minister will he acknowledge that the political will to move towards the election of regional boards just is not there? They would just as soon appoint, as opposed to allowing Manitobans the ability to elect their representatives for health care.

**Mr. Praznik:** Madam Speaker, I also believe in Saskatchewan initially they had elected boards without a taxation authority, and from reports from that particular jurisdiction, they found that it was not that successful of a venture because in these initial stages of setting up these boards there is a lot of work that has to take place. There is a lot of change of thinking. We are changing the model, the fundamental model in which we deliver health care.



Once we are through this very important implementation stage, the opportunity to move to election is certainly there. Madam Speaker, I do not offer opinion one way or another, but let us understand that where elected models are successful, they also have to have a taxing authority. If not, it is very easy to make decisions and then blame the financial consequences on someone else.

### Hog Industry Taiwan Exports

**Mr. Neil Gaudry (St. Boniface):** Madam Speaker, my question is to the Minister of Agriculture. I understand Taiwan, a country that accounts for 50 percent of Japan's pork imports, has suspended all of its exports of domestically produced meat products. This offers an exceptional opportunity for Manitoba pork industry, but Saskatchewan seems to be filling this role with their packers signing an exclusive million-dollar contract to provide chilled and frozen pork to Taiwan. The minister has previously stated his objective is to double the size of Manitoba's hog industry, and in fact he removed the monopoly for Manitoba pork in order to accomplish—

**Madam Speaker:** Order, please. Would the honourable member please pose his question.

**Mr. Gaudry:** Can the minister inform the House if Manitoba packers are going to be announcing similar contracts with Taiwanese firms, or did he miss the boat?

**Hon. Harry Enns (Minister of Agriculture):** Madam Speaker, I want to assure the honourable member for St. Boniface that I was not trying to get on any boat and that the boat in respect to Manitoba pork is sailing along as anticipated and beyond expectations. I can report to the honourable member that pork production declined by 7 percent in the province of Saskatchewan while ours is still increasing in double-digit numbers. I am aware that corporations like J. M. Schneider, with their \$40-million expansion plans, are specifically targeting the Japanese market.

While I am on my feet, Madam Speaker, regrettably, this is the case in agriculture, all too often, somebody else's ill wind is good wind for somebody else. It is

true that the island country of Taiwan is suffering a very serious problem with respect to hog production, and I would expect Manitoba producers, Canadian producers, to take full advantage of it.

\* (1400)

### Domestic Violence Minister's Comments

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, after years of abuse, we are told, a mother of two finally went to the police and charges were laid. A trial date was set for October, but the accused was acquitted because not a single witness was subpoenaed. The trial went ahead anyway, yet again.

My question for the Minister of Justice: can the minister possibly explain how he could say—and I am interpreting his letter to me—why complain to me, it is not my problem, when it is his department that has conduct of a trial, has to secure witnesses, can seek a stay or an adjournment and oversees police procedures?

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, for the member for St. Johns to read in such a gross misrepresentation of my letter to him is simply inexcusable. I would ask him to table that letter so that the members here can in fact see what I said instead of putting very, very misleading statements before this House.

**Mr. Mackintosh:** Madam Speaker, I will be pleased to table that letter since the victim has come forward and, indeed, is here today seeking justice. I do not have that on me; I will ensure that I table that before the end of Oral Questions.

### Women's Advocacy Program

**Mr. Gord Mackintosh (St. Johns):** Can the minister possibly explain why the victim was never so much as told about the Women's Advocacy Program which, according to the former minister, provides legal and other information, emotional support and short-term counselling to women while charges are outstanding against their partners? She never heard about it until we advised her last week.

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, I can look into that specific issue and get back to the member.

I want to assure all members of the public that we are concerned about any situation where there is an allegation that justice was not done. In this particular case, the RCMP were asked about the particular situation, and I, in fact, explained the situation to the member for St. Johns in my letter to him. In fact, in this particular case the RCMP has indicated its role in the situation and I am satisfied in that respect that this was simply an oversight. That does not make up for the hardship for the particular individual in question, but I have to look at an entire system and I want to make sure that the system works for each individual. I am satisfied we are taking the necessary steps to ensure that this kind of situation is not repeated.

#### **Domestic Violence Cases Minister's Review**

**Mr. Gord Mackintosh (St. Johns):** If that is so, I ask the minister why he has not personally responded to the concerns of the victim, not at all, why he has not apologized, why he has not ensured a change in protocol to the Crown, the police, the Women's Advocacy Program, why he has not reviewed this case to see if charges can be relaid or different charges laid, why he has not even ensured disciplinary action, Madam Speaker.

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, if the member for St. Johns were not a lawyer, that kind of comment would be excusable, but the member for St. Johns is a lawyer and for him to suggest that as a political official I interfere in the laying of charges is reprehensible.

**Mr. Mackintosh:** I would like to table the letter that was referred to, the letter that avoids the minister's responsibility and accountability, Madam Speaker.

#### **Violence Against Women Reduction Strategy**

**Ms. Diane McGifford (Osborne):** Madam Speaker, last year 14 Manitoba women were murdered by their male partners, and today a Manitoba woman told the media of an out and out travesty of justice—the one just

mentioned by the member for St. Johns—the dismissal of charges against her violent partner. The Minister of Justice knows very well that his government has not kept the faith with these 14 dead women nor with women, like the one with us today, who are promised justice and then denied it.

Since the Pedlar report and the Aboriginal Justice Inquiry are gathering dust while women are battered and murdered, I offer the minister the NDP Task Force on Violence Against Women, and I would like to ask the minister where his commitment is to end violence against women in Manitoba.

**Hon. Vic Toews (Minister of Justice and Attorney General):** I thank the member for tabling the report.

I can assure her that as a former prosecutor, I know where I stand in respect of issues relating to justice for victims, and that is, we in fact are very concerned—[interjection] Well, perhaps the member for Wellington (Ms. Barrett) wants to answer the question since she will not let me finish.

#### **Lavoie Inquiry Tabling Request**

**Ms. Diane McGifford (Osborne):** Since the report of the Lavoie inquiry scheduled originally for release on June 30 presumably contains recommendations which might prevent murder and abuse, I want to ask the minister when we might expect this long-delayed report.

**Hon. Vic Toews (Minister of Justice and Attorney General):** As indicated, I thank the member for tabling the report, and I will ensure that that report is reviewed to ensure that all necessary and reasonable steps that can be taken will be taken.

**Ms. McGifford:** Madam Speaker, I asked the minister when we might expect the report of the Lavoie inquiry, not the NDP Task Force Report on Violence Against Women.

**Mr. Toews:** Well, Madam Speaker, if the member is suggesting that I phone up a member of the judiciary and ask about the report, I can tell her very clearly that I will not interfere with the exercise of judicial responsibility.

### **Road Maintenance—Northern Manitoba Tender Process**

**Mr. Gerard Jennissen (Flin Flon):** Madam Speaker, my questions are for the Minister of Highways. As the minister knows, I have previously requested detailed information on the proposed privatization of gravel maintenance in rural and northern Manitoba and the job losses for rural and northern Manitoba. Does he finally have this information, including the actual bids for each project? Will he now table each of the bids and tell the House which, if any, have been approved?

**Hon. Glen Findlay (Minister of Highways and Transportation):** Madam Speaker, I think I understood the member to talk about the tenders to the private sector. Is that right? The tenders have been received, and none of the tenders were accepted.

**Mr. Jennissen:** Is the reason that the tenders were not accepted the fact that they were at least 20 percent higher than they would have normally been expected to be?

**Mr. Findlay:** I will repeat my answer. Tenders are received in an open tendering process. Many people submitted tenders and none were accepted.

**Mr. Jennissen:** What are the plans for the existing equipment and yards? Are they being sold off, or will they be sold off at garage sale prices?

**Mr. Findlay:** We have in the vicinity of some 80 yards in the province. I am not aware that we are selling equipment from any of the yards. We are certainly doing an analysis of where that equipment can most efficiently be used in the province. It is an ongoing process. Sometimes R.M.s come to us and ask—or former LGDs—for an opportunity to take ownership of that equipment, and we sit down and have those discussions on a case-by-case basis.

### **Louisiana-Pacific Environmental Contamination**

**Ms. Rosann Wowchuk (Swan River):** Madam Speaker, yesterday the Minister of Environment said he did not know where the waste was being deposited, and I should be providing more information. Well, I would like to table the sites that I identified earlier last week for the minister.

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. The honourable member for Swan River, to finish her question.

\* (1410)

**Ms. Wowchuk:** Maybe with this map the minister will finally start to understand what is going on.

I would like to ask the minister if he just does not know what is going on in his department. Is he completely incompetent by saying yesterday he did not know where the sites were when in fact his department had inspected them on Thursday and Friday of last week?

**Hon. James McCrae (Minister of Environment):** Madam Speaker, I am very pleased indeed that the conscience of the honourable member for Swan River has finally kicked in today, and she has produced some information that environment officers can use as they search for this pile of bark and wood fines four metres high and two football fields long. We will be very pleased to further inquire. I suspect that, if these sites are not the Louisiana-Pacific sites themselves, they have already been looked at.

As I said to the honourable member yesterday, there are no sites at the present time that are endangering the environment in any way, but we will reinspect and reinspect as long as this honourable member continues to play the games that she does. We will not play games. We will be serious about the environment, but we will not put in jeopardy 400 jobs while we are at it.

**Ms. Wowchuk:** Madam Speaker, since the minister still appears to be in the dark where these large piles of waste are situated, I would like to table some photographs for him and tell him that these are located on the bank of the West Stable River and ask him how these sites fit in with their plan—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. Would the honourable member for Swan River quickly pose her question because I could not hear it over the roar from the members.

**Ms. Wowchuk:** Thank you, Madam Speaker. Now that I have provided him with the photographs, can the minister tell us how this site fits in with the permission that L-P has been given to use this material for livestock bedding when there are absolutely no livestock in the vicinity of this dump site?

**Mr. McCrae:** Madam Speaker, the honourable member has been playing games with the people of Manitoba and the Department of Environment since February 12 when she first made a complaint. Since that time, I and the department have been trying to extract information that this honourable member claims to have, and she has brought forward information that is extremely misleading in its nature.

At first I thought, well, I have a lot of respect for this honourable member, we are going to follow up her complaints very seriously. That is what we have done and we will continue to do, but the people are a little fed up with gamesmanship.

**Ms. Wowchuk:** I hope that the minister will take seriously the concerns of the people of the valley.

I would like to ask any member of this government if they feel it is acceptable for a government to repair and grass down waterways with money from Farming for Tomorrow and Emergency Measures in one year and then, a few years later, fill it up with chips and waste from the mill and say that is okay for environmental practices.

**Mr. McCrae:** Madam Speaker, the honourable member does what her colleagues do every day, so I suppose I should not be surprised, and that is to substitute her judgment for that of the experts. I have learned that it is always better to get another opinion than to get one from a member of the New Democratic Party.

### **Budget Accounting Practices**

**Mr. Tim Sale (Crescentwood):** Madam Speaker, accountants often say that consistency in financial reporting is as important as mathematical accuracy, but in this year's budget, consistency goes right out the window—

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** The honourable member for Crescentwood, to pose his question.

**Mr. Sale:** Madam Speaker, consistency has gone out the window in the presentation of this budget to obscure an absurd process of raiding a savings account to pay off a debt.

Can the Finance minister explain why on pages 22 and 23 he has changed the presentation from previous years to make a \$100-million raid on the Fiscal Stabilization Fund look like current income from this year's revenues? And it is done so with a footnote that is about the same size as Progressive Conservative was on its election signs.

**Hon. Eric Stefanson (Minister of Finance):** Everybody seems to be able to understand this budget and the accounting treatment other than the member for Crescentwood. It is abundantly clear what we have done. We explained it in the budget; I explained it during the Budget Debate, during the budget speech. It has been assessed by all of the investment dealers, the experts in the field. It is very clear that we transferred \$100 million from our Fiscal Stabilization Fund to offset the approximately \$100 million in reduction from the federal government for health, education and support to families.

Obviously, we felt those are important areas of expenditure for government, and we made the decision in this budget year to transfer those funds from our Fiscal Stabilization Fund.

**Madam Speaker:** Time for Oral Questions has expired.

### **ORDERS OF THE DAY**

#### **House Business**

**Hon. James McCrae (Government House Leader):** Madam Speaker, I have heard from some members of the staff of this building certain inquiries about what is happening, and I thought I would sort of reannounce what I announced yesterday and talk a little bit about

the House business as agreed to amongst House leaders and all members yesterday.

The House will sit tomorrow at ten o'clock in the forenoon. It would be sort of a modified Friday arrangement whereby we sit and have Question Period and Routine Proceedings at 10 a.m. and sit right through without a break until we achieve the Interim Supply proceedings, until they have been completed, which we hope to happen before four o'clock. In any event, it is my understanding that that will all happen before four o'clock.

I understand that there is no agreement that we waive private members' hour today. There is no requirement for private members' hour tomorrow, so there would not be that. Then unless something else intervenes, it would be my expectation that after Easter Monday and after a day that House leaders and members will be asked to agree, April 1, when the Manitoba Winter Fair is being held in Brandon, it would be my expectation to seek the leave of the House not to sit on that day.

The following day would be my expectation to be proceeding to Estimates. Of course, in order for that to happen, we need to have a mutually agreed upon list, that is the requirement of the rules between the House leaders as to the order of those Estimates, and then we would go forward from there.

So I am not asking for anything at this particular moment by way of leave, that may come a little later, but I thought that it might be helpful to place some of those things on the record.

\* (1420)

**Madam Speaker:** As previously agreed, for information purposes, the House will convene at 10 a.m. tomorrow for Routine Proceedings with an expected adjournment time of 4 p.m. provided Interim Supply has been completed. There will be no House sitting that has been agreed to so far for Easter Monday following Easter Sunday.

**Hon. Eric Stefanson (Minister of Finance):** I am pleased to move, seconded by the Minister of Natural Resources (Mr. Cummings), that Madam Speaker do now leave the Chair and the House resolve itself into a

committee to consider of the Supply to be granted to Her Majesty.

**Motion agreed to,** and the House resolved itself into a Committee of Supply to consider of the Supply to be granted to Her Majesty, with the honourable member for St. Norbert (Mr. Laurendeau) in the Chair.

## COMMITTEE OF SUPPLY

### Supply—Interim Supply

**Mr. Chairperson (Marcel Laurendeau):** Order, please. The committee will come to order.

We have before us for our consideration a resolution respecting Interim Supply. The resolution reads as follows:

RESOLVED that a sum not exceeding \$1,694,578,550, being 35 percent of the total amount to be voted as set out in the Main Estimates, be granted to Her Majesty for the fiscal year ending the 31st day of March, 1998—pass.

The honourable member for Brandon East, on a point of order.

### Point of Order

**Mr. Leonard Evans (Brandon East):** On a point of order, Mr. Chairman, we have two days to debate Interim Supply, and there is agreement that it will be passed by tomorrow at four o'clock. There is always some confusion on both sides as to when members should get up and take the opportunity to make statements or ask questions. My understanding is that we could proceed through some of the early stages up to 11, which is Committee of the Whole, at which time members will have some information and also be given an opportunity to make some general remarks if they wish as well as asking questions of specific ministers, because our members do have some questions of specific ministers and I imagine that would take place at that time as well. There is some concern—as long as no one is denied the opportunity to make general statements as well as an opportunity to ask specific questions.

**Mr. Chairperson:** Is the will of the House then that we will proceed onto approximately No. 11? We will have the opening statements at that time. It is agreed? [agreed]

Committee rise. Call in the Speaker.

\* (1430)

### IN SESSION

#### Committee Report

**Mr. Marcel Laurendeau (Chairperson of Committees):** Madam Speaker, the Committee of Supply has adopted a resolution respecting Interim Supply, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for Portage (Mr. Pallister), that the report of the committee be received.

**Motion agreed to.**

**Hon. Eric Stefanson (Minister of Finance):** I move, seconded by the Minister of Rural Development (Mr. Derkach), that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of ways and means for raising of the Supply to be granted to Her Majesty.

**Motion agreed to,** and the House resolved itself into a committee to consider of ways and means for raising of the Supply to be granted to Her Majesty with the honourable member for St. Norbert (Mr. Laurendeau) in the Chair.

### COMMITTEE OF WAYS AND MEANS

#### Supply-Interim Supply

**Mr. Chairperson (Marcel Laurendeau):** The Committee of Ways and Means will come to order, please. We have before us for our consideration the resolution respecting the Interim Supply bill. The resolution reads

RESOLVED that towards making good the Supply granted to Her Majesty on account of certain

expenditures for the public service for the fiscal year ending the 31st day of March, 1998, the sum of \$1,694,578,550, being 35 percent of the total amount to be voted as set out in the Main Estimates for the fiscal year ending the 31st day of March, 1998, laid before the House at the present session of the Legislature, be granted out of the Consolidated Fund.

Will the House adopt the motion?

**Motion agreed to.**

**Mr. Chairperson:** Committee rise. Call in the Speaker.

### IN SESSION

#### Committee Report

**Mr. Marcel Laurendeau (Chairperson of Committees):** Madam Speaker, the Committee of Ways and Means has adopted a resolution respecting Interim Supply, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for Pembina (Mr. Dyck), that the report of the committee be received.

**Motion agreed to.**

### INTRODUCTION OF BILLS

#### Bill 10—The Interim Appropriation Act, 1997

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I move, seconded by the Minister of Rural Development (Mr. Derkach), that leave be given to introduce Bill 10, The Interim Appropriation Act, 1997 (Loi de 1997 portant affectation anticipée de crédits), and that the same be now received, read a first time and be ordered for second reading immediately.

**Motion agreed to.**

### SECOND READINGS

#### Bill 10—The Interim Appropriation Act, 1997

**Hon. Eric Stefanson (Minister of Finance):** I move, seconded by the Minister of Rural Development (Mr.

Derkach), (by leave) that Bill 10, The Interim Appropriation Act, 1997 (Loi de 1997 portant affectation anticipée de crédits), be now read a second time and be referred to a committee of this House.

**Motion presented.**

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I move, seconded by the Minister of Urban Affairs (Mr. Reimer), that Madam Speaker do now leave the Chair and the House resolve itself into the Committee of the Whole to consider and report of Bill 10, The Interim Appropriation Act, 1997, for third reading.

**Motion agreed to,** and the House resolved itself into a Committee of the Whole to consider and report of Bill 10, The Interim Appropriation Act, 1997 (Loi de 1997 portant affectation anticipée de crédits), for third reading, with the honourable member for St. Norbert (Mr. Laurendeau) in the Chair.

**COMMITTEE OF THE WHOLE**

**Bill 10—The Interim Appropriation Act, 1997**

**Mr. Chairperson (Marcel Laurendeau):** Order, please. The Committee of the Whole will come to order please to consider Bill 10, The Interim Appropriation Act, 1997.

Does the honourable Minister of Finance have an opening statement?

**Hon. Eric Stefanson (Minister of Finance):** Yes, I do, Mr. Chairperson, some very brief opening comments. Bill 10, The Interim Appropriation Act, 1997, is required to provide interim spending and commitment authority for the 1997-98 fiscal year, pending approval of the 1997 Appropriation Act. The amount of spending authority requested is \$1,694,578,550, being 35 percent of the \$4,841,653,000 which is the total sums to be voted as set forth in the 1997-98 Estimates of Expenditure. This amount is estimated to last until approximately the end of July 1997.

Mr. Chairperson, the amount of future commitment authority included in this Interim Supply bill is \$100

million. This authority provides for the commitment of expenditures to ensure completion of projects or fulfilling of contracts initiated but not completed during the fiscal year ending March 31, 1998. Expenditures for these commitments may not be made in the fiscal year ending March 31, 1998, unless additional authority is provided.

Just looking very briefly at the sections of the bill, Mr. Chairman, I have touched on Sections 1 and 2. Section 3, I have also touched on. Section 4 stipulates that once another Appropriation Act is passed, any funds expended or committed under the authority of this Interim Appropriation Act will be deemed to have been made under the authority of the subsequent appropriation act. Section 5 simply affirms that money expended under the authority of this act must be duly accounted for.

Mr. Chairperson, you may have noticed that Bill 10 is different from previous Interim Appropriation Acts. This is because various provisions are now covered by Bill 55, The Financial Administration and Consequential Amendments Act, which was passed during the last session of the Legislature. As a result, a number of sections included in previous Interim Supply bills are no longer required and have been excluded from the 1997 Interim Appropriation Act.

Provisions that are no longer required in an Appropriation Act are the limitation on expenditures in any appropriation to the amount included in the Estimates of Expenditure; the direction to include expenditure authority for future years commitments in the fiscal year in which the actual expenditure will take place; and the authorization for the payment of liabilities accrued from previous fiscal years; as well, authorization to transfer expenditure authority from enabling appropriations to departmental appropriations for the same purpose.

This includes the Canada-Manitoba Enabling Vote, the Sustainable Development Innovations Fund, Justice Initiatives and Internal Reform, Workforce Adjustment and General Salary Increases, also authorization to proceed with expenditures on projects for which an agreement with Canada is anticipated but not yet signed and finally authorization to make expenditures in

anticipation of recovering the funds from other appropriations.

\* (1440)

Mr. Chairperson, with these comments I commend the bill to the members of the committee.

**Mr. Chairperson:** I thank the honourable minister for his opening statement. Does the critic for the official opposition party, the honourable member for Brandon East, have an opening statement?

**Mr. Leonard Evans (Brandon East):** Mr. Chairman, I thank the minister for the information on the Interim Supply bill, noting that he is asking for an amount that is about equivalent to 35 percent of total spending to bring us up more or less to the end of July, and I am sure hoping he is hoping that at that point all the Main Estimates will have been passed, but who knows? One never knows.

At any rate, what the minister is asking for I believe is customary. It is probably the normal, I have not checked back on the records, but I imagine it is about the normal amount that is being requested by way of Interim Supply. It is an old tradition to enable governments to pay their bills while they are awaiting approval by the Assembly of total spending.

I just take the opportunity to point out that this exercise of approving government spending as well as taxation of course is very fundamental for democratic institutions. The British parliamentary system evolved into a democratic system because the Crown, the King, the Queen of years gone by in Britain needed the authority, needed the approval eventually of the people through their elected representatives, and to get that authority it required a meeting in the Parliament, and this ensured each year that representatives of the people, however they may be described at that time, members of Parliament, the House of Lords or whatever, would gather to review the requests of the Crown. Today, the reason we are essentially gathered—I know legislation can be important from time to time—but the essential reason is the approval of spending Estimates.

I believe it was the late Douglas Campbell who was once reported as saying, well, once you get your money approved, fine, let us get out of here and close up shop

and carry on. Mind you, I believe when he was Premier in his government their main thrust was to maintain things. There were not very many initiatives. So his main concern was getting approval of monies rather than bringing in legislation for new programs. So this is the basic element in our democratic procedures and practices. It ensures the annual meeting of our Parliaments.

I cannot help but notice looking at the budget document that of the 10 years that is reported in this document, the 1997 budget document, that seven out of those 10 years showed budgetary deficits. Of course, the one in 1992-93, however you want to measure it, either by 566 or close to 300.25, three-quarters of a billion dollars, was the largest in the history of the Province of Manitoba. So it is only the last three years that the minister has been showing surpluses, that this government has been showing surpluses, only three out of the last 10 budgets that have been submitted by this government for approval by the Legislature.

What it tells me is that the financial picture has not always been that strong in the province, that our revenues have not increased as rapidly as we would have liked them and, indeed, I know on this side we are very critical. The government has curtailed spending and we look at the numbers and we sometimes forget that these numbers are the nominal numbers. They are not adjusted for inflation. When you take inflation into account, you will see that there has been real cutting of program monies by this government. We see it of course in the cutbacks of the school system, cutbacks of the health system, cutbacks in social services. In all kinds of ways we see that there have been reductions in program spending by the government.

In spite of that, the government has shown deficits in seven out of 10 years, and that is simply because their revenues have not improved that drastically. They have not improved very much at all. As a matter of fact, in some years you see the total revenues actually declining. The year 1992-93, for example, was an absolute decline from the previous year. I believe it was a decline, a quite significant decline of 5.4 percent. In fact, the minister is even showing declines this year.

I would like to make another comment, though. Having observed that we have had deficits shown in



seven out of 10 years, nevertheless that bottom line is very elusive because of the existence of funds, the Fiscal Stabilization Fund, and then we had the lottery fund and goodness knows what other pots of money that we put money in and out of and therefore show a bottom line that one does not always have confidence in.

As we have said many a time, the '88-89 number could have been a surplus, but the minister was showing a deficit. The point I am making is that mainly because of slow economic growth our revenues have not been as buoyant as anyone would like them on either side of this House, and I think that is one of the reasons that the government continues to, most of those years, show deficits. In the process, of course, when you have deficits the debt increases, and I know members opposite are forever critical of the debt increasing under the former NDP government and, even though there were some very good reasons for that, nevertheless, we cannot forget that the debt has increased under this government as well.

In 1988-89 the debt was roughly \$10.6 billion. Today it is about \$12.7 billion. That is an increase of \$2.1 billion in debt. We have increased the debt in Manitoba by \$2.1 billion in that period of time, and you can see it in many ways. You could look at those figures as they are shown in the budget document, in per capita terms as well, dollar per capita. In 1988-89, the total net debt was \$9,580 per Manitoban, per person, and today it is \$11,023, so the fact is that Manitobans do have a higher debt burden today than when this government took office. There are reasons for that, but that is the fact, and members opposite have to be reminded of the fact that this has occurred.

In this particular budget, I know much has been made PR-wise of tax changes. I know the government has been appealing to the business community to point out that various exemptions have been increased and payroll exemptions have been increased and so on. Indeed, there has been some millions of dollars provided for those purposes, but when it comes down to it I would like to observe that we are talking in the order of \$31.4 million. This is the annualized or full-year impact of 1997 tax changes, relatively minimal in the total spectrum of things, in the total picture of things; \$31.4 million is still a relatively modest amount

of money when you are talking about a budget of this size.

I cannot help but remark that although the business community was pleased to see the exemption increased to \$1 million, allowing more small enterprises to be exempted from this tax, I cannot help but take the opportunity to remind the government that that was not the commitment made by the then Leader of the Opposition. The now Premier (Mr. Filmon) of this province was categorical and clear, also made by the official opposition Finance critic at the time, that a Conservative government would eliminate the payroll tax, not increase exemption levels, but totally, absolutely eliminate it. You know, shades of Jean Chretien and the GST. It is very easy to go back to Hansard and look at these statements, not made on one or two occasions but on many occasions, that a Conservative government would eliminate the payroll tax.

The payroll tax is still with us. It is still a very significant tax in terms of the amount of revenue it brings into the Province of Manitoba. As a matter of fact, it is well over \$200 million this year. In fact, it is going to be higher than last year. Last year, the '96-97 budget, the levy for the health and education tax, otherwise known as the payroll tax, brought in or was estimated to bring in \$206.5 million. This year it is estimated to bring in \$209.4 million.

I wonder if the director of this federation of small business or such groups are aware of the fact that the government is going to take even more by way of payroll taxes. That tax was put on for a good reason of course, and the fact was that the government of the day wanted to ensure that there were sufficient revenues to maintain a good health care and a good education system, and that is indeed why it is been called a levy for health and education.

\* (1450)

I might note that other provinces have engaged in this type of taxation as well, so I am not criticizing the existence of the tax, but what I am criticizing is the fact that the government when it was in opposition said one thing, and now that it has power and it has been in office for many years, since 1988, has done something

else. It has expanded the exemption levels, raised exemption levels, but that is something that our government did on occasion and would have done as well. I am sure we would have wanted to raise the exemption levels to ensure that as many small businesses would be exempted from that as possible. If you go back to the records, you will see there was a raising of the exemption levels, and I have no problem with that. I have no problem with that. What that tax does do, Mr. Chairman, is bring in large sums of money from certain national corporations, certain federal government departments and Crown agencies, which is quite substantial, and I do not think the minister or any government, any party in government could give it up, considering the fact that our other revenue sources are not as buoyant as we would like them to be.

We continue to be helped by the federal government by way of federal transfers, although the total for this year is down from last year. The minister is estimating \$1.55 billion this year compared to \$1.7 billion last year, and there are various reasons for that. I guess it is the system that we have established. There are the cutbacks, of course, by the federal government that we all criticize in this House, which we are not happy about. On the other hand, the federal government will argue, as they have done in the past, that there is such a thing as the transfer of tax points to the provinces, and this, indeed, has made up for those direct transfer cuts. Also, there is this phenomenon called income bracket creep that helps all governments in terms of collecting more income tax from citizens.

Just before I close, I just observe again that, when the economy is strong, we do well. The Minister of Finance, whoever he or she is at the time, should be very happy because a strong economy provides the basis of a good solid budget and allows the government of the day to do many things when revenues are increasing. I was fortunate in being in a government back in the '70s that was in that position where our economy was strong, our revenues were strong, and we were able to bring in many important programs to help the people of Manitoba. I would not take the time to enumerate all of them, but there were some very significant programs that have benefited Manitobans and are continuing to benefit Manitobans that were brought in at that time. In fact, the one has continued to this day, and that is the legislation that provides for the

sharing of revenue with the municipalities that the Minister of Rural Development (Mr. Derkach) referred to recently in a statement and the Minister of Urban Affairs (Mr. Reimer). We set up a procedure at that time to alleviate the burden of the municipal taxpayer. That, I am pleased to see, still continues, but that is something that began at that time along with the property tax credit system. Those two combined went a long way to easing the burden of taxes, in addition to other special grants that were made to certain municipalities, including the City of Winnipeg, across-the-board grants to assist the major urban centres, especially Winnipeg, to cope with problems it has because of the nature, of the size of the city and its nature and its importance in the province of Manitoba. So you can do a lot if you have buoyant revenues.

Today, our economy is relatively strong. It has been growing recently and we should all welcome that, but we cannot be too complacent and we should always be aware of the fact that there is such a thing as a business cycle, an economic cycle. It goes up and it goes down. We have been on the upswing recently. I am not the one who is looking for a downturn, but a downturn inevitably comes and it will have an impact. I think probably '92-93—I do not have all the data here—but I think a drop in the economy around that time certainly was one of the contributing factors to the drop in revenues in '92-93 from '91-92.

Having observed that the economy has been better than it has for some time, nevertheless, there are a lot of features of the economy one should be concerned about, the fact that our real wages today compared to 1988 are lower than they were nine years ago. In other words, the real income of people working in Manitoba, according to these figures, the average industrial aggregate weekly wages, when you take account inflation, the real wage level is lower today than it was in 1988, meaning the purchasing power of these individuals has actually declined.

There are other disturbing features as well of the economy, and one in particular that stands out is the housing starts, the new residential construction. The housing starts used to be very much higher than today. I know we are bragging that there has been an increase recently, but it is an increase of a pretty minimal amount.

At the present time, we are looking in the order of between 1,000 and 2,000 starts, if we are lucky, but back in 1987 we were at 8,174 starts. Far greater than the number today. In fact, in the '80s, there were considerably three or four times the level of housing starts today, and one should ask the question why? Why is the housing, the new residential construction industry doing so poorly in the province of Manitoba?

Another disturbing feature is when you look very closely at the figures, you will see that we seem to have shrunk within the national economy since the government has taken office. In 1988, compared to 1996, which is the last year we have available, we can see that our percentage of the national job pie has shrunk. I do not have all the numbers with me, but they are available. I have looked at them in the past. You can see where the national employment pie, if you will, we have a smaller piece of that pie because relatively speaking we have fewer jobs in Manitoba relative to the rest of the country than we had in 1988, and the same can be said for some other aspects of our economy.

So I am saying we cannot be complacent. We should be very realistic about the economy that we are living in, and we just have to try harder. I also have to observe that in many ways, while the Province of Manitoba or any provincial government does have some bearing on the macro-economic situation, certainly the spending of a provincial government does have an impact on the economy. If you have deficit spending, that is very stimulative. If you have surplus spending, you tend to dampen the economy. That is the reality. If you have huge surpluses, any government of any party, you withdraw purchasing power, you are withdrawing money from the economy and that does have a dampening influence.

\* (1500)

Conversely, the deficit spending that goes on does stimulate an economy and, *ceteris paribus*, everything else remaining equal. I know there are a lot of other factors one could discuss but basically this is true. This is one reason why the previous NDP government had some deficits in the early '80s, because we were confronted with a very serious recession in '82-83, thereabouts. One way to help provide jobs for Manitobans and to get the Manitoba economy going which we did was through some deliberate deficit

spending which did find more dollars going into specific programs that helped Manitobans and helped Manitoba business, residents and businesses and farmers through those programs that we financed at that time under the Manitoba Jobs Fund.

I make no apology for that, but the fact is that we are—and that is the interesting point, that when the government did have its deficits for those years, that it was indeed in a bit of a stimulative position. At any rate, the revenue situation probably has never been better. We have to recognize that we are benefiting from the relatively buoyant economy in the United States, a very robust economy, which has been importing goods from Canada and particularly goods for Manitoba, so our Manitoba exports are up. We are benefiting from a relatively low interest rate, and I am pleased that the Bank of Canada so far has not seen fit to follow the Federal Reserve lead in the United States, where I believe there has been an increase of one-quarter of 1 percent, which is unfortunate, but we are benefiting, Mr. Chairman, from the relatively low interest rate regime.

Some people would argue that it is not low enough because, in real terms, it is not that low because, if you take the difference between inflation and the rate of the interest rate, you look at the real rate of interest, and it is not as low as it could or should be. At any rate, when you combine these, when you look at these factors plus a relatively cheap Canadian dollar, then you see the reason why we have been doing better in Manitoba.

While some of the measures here may help business create jobs, I would think that they are relatively marginal, relatively minor compared to what would happen if we had, for instance, an increase in the value of the Canadian dollar, which could happen. If certain other conditions occur where the government feels that it is necessary to protect the dollar we might see the interest rate go up and, if interest rates go up, it is going to cause the economy to slow down, other things remaining equal, if that ever can be. So let us hope that some of these major factors that have benefited us continue so that our economy can continue to grow.

So those are some general remarks we make, Mr. Chairman, by way of opening, and I think members on

this side have some specific questions of specific ministers I have some specific questions as well. So I wonder if I could start out with just a couple of questions and then maybe some of my colleagues would like to have the opportunity to ask questions of other ministers. Then we could carry on from there.

I am wondering if the Minister of Finance, if I could ask a question then, Mr. Chairman, could comment on the significance of the transfer of tax points from Ottawa. I know there is information in here about the actual cuts of the specific transfers in health and social services, but what is the situation, I mean, how many tax points, I know it is around somewhere, but I am asking the minister, what is the situation of the transfer of tax points from Ottawa to the Province of Manitoba? What points are we talking about and what kind of revenue are we talking about, and does that offset what is perceived to be a cut in those transfers?

**Mr. Chairperson:** As previously agreed, then this is where we will move on to the questioning? [agreed] I just wanted to clarify that because there is nobody back there for opening statements.

**Mr. Stefanson:** Mr. Chairman, the issue of tax points of course is the argument that the federal government tries to utilize as their justification for the massive withdrawals in cash funding for programs to the provinces, and it is certainly one I do not buy at all for a couple of reasons. First and foremost, those tax points that are talked about were transferred back in about 1976, I believe, '76-77, so we are talking 20 years ago, at a time when if you look at the cash support we were at levels of approximately 50 percent. Certainly welfare was 50 percent, support in other areas of health and post-secondary education was at 50 percent.

So not only this government but previous government started eroding the cash support levels so that today we are down in the vicinity of, and I can certainly get the exact percentage, but we are down in the vicinity of about 30 percent. So it is one I do not accept. Those tax points were transferred many years ago for a particular reason at that point in time. For the federal government today to try and be taking credit for those tax points is unacceptable. Even if one were to accept their arguments, that is where I am seeing if I have

some—even if one were to accept those arguments, which I do not at all, the increase in revenue from '96-97 as a result of tax point growth is about \$20 million, as a result of the growth for those tax points that were transferred year over year, comparing that to a \$100-million reduction for Canada Health and Social Transfer and another, I believe, approximately \$30 million, as a result of the equalization formula, which as we know is formula driven.

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

So I guess the answers to the questions are, the tax points are not in any way offsetting the reductions in cash transfers. I do not accept that as a valid argument to begin with. If you want to accept that argument and then go back all the way to 1977 and let us track the financial impact, you will see that the erosion of cash has been extremely significant over that period of time.

I guess the most important thing for me is, when you look at the federal budget, the tax points in terms of the impact on the federal budget today have no impact. They have nothing to do with the federal budget. The member for Brandon East seemed to be almost defending the federal Liberals. I think I am interpreting that incorrectly, because I have heard some of his comments about the decisions and priorities of the federal Liberals.

The concern I have is, budgets are about priorities. We argue that in this House on a regular basis. If you look at the federal budget, 70 to 75 percent of their reductions in expenditures have come from transfers to provinces for health and post-secondary education. The majority of the reductions in their expenditures are coming in that area. That is in complete contradiction with what we believe in and I think other members in this House believe in, certainly with what Manitobans believe in and Canadians believe in. They tell us time and time again, the areas of greatest importance are health and education.

Look at the federal budget. It is going in the complete opposite direction. They are merely getting their deficit under control on the backs of provinces. Thank God many provinces in Canada have had their finances under pretty good control and are able to absorb some of that. If it was not for that, we would be

in just as big a mess as we were ten years ago, except it would be shifting between levels of government.

I hope I have mostly answered the question. The growth from '96-97 and '97-98 in dollar amount as a result of those tax points, even if you accept that bogus argument from the federal government, is \$20 million. It does not come anywhere near from offsetting the massive cash reduction. As I say, if you look at their budget, those tax points have no impact. How they are getting their deficit down is by eliminating these cash transfers. They are not looking at the other 80 percent of their expenditures in terms of trying to find efficiencies, trying to set the right priorities. They are taking an easy, shortsighted way to get their deficit under control, and that is to offload onto provinces. I think it is wrong. I think it does not meet the priorities of Manitobans and Canadians. It certainly does not meet the priorities of our government and I believe some other members in this House.

\* (1510)

**Mr. Leonard Evans:** I happen to agree with what the minister has just stated. I was not defending this particular action. I was really inquiring as to the amount of money. He has given us that information. Maybe it is because I have not looked that hard, but I have not seen that type of information. It is good to have that. It is true that the federal government has offloaded in big time, big way, onto the backs of the provinces. It has hurt health and education programs across the country. Some provinces in particular are going to be extremely disadvantaged. I think of some of the Maritime provinces, Newfoundland in particular, but all of us, all of the provinces are being hurt.

If I can just take a point to mention again my exasperation at the federal government not taking a lesson from history and trying to cope with the debt by using the Bank of Canada, I have mentioned this once before, I believe, to the minister. I do not know whether the Minister of Finance (Mr. Stefanson) is aware, but in 1976, the amount of federal debt held by the Bank of Canada was just over 20 percent, in the order of 20 to 21, 22 percent, in that order. This is history, I suppose, but it is important history, 1976. Today it is down to 5 percent. Now, for various reasons, they decided not to hold as much, and this

occurred over a period of time. But that difference amounts to billions of dollars, several billions of dollars in interest a year, and it seems to me that, instead of making the commercial banks of this country rich, because commercial banks hold the biggest chunk of that debt—they are getting interest on the debt—it seems that Canadians would be far better served if we went back just to where we were in 1976. This is not some radical proposal that has never been done before. In 1976 the bank held a little over 20 percent. Now why can we not move that way, not overnight but over a period of a few years? That means that the government of Canada would have virtually interest-free debt of a certain amount, and the commercial banks would not get as much, or whoever.

It is mainly the commercial banks that are holding the federal debt. There are other players in there as well. There are individuals and there are other financial institutions, but it seems to me this is a real way that the government can ease the burden instead of cutting back to the provinces, which translates off into cutting back in health care and education. Let us cut back in what amounts to transfer payments, interest transfer payments, to the commercial banks of this country; and, instead of the commercial banks financing all, or 95 percent, of the debt, let more of that be financed by the central bank. For those who say, well, central bankers will be printing money, please, the commercial banks are printing the money right now. They are the ones, the commercial banks, that when the federal government gives them an IOU, namely their bond, without requiring any assets, without requiring a nickel of assets, can create the credit equivalent to that debt instrument, that bond. It virtually is a creation of money or the printing of money, if you want to use that term, by the commercial banking system.

So what I am suggesting is rather modest. Instead of 5 percent, why do we not move up over a period of years? I am saying this now because I would like to see our Minister of Finance (Mr. Stefanson) go to a federal-provincial conference of Finance ministers and urge this because it is a way out. It is a way out. The people who will suffer will be the banks, I suppose, the organizations, because they will not make as many billions of dollars of profit, but who will benefit will be all Canadians because we will not have to cut back so much on our social services or health care or education.

Having said that, I agree with, as I said before, the observations of the minister, and it is a tragedy that our federal system is being undermined by this. It seems to me that, if you want to talk about Canadian unity, one of the fundamental ways to ensure Canadian unity is to make sure that all the provinces are treated fairly and that there is this proper equalization and that there is this sharing of these financial burdens through the central government. One of the reasons I opposed Meech Lake personally was because I saw that as a move to undermine this role that the federal government should be playing in protecting national programs of health and education.

(Mr. Chairperson in the Chair)

I wonder if I could just go back to the specific budget now and ask why the minister chose to do the way he did, allocate \$100 million to school and hospital debt. It seemed to me this was done as an interim step between the last budget and this budget, and it has been shown as a footnote—correct me if I am wrong—as \$100 million towards revenue, and there was some reference made—

**An Honourable Member:** Pages 22 and 23.

**Mr. Leonard Evans:** —on pages 22 and 23. Okay, under the Financial Review, Note 2. It includes \$100 million off from the Fiscal Stabilization Fund. You are putting it in there by way of, into collections by way of, a note there rather than showing it as a transfer under debt reduction transfer line, which is relatively new, incidentally. It is interesting you are now using that terminology, because previously—it seems to me previously we had specific reference to the Fiscal Stabilization Fund. Now we have a general terminology, deficit reduction transfers, and I guess that is supposed to include Lotteries as well as Fiscal Stabilization, but could the minister comment on why he has done it this way?

**Mr. Stefanson:** This is picking up on I guess the last question in Question Period today. If the member for Brandon East is to look on page 15 of the budget document under the Financial Review and Statistics, he will see a summary of all of the revenues of the provincial government, and going down, he will see near the bottom of the page the Fiscal Stabilization

Fund, Allocation in Support of Social Programs, \$100 million.

As I indicated in a response to a question today, this money is drawn across from the Fiscal Stabilization Fund to directly offset the federal reduction in support through the Canada Health and Social Transfer. So that is the rationale for the draw of the \$100 million. It equates to the same \$100 million that has been reduced from Ottawa for CHST and is shown as a separate line item on page 15 of our budget.

As he mentioned, on pages 22-23 of that same section, we do show it as one of the items under the Manitoba collections, but for comparative purposes so that one has a better sense of comparing the '97-98 to the previous years, we do footnote that the \$100 million from the Stabilization Fund is in that account, and that is really done so that when you are comparing year over year, you would realize that that \$100 million is only in '97-98. There is no draw across in previous years.

So the rationale is to offset the federal reductions. That certainly is something that has received the support, I believe, of Manitobans. By transferring the \$100 million, we are able to maintain, in fact enhance, our levels of support for health and education and support to families even though this funding from Ottawa is directly for those areas. I mean, I think we should not forget that the CHST is directly for health, post-secondary education and support for families. That is the objective of the funding, and the federal government has reduced that by a \$100 million. We made the conscious decision in this budget year to transfer the \$100 million from the stabilization account.

We said during the budget that this is very much a bridge, that by drawing it this year, we believe that through revenue growth in our own source revenues for 1998 that they will offset this \$100 million moving forward, so it is not as though we are building this requirement into each and every budget year, because that is something you should not do. You should not take a savings account and build it into your ongoing requirements. We are doing that. We are using it on a one-time-only basis to bridge us through to 1998-99.

As I say, we think that is the right thing to do, to maintain and enhance support in those important areas,

and we believe it has the support of Manitobans. It is certainly something I heard continually through our Budget Debate, to do that, to continue to support health and education. We are fortunate we have the savings account, the stabilization account, and we are able to do that.

I spoke very clearly to that issue in the budget. I have talked about it publicly, whether it has been through the media or at different events or organizations. I think all Manitobans understand what we have done and why we have done it, and I believe Manitobans support what we have done.

\* (1520)

**Mr. Leonard Evans:** Well, basically, it seems to me the way it has been done is mainly a PR move in saying, well, this \$100 million is for health and education or whatever. The fact is, the bottom line would have been the same if that \$100 million was shown as a deficit reduction transfer as it had been in previous years. In previous years, there have been monies shown, \$200 million in '92-93 and again \$30 million in '93-94, \$145 million in 1995-96, and I do not see—I mean, basically, it is monies out of the Stabilization Fund which helps the general Treasury.

Frankly, I do not believe it is good public financing to say, well, we are going to collect X dollars through this tax revenue for specific program Y over here, and then we are going to collect these taxes over there for program X.

The fact is that the best type of public financing is to collect revenues whichever way you decide, through whatever tax mechanisms or fees or whatever structure you want to set up. Those revenues go into the general Treasury and then governments, having obtained those revenues, make a decision as to how those dollars will be spent program by program, department by department, depending on the priorities of the government of the day. So to say, well, we will take \$100 million, and we will earmark it for health, education, just does not ring true to me because even though it does assist in that area, frankly it is revenue that is being applied; it is being made available to the Treasury by a draw from a fund.

In the past, as I have said, you have drawn from the Fiscal Stabilization Fund, and you have not said you have used it, say, in 1995-96, you could have I supposed argued then, well, we are using some of that or all of the \$145 million to maintain the health care system to the best of our ability.

**An Honourable Member:** Highways.

**Mr. Leonard Evans:** Highways or whatever. At any rate I just do not appreciate this type of footnote and this type of accounting. It seems to be it is more PR accounting than anything else because you could have footnotes in every year almost when you are drawing from a fund, Mr. Chairman.

At any rate, I am just going to ask another question. I think my colleague from Crescentwood has a couple, and then I believe—this is just a point of order, Mr. Chairman—the acting leader of the Liberal Party (Mr. Lamoureux), second opposition party, would like to make some remarks.

I will just ask one more for the time being, that is the Debt Retirement Fund deposit, first time ever, \$75 million. Could the minister please elaborate on just how is this going to happen? When will this happen precisely? It will be in the new year, but could he give us a little more detail, a bit of elaboration of the technical process that is involved in this first time ever methodology here?

**Mr. Stefanson:** Mr. Chairman, the member for Brandon East will recall in our 1995 budget we introduced the balanced budget legislation. We also introduced the Debt Retirement Fund and the schedule that shows us eliminating our tax supported debt in approximately 30 years. That schedule showed making our first payment against the debt starting in this fiscal year.

The need for a Debt Retirement Fund is primarily because of the matching when different bonds come due in terms of when we would want to retire those individual bonds. So it is really like a sinking fund I guess is the best way to describe it. The Debt Retirement Fund is really like a sinking fund, and within up to a maximum of five years we draw from that account and pay off bonds. So we have the

flexibility to draw every year, to draw every couple of years, or up to a maximum of five years, but up to no more than five years you have to make a payment out of that fund.

So starting in this year, during 1997-98, we will make a payment into that fund, and depending on a whole series of issues, what bonds are coming due, what we can borrow money at, what the projections are for future borrowing, and all of those kinds of things, really the whole issue of debt management, and we will make a decision whether or not we actually pay it against a bond immediately in this year or whether we leave it in the fund allowing it to accumulate interest and then pay off a different bond that comes due in the future.

We felt it was the best way to manage our debt, and because we do have all of these bonds coming due at different points in time over the next several years at different interest rates, the Debt Retirement Fund is the most prudent and flexible to deal with it.

So the payment will be made this year, in 1997-98. I cannot give him a precise date today, but I will be glad to tell him the day that the money is paid into that fund and welcome him to compliment us on that day when we do just that. But we will be doing it obviously during this year, and it is the most responsible way to match the timing and the sequence of how we retire our debt through that fund.

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, I want to start with just a couple of remarks. I was absolutely delighted to hear the Finance minister essentially recant I suppose from years of abuse that took place from 1985 to 1988, and then following that time after I left the service of his government and with the health coalition and many other groups raised the issue of federal cuts.

I had the honour of being named by members opposite in a motion to dismiss me and to reduce the office for which I worked to zero as we were battling the Mulroney cuts to health when they were introduced in the 1985-86 federal budget in which this whole train of events, to which the current Finance minister very accurately refers today, goes back to the beginnings of the Established Programs Financing Act Transfer in 1977-78. So I must say, Mr. Chairperson, I was

delighted to hear the minister accept even at this late date because confessions are never too late. As long as one still draws breath, a confession is always welcome.

So the fact that the minister has confirmed that the cuts to the cash transfers have been severe, as we claimed they would be from 1985 to the current day, that he has come over to the viewpoint that the federal accounting, whether it is under a Liberal government or a Conservative government in which tax points that were transferred 20 years ago are still charged as though the federal government is providing them, is ludicrous accounting, makes no sense whatsoever. The tax liability politically and financially for the collection of those dollars falls entirely on the province, as is appropriate, but for the federal government then to claim credit for those dollars being transferred is really ridiculous historically and in a contemporary sense as well.

The tax points were indeed transferred, and that is a historical fact, but once you transferred something there was no mechanism, for example, in the act that transferred them for reclaiming them. They were not transferred conditionally; they were not transferred with a sunset clause; they were simply transferred. So the history is interesting, but to claim it has any present effect is just absolute nonsense. So I was delighted to hear the Finance minister take essentially the position of the Pawley government in 1985-86 for which members of that government took a great deal of abuse from his members, particularly the current Premier, and for which I personally took a great deal of abuse over a number of years, claiming first that we could not do mathematics and did not understand arithmetic, that we were overstating the draconian cuts that were in that point in a formation stage but which were beginning to affect our revenues and which were certainly clearly going to escalate to the current level at which we find them.

So I want to just start with thanking the Finance minister for putting the record straight and taking a position that I think is entirely defensible and consistent with the position of the Pawley government. The only difference is that we are now in a position some 12 years later when, if provinces had acted in concert at that time, we might not be facing the kind of crisis in our health care system that we face today.



I want to now ask the Finance minister if he could come back and help me understand his answer to the honourable member for Brandon East (Mr. Leonard Evans). By what accounting logic is a draw from a savings account, a trust fund, a stabilization fund, as it is separately accounted in our public accounts—by what logic is that a Manitoba collection in the current year? I have a series of questions, Mr. Chairperson. I do not necessarily want to get into a long debate on each question, but I am trying to understand by what accounting logic on pages 22 and 23 a draw from an existing funded entity can be considered a current collection in the current fiscal year, thereby justifying changing the accounting convention that the minister established as far back as 1987-88 when we first began in '88-89 to transfer monies first to the Stabilization Fund by borrowing to put money in it and then in later years from the Stabilization Fund. Could he help me understand the accounting convention by which a draw from a trust fund, a funded entity, can be considered current collections?

\* (1530)

**Mr. Stefanson:** Mr. Chairperson, first of all, the member for Crescentwood has made me somewhat nervous with his comments on CHST and equalization and being complimentary and thanking myself and our government and then suggesting that we are consistent with the previous Pawley government.

I think anybody who looks at the whole issue of transfers from Ottawa would acknowledge that the previous government was also eroding cash transfers to provinces. Unfortunately, that became even more accelerated under this government, in fact significantly accelerated under this government. The erosion of the transfers in itself is disturbing, but the pace of the erosion over these last couple of years by this government, this federal government, is from my point of view absolutely, totally unacceptable and not in the best interests of Canada or Manitoba.

If I can take a minute on this whole issue of tax points, I think that certainly is one area, one issue, that we do agree on in terms of the whole issue of the merit of the federal government even attempting to take credit for something that was transferred 20 years ago with no conditions attached and no relationship whatsoever

today to the issue of cash transfers. But going back to the member for Brandon East (Mr. Leonard Evans), just to put it into perspective, federal projections show that even with the increasing value of tax points, even if you accept that argument, Manitoba faces \$884 million in transfer losses over five years even after those tax points are included. So whether it is \$884 million or \$1.1 billion prior to the tax points, that is a huge offload to the Province of Manitoba for support for health, post-secondary education and support to families, from my point of view indefensible for anybody who says they are standing up for Manitoba.

I will be very interested, now that we have provided the deputy Leader of the second opposition party with some data on this, how he can even begin to attempt to justify or defend those kinds of irresponsible actions on the part of the federal government that are out of step with the needs, wants and desires of Manitobans and I believe Canadians.

So that certainly is one area where we can agree with the opposition, is how offensive the reduction in transfers are and then the whole aspect of how the federal government tries to roll in this issue of tax points. I have read letters from federal members of Parliament sent throughout various constituencies trying as hard as they might to justify this absolutely unacceptable, irresponsible action on their part, so I look forward to the member for Inkster's (Mr. Lamoureux) comments.

But back to the specific question from the member for Crescentwood (Mr. Sale), I felt I had explained it, but maybe I will try parts of it again. We have accumulated a savings account, a reserve account, a stabilization account, whatever one might decide to call it. We view that as a responsible thing to do. Businesses do that on an ongoing basis as best they can. Households do it as much as they can. In fact, I think Manitobans continue to be amongst the greatest savers of individuals across Canada. Traditionally, Manitoba has a high record of savings in relationship to the rest of Canada.

We have done just that in Manitoba. We are faced with a year where we have to deal with this \$100-million reduction in Canada Health and Social Transfer. Our link is very direct. I say to the member for

Brandon East, it is not a PR move. It is a factual transfer to offset a \$100-million reduction from the federal government for these important areas. So that is the logic. That is the rationale behind the account, behind the transfer.

I guess what we are arguing with the members opposite is the whole issue of presentation in this document on pages 22 and 23 that show the 10-year historical summary. It is not being transferred as a result of deficit reduction. I do not think it is appropriate to make that link because that is not the purpose of the transfer. The purpose of the transfer is very clear. It stops at a \$100-million reduction from the federal government.

So we have shown it as part of the Manitoba collection line. We footnoted it so that people can determine that there is \$100 million in that account. If anybody wants to do the comparison, if one is saying, well, what has happened to Manitoba collections, if you want to factor that \$100 million out, you will see that the remaining Manitoba collections are almost flat. They are up about \$14 million over the '96-97 forecast, so, again, I think it is important to understand the purpose of the Fiscal Stabilization account, the rationale for this \$100-million transfer.

I guess what we are arguing about is presentation. I think the presentation is more appropriately shown to link this transfer very much to the purpose for which it was transferred, and that is to offset the \$100-million reduction from Ottawa. It is not meant to be a deficit-reduction transfer, which was the case in previous years. We have a balanced budget in Manitoba, and this transfer is to offset those reductions.

**Mr. Sale:** Mr. Chairperson, I do not want to get into a slinging match, but this must be very hard for the Finance minister who is an accountant, who knows the importance of presentation and knows the importance of consistency. If, for example, I could get him to look at '93-94 or '92-93, you had a very significant deficit in those years, and you transferred money from the Fiscal Stabilization Fund to partially offset the deficit. It did not make it balanced; it reduced the apparent deficit. The Auditor, of course, pointed out in Volume 3 that the real deficit was gross of the transfer. In other words, the deficit was really \$766 million less the

transfer made to reduce it on Volume 1 basis, just \$566 million.

So there has never been any argument about that until the present time. Surely, the minister is not contending that there is something special about federal revenues among any other sort of revenue. The government gets revenues from a wide variety of sources, publishes those in the annual Estimates. Sometimes they are up. Sometimes they are down. At no time that I know of do we take specific revenues from specific places unless there is an act that requires it, and in this case there is not, and apply those revenues to a particular place. We have general revenues, and we have total expenditures.

If you did not take the \$100 million from the Fiscal Stabilization Fund this year, you would have a deficit of roughly \$75 million. The minister shakes his head. If the minister reduced his current revenue by \$100 million and did not transfer, he would have a deficit. He would have a deficit of approximately the difference between his shown surplus of \$26.8 million and \$100 million, because he is forced to transfer \$75 million to his Debt Retirement Fund.

So he is basically using the Fiscal Stabilization Fund, as he has said a few minutes ago, to bridge over the last difficult year of federal cuts. The fact is that he had a deficit on the basis of his own figures; otherwise, he would surely not have transferred money from the Fiscal Stabilization Fund in order to show a surplus, in order to put it back in the Fiscal Stabilization Fund. That would not make any sense at all. Just as what he is doing here does not make any sense in terms of presentation.

So I am at a loss to understand how the minister thinks that he has explained this issue. I understand the facts of what he has done. He has used a footnote to show that he has taken some money out of a fund and called it current collections. The fact is that I do not believe that there would be any accountant—and I do not believe the Provincial Auditor will agree that this is an appropriate presentation. I think the Auditor will be very clear about this, that the minister had every reason, given the fact that he has a bad year from the federal government, and he is very pessimistic about his revenues. He had a deficit. Fine. He is not supposed

to have deficits. He has a Fiscal Stabilization Fund. Take some money out of the Fiscal Stabilization Fund and apply it against his deficit to achieve his surplus of \$26.8 million if he wishes and that of his payment to the Debt Retirement Fund, but let him be obvious and transparent about it. Let him not hide it with a footnote, as I have said before, the size of the Progressive Conservative advertising on the bottom of their campaign signs.

Let us see what would happen if he actually did that. If he was consistent with previous years and followed normal accounting conventions and put \$100 million where the zero is now, it would be very transparent to even ordinary readers who were not skilled in financial statements, and I certainly do not count myself as skilled in reading financial statements, but it would be very clear that we had taken \$100 million out of the bank in order to put \$75 million back in and have a nominal surplus of \$26.8 million, which will go back into the fund we took the \$100 million out of in the first place.

\* (1540)

This is a circle, and the end of the circle is a notional surplus of actually about \$1.8 million. That is all that is here. So I am at a loss to understand how the Finance minister as an accountant of some standing and as a Finance minister for several years can square this misleading presentation with the historic 10 years now of showing deficit reduction transfers, deposits to Debt Retirement Fund, transfers to or from the Fiscal Stabilization Fund or transfers from the lottery fund. Those have been the titles in those lines over the last ten years.

So if the minister can further enlighten me on that, I have heard his explanation, and it is factually obviously what he did. He took \$100 million, stuck it into current collections, which it is not, put a footnote at the bottom to say that it was there and used it to balance a budget that was otherwise in deficit. I understand that is what he has done. The question is why did he not present it in a transparent and straightforward manner instead of doing it in the way in which he did.

My second question to the minister is this: The minister has made a great deal out of talking about the

buoyancy of the Manitoba economy. We have talked about growth in income taxes, talked about growth in sales taxes, talked about his pleasure at the mining community's growth and development, and he made remarks about that in his closing comments in the budget speech. What he appears to be telling Manitobans with his budget, Mr. Chairperson, is that the total operating revenue of the province will fall year over year by something in the order of, what, \$80 million and that Manitoba collections will be up very, very marginally, something in the order of \$13 million to \$14 million.

Is not what we have got here, Mr. Chairperson, really a deliberate underestimating, as he has done this year and in the previous year, of revenues in order to justify to Manitoba educators, Manitoba health providers, to low-income parents who have seen food allowances cut, have we not simply got here a paper justification for extreme budgeting to reduce human services in Manitoba while at the same time justifying an apparent draw from a Fiscal Stabilization Fund which I would say the minister knows and I know and all of the business community who commented on his budget know will never happen? This transfer will never happen, because the revenues will be at least \$100 million higher than he is budgeting, so he will not need to transfer this year and he will stand up like a hero and indicate to people how skilled and competent a budgeter he is because he has underestimated his revenue again. Wow, we have got another big surplus.

In the meantime we have cut funding to education while increasing private schools. We have cut funding in the health care system in terms of any real purchasing power. He stands and says he has increased funding to health but, in fact, with his special warrant, he provided 81 million new dollars to the health care system for the remainder of this year. This budget cuts that level of spending by \$66 million.

So I have received no explanation in accounting terms that makes any sense concerning the presentation. I am wondering if the minister can justify on the basis of his third-quarter statement, on the basis of the fact that income taxes alone two years ago are now agreed to have grown by \$250 million in one year according to his third-quarter statement. Yet this year he is telling us that income taxes will rise by \$8 million?

While he takes every opportunity that he can find to brag to his business friends and to Manitobans whenever he can get them to listen about the buoyancy of our economy and the growth of our incomes, if they are so good, how in the world can we be showing \$8 million more in income taxes this year than last? Why are we not at least showing a 2 percent growth? That would be \$32 million. But in fact he knows that the federal income tax revenues in the first nine months of this year grew by 8 percent. He tells us that Manitoba has outpaced the national economy, but he wants us to believe that income tax revenues will grow over his third-quarter estimate by less than half of 1 percent.

The minister is flimflamming Manitobans with budget numbers which he knows and increasingly larger numbers of the rest of us know bear no resemblance to the reality that will come out at the end of the day, and he should be ashamed of that.

**Mr. Stefanson:** The member for Crescentwood (Mr. Sale) I guess touched on two main things: the whole issue of the Fiscal Stabilization Fund and then the issue of our economy and our revenues. So I will take a few moments to respond to both of them, Mr. Chairman.

First and foremost, I think one of the most important aspects of this budget and last year's budget, the year before budget that Manitobans certainly support and members opposite seem to have difficulty accepting or understanding is for the first time in over 20 years we are not adding one cent to the tax-supported debt here in Manitoba unlike happened during the 1980s when our debt more than quadrupled under the NDP, increased by some \$4 billion.

#### Point of Order

**Mr. Sale:** Mr. Chairperson, a point of order. The minister's own budget points out the error of what he just said. He borrowed \$200 million in '88-89 to create a deficit of \$141 million. In other words there was a surplus of \$58.7 million which actually occurred. The Auditor pointed it out, and his own budget points it out. I wish he would simply be absolutely factual with this House instead of bending the truth as he is doing at this point.

**Mr. Chairperson:** Order, please. The honourable member does not have a point of order, it is clearly a dispute over the facts.

\* \* \*

**Mr. Chairperson:** The honourable minister, to complete his remarks.

**Mr. Stefanson:** Mr. Chairperson, if I can carry on, as I have said we have had three budgets now where there has been nothing added to the debt here in Manitoba. The member makes his argument about backing out the \$100 million from this year's budget. I think a couple of points have to be made on that issue. If you accept even his argument of backing out the \$100 million, then you should also be backing out the \$75 million because if he is going to make the purest accounting arguments, you go into any business financial statements, retirement of debt is not a business expense; it comes out of the earnings that are generated by this business, either from the earnings or from the accumulated retained earnings of that business. It is not treated as a business expense.

#### Point of Order

**Mr. Sale:** Mr. Chairperson, the minister is an accountant. He knows that if there is statutory obligation to make an expenditure, then this is not a voluntary expenditure. It is statutory. It is in the expenditure Estimates, as it must be following the act which he is so proud of. He does not have any discretion; he must pay the \$75 million.

**Mr. Chairperson:** The honourable member did not have a point of order. It is clearly a dispute over the facts.

Just for the information of the members of the committee, points of order are questions raised with the view of calling attention to any departure from standing orders or customary modes of proceedings, not whether or not we agree with what a member is answering or on what the question that the member is putting. On that, we will move back to answering the question.

\* \* \*

**Mr. Stefanson:** Thank you very much, Mr. Chairperson, I do not know if I am going to have to put up with every time the member for Crescentwood hears something that he does not like he gets up on his feet on a point of order. I certainly sat here and listened to him put a lot of things on the record that I both did not like and did not agree with and thought were factually incorrect, but I was courteous enough to sit and listen to his comments on the budget.

\*(1550)

But he now wants it both ways. He now refers to the statutory requirement under the Debt Retirement Fund, but does not accept the ability of the government to transfer funds from the Fiscal Stabilization Fund, which has never been questioned by anybody, never been questioned by the Auditor. All the Auditor does is, in Volume 3, rolls in the Fiscal Stabilization account or the Crown corporations and a whole series of other related government entities, and the Auditor has said they are putting more emphasis on Volume 3.

We continue to put more emphasis on Volume 1 because it is Volume 1 that is supported by the taxpayers of Manitoba; it is Volume 1 that affects whether or not we are added to the tax-supported debt; it is Volume 1 that is paid for through all of the taxes that we pay in Manitoba and so on. We continue to focus much more on Volume 1 than we do on Volume 3 for all of those reasons, but I think the important issue for Manitoba with this budget, I will argue accounting techniques and accounting process with the member for Crescentwood (Mr. Sale) or anybody else in this House as long they want.

He talks about hiding something. If he thinks something is hidden, then he has been sleeping the last 10 days, because everybody in Manitoba knows exactly what we did with the Stabilization account. It was covered widely by the media. It has been talked about in all parts of our province. It is certainly not an issue that we are hiding from as a government. In fact, we are very proud that we have been able to set money aside, so that when we have issues to deal with, like reductions from Ottawa, we can use that savings account to offset those reductions and maintain services to Manitobans. So it is certainly something that we are proud to speak of and Manitobans are well aware of,

but this issue of accounting and presentation, I guess for me at the end of the day what is most important is the reaction of Manitobans and the reaction of the people who have to assess Manitoba.

I hope the member for Crescentwood takes the time to read the analysis done by organizations like Nesbitt Burns. I am not going to take the time to read all of Nesbitt Burns into the record, Mr. Chairman, but they say: With the help of continued spending restraint, debt service relief and tapping the Fiscal Stabilization Fund to cushion a steep decline in federal transfers, the province is calling for a \$27-million surplus in 1997-98. It is the third in a row and even larger than the \$18 million in black ink projected in last year's budget.

They go on to say nothing but positive things about: The Filmon government continues in its tradition of delivering sound fiscal management. It goes on to talk about: that purely and simply to the fact that the province moved earlier than most to put a lid on spending.

It talks very complimentary about our fiscal performance and does not in any way call into question how we are treating information in our budget or how we are presenting it or whether or not anybody is attempting to hide anything.

CIBC Wood Gundy, same kind of thing, nothing but complimentary remarks about: Manitoba projects a third consecutive balanced budget and a fiscal plan that continues to cut program spending which offers a mix of targeted tax reductions. It goes on and on to talk about: It is better than its '96-97 targets. It concludes by saying: We continue to regard the province as a candidate for a credit-rating upgrade over the medium term—nothing but positive things about our economy, about our financial performance and our budget.

The Bank of Nova Scotia: Fiscal prudence does pay off and Manitoba is the better for it. It goes on again, nothing but positive things, talking about Manitoba. There is light at the end of the tunnel. Manitoba's fiscal performance, the province can now generate sustained budgetary surpluses and so on and so forth. Here is UBS Securities: Manitoba's '97 budget, balanced forever. We like it. The budget is better than we expected and so on.

These are experts in the field. These are accountants, economists, a multitude of experts, analyzing Manitoba's financial performance, economic performance, with nothing but positive things to say about our province. The only people who are negative about our economy and about our financial performance happen to sit across from us in this Chamber. Go out and talk to Manitobans, and they are very proud of both our economy and our financial performance here in Manitoba.

So, Mr. Chairman, I will gladly spend as much time as members want discussing financial presentation, accounting approaches, whatever they want to talk about around that issue.

The member for Crescentwood (Mr. Sale) then goes on to talk about our economy, and, again, he seems to want to have it both ways. He is reluctant to admit that we have a strong economy, yet he does acknowledge that we have strong revenues. So then he sort of says, well, to have strong revenues, maybe they have a strong economy, but then they sit there and moan every time I talk about how strong our economy is performing as though that is not the case, whether you look at exports, retail sales, manufacturing shipments, private capital investment, go on and on.

In fact the member for Crescentwood himself on CBC Radio just on March 17, he says and I quote, this is from CBC Radio, the member for Crescentwood: in a period of record growth and jobs and employment.

In a period of record growth and jobs and employment, a quote from the member for Crescentwood himself. Then he stand up here and calls into question whether or not that is the case.

Our economy is performing amongst the best in Canada. Our revenue growth is strong in Manitoba, but what the member for Crescentwood fails to realize—he goes back to what we were forecasting for '96-97, and I pointed this out to him on previous occasions, Mr. Chairman, but as much as our revenue is over budget in '96-97 by \$118 million, \$116 million of that is effectively prior-year adjustments. Our budget '96-97 is within \$2.4 million of what we were budgeting in terms of actual revenues for '96-97, so when you look

at our comparison this year, you should be making the comparison to what we budgeted last year. If you look at our revenue growth in terms of own-source revenues, again, you will see that we are showing significant revenue growth when it comes to issues like our personal income tax and our corporate income tax. Those two alone were showing a 7.5 percent increase in Manitoba income tax. A 7.5 percent increase, if that is not a significant increase, Mr. Chairperson, I do not know what is, and the member has the gall to suggest that we are not showing reasonable increases in terms of our revenues.

Look at the other Manitoba sources, retail sales tax from a budget of \$745 million last year to a budget of \$785 million this year. Again, in that case of budgeting, we were higher in '96-97. We are budgeting even more than '96-97 in terms of our retail sales tax. So, once again I think what he fails to understand, and we have had this discussion before, when we prepare the current budget, we go on a line-by-line basis. We look at all of our individual revenues. We compare what they are in the previous year, what we think is going to happen in our economy. We do it on a line-by-line basis. When we use the economic projections, we use that for the medium-term plan starting in 1998 onwards, so for 1998 out, we run an economic model with the economic projections.

I do willingly admit in that economic model we use the more conservative numbers projecting for '98 onward. We do not use the more aggressive economic numbers; we use the more conservative because we believe that that will service us well in the long term.

(Mr. Deputy Chairperson in the Chair)

It is interesting to note that the federal government does a similar thing, most provinces do a similar thing. The only province, I believe, that was not doing a similar thing was the province of British Columbia. I notice in their budget material with the budget they released yesterday, they have made the decision now to be a little more conservative with their projections, and I wonder why. Look at a province that has been off the mark in '96-97 by hundreds of millions of dollars, off the mark in '95-96. They now are being more conservative in their projection.

I think most Manitobans take that kind of approach, and we all would much rather be faced with slightly good news and major challenges than having to make major adjustments mid-year. But I think the most important issue that members opposite have difficulty understanding is the difference in terms of how we do the current budget versus the medium-term projections, and we go line by line and look at all of our individual revenue items and make realistic assumptions, Mr. Deputy Chairperson, in terms of what our revenues are projected to be.

**Mr. Kevin Lamoureux (Inkster):** Mr. Deputy Chairperson, it is interesting listening to the Minister of Finance (Mr. Stefanson) and the comments that he puts on the record. There is no doubt the government has been fairly successful at being able to demonstrate that it can cross the t's, dot the i's, and put in the numbers in a budget document. They have demonstrated that over the years. But one of the things that this government has also demonstrated is in fact their inability to be able to manage the change because it is not just a question of cost savings or containing cost expenditures; it is the way in which you might be able to spend tax dollars that we are currently receiving in a better, more productive fashion. That is where this government has been very lacking, and it does not matter whether you are looking at your big departments, such as the Ministry of Health, the Ministry of Education, or even your smaller departments.

If we take a look at education over the years, what this government has really done in terms of reform or change, has it done anything of any significance or positive with respect to education? I would argue that what they have done has been, with the exception of the standard exams, which is turning into somewhat of a fiasco with respect to who actually wrote the standard exams, do the standard exams actually count in some areas, should they not count. We talk about a minister that is talking about disbanding the Brandon School Division, but we really have not seen this government manage change. We have seen this government demonstrate that it can hold the belt on spending by cost-cutting. We have seen that.

\* (1600)

Mr. Deputy Chairperson, I was actually listening to the minister and I did really plan on asking questions

today, but yesterday I heard him talk about the federal government, today again, he starts off with his comments, if you like, again talking about the federal government. I know the Minister of Finance (Mr. Stefanson) and, in fact, the government likes to be able to shuffle off any sort of responsibility for anything that is happening within the province of Manitoba and blame the federal government. They go out of their way in order to blame the federal government. At times, a government minister will stand up, they will throw the blame, and then they will point either to me or the member for The Maples (Mr. Kowalski) or the member for St. Boniface (Mr. Gaudry) and suggest that we need to talk to our federal counterparts.

There is no doubt that when we talk about transfer payments, yes, there has been a cut in the transfer payments. Is that a positive thing? No, it is not a positive thing. What I do see that the national government is doing that is very positive for Canadians as a whole, at least they are prepared to make a commitment for the long-term funding of health care and education. That was not there previously, Mr. Deputy Chairperson. Alternately, you have two debates. There is a philosophical debate on health care, public administration versus private administration. We have seen that debate by this government, favouring the privatization, the other side talking about the importance of having a publicly administered health care system. The philosophical debate can be brought to both levels, the provincial level and the federal level.

Well, Mr. Deputy Chairperson, the other side of the debate is the cost, the financing, of health care. We make reference to '78-79 when there was no agreement for—and I have seen this over the years of being an MLA. The provinces are power hungry. Wherever they get the opportunity to take authority away from Ottawa, they do that. That is what Charlottetown, that is what Meech Lake, the constitutional agreements were all about, is what can we give the provinces.

Mr. Deputy Chairperson, I believe that what Canadians want is they want to see the national government play the leading role in health care. I believe that the Chretien government has, in fact, acknowledged that, and that is the reason why we have seen a long-term commitment to ensure that the federal role is going to be there in the future, because had there

not been any change, had the Chretien government not acted when it did and provided a multiyear budget, if you like, with respect to health care, we would have seen by the year 2010 no dollars going towards health care, and that would have been an absolute disaster.

Would I have liked to have seen them give more money? Of course, Mr. Deputy Chairperson, I would like to see them give more money towards the contribution of health care. The overriding concern for me personally is to ensure that the federal government is going to have a long-term commitment to the financing of health care. That is where I look in terms of the debate that goes on inside this Chamber. I want to know where the New Democrats are and the Conservatives are, so that when they go into constitutional discussions or when they go to First Ministerial meetings, that we are going to have a Minister of Health or we are going to have a Minister of Finance who is going to be playing up the role of the federal government in terms of contributions towards health care and the role which goes far beyond just the financing of money.

Why did we have an agreement for the tax points write-off? That is what allowed them to move in that direction in the first place. At least now we see that there is going to be that long-term commitment. The Minister of Health will talk about, well, last year they cut \$140 million. I have not heard the current Minister of Health (Mr. Praznik), but I have heard the past Minister of Health say, well, it is \$140 million coming out of health care. We will hear the Minister of Education (Mrs. McIntosh), it is \$140 million coming out of Education. In fact, I heard the former minister of Family Services—actually I believe she is still the current Minister of Family Services. The Minister of Family Services (Mrs. Mitchelson) blamed the \$140 million for taking away the Christmas presents from welfare recipients.

Ultimately, yes, there was a cut. I am not going to deny that. That is quite obvious, right? Equalization payments on the other hand have increased, maybe not over this particular fiscal year, but over the years, Mr. Deputy Chairperson, there has been an increase in equalization payments, but that is not a positive thing. As the minister motioned, well, it has gone down.

Well, that is actually a positive indication, because that means relatively speaking to all the provinces in Canada, that means that we are doing a little bit better. I think that is a positive thing.

Hopefully, at some point, it would be nice to be able to contribute to equalization payments as opposed to being at the receiving end, because that would speak volumes in terms of how the province of Manitoba is doing overall.

But, Mr. Chairperson, you have commitments outside of the direct transfer payments towards health care. There was \$150 million that was provided to help provinces investigate new and better approaches at providing health care over the next couple of years. There is \$50 million which is going to be provided with respect to putting in place a Canada health information system, so health care providers have the best information including the latest developments regarding medical treatments. This is particularly important for smaller centres and in rural areas across Canada.

Yes, again, we acknowledge, and, yes, we would like to see more money going into the transfer payments, and I would ultimately articulate, Mr. Chairperson, that in the province of Manitoba, equally in every province, it is in our best interest to see a federal government that is going to give more toward the overall financing of health care. I am encouraged to see that the federal government has made a long-term commitment, and hopefully we will see that commitment enhanced in terms of additional dollars being sent over.

But, Mr. Chairperson, as it has been pointed out, the tax transfer, those tax points transfers, have played a significant role in the cutting back in transfer payments. I recall the discussions even during—and one could do a Hansard check on this, but I believe the discussion when the Mulroney government was in, the government of the day, which was the current administration, talked about the transfer payments as being one of the trade-offs back then.

Having said that, I do not want to come across as just defending the federal government, Mr. Chairperson, but I do respond primarily because of the indication from both sides of this Chamber, as they criticize the feds their arms seem to glide over to the provincial Liberal



caucus, so I did feel that maybe it was necessary just to put a few things on the record with respect to that.

But, Mr. Chairperson, I wanted to ask specifically of the Minister of Finance (Mr. Stefanson), because I can recall the creation of the Fiscal Stabilization Fund, and actually I take great pride in the fact that it was me and the member for St. Boniface (Mr. Gaudry) who were the only two members in this Chamber who actually voted against The Fiscal Stabilization Fund Act that allowed this government to be able to create the illusion, if you like, that this government is doing better in some circumstances or in some budgets than it actually is.

I guess the question that I would pose to the Minister of Finance—you know, many would say that politics is an art, and the Minister of Finance (Mr. Stefanson) and maybe someday Premier of the province, one never knows, one would ultimately argue that he is quite the artist, and he does know how to skate, and I do not believe he is going to admit—

\* (1610)

**An Honourable Member:** He is a good hockey player, too.

**Mr. Lamoureux:** —and he is a good hockey player, too. I am told, but he was not good enough to save the Jets as they promised back in '95. That is an entirely different debate. But having said that, the Fiscal Stabilization Fund and the concept of a fiscal stabilization fund, using Keynesian theory, might be a positive thing.

Think of it, Mr. Chairperson, you have a surplus in a budget year. Why not create a fund in which you can tap into in the future? The idea really is not all that bad. There is one problem as I see it, and that is that we have a debt. We have a significant debt in the Province of Manitoba. In fact, the creation of the Fiscal Stabilization Fund in itself added to that debt because the minister borrowed \$150 million in order to create that debt.

If it made sense to be able to borrow money in order to create a Fiscal Stabilization Fund, my question to the minister is why do we not borrow a few billion dollars,

invest it in the Fiscal Stabilization Fund? If in fact it was logical back then and it is logical today that it is okay for us not to pay down more of that debt with some of the proceeds from MTS, why do we not go out and borrow money and invest it into a Fiscal Stabilization Fund?

**An Honourable Member:** We might just do that.

**Mr. Lamoureux:** The Minister of Agriculture (Mr. Enns) says, we might just do that. I think, Mr. Deputy Chairperson, had we had more of a surplus back in '88, they would have borrowed more money in order to create that Fiscal Stabilization Fund. Anyway, that is the very simple question to the Minister of Finance: If he believes that the Fiscal Stabilization Fund is such a wonderful idea and at all costs it is better to put any extra monies into that fund, why would he not go out and borrow more money?

(Mr. Chairperson in the Chair)

**Mr. Stefanson:** Mr. Chairman, I am in shock over that question. But, before I respond to that question, I want to respond to some of the other comments that the member for Inkster (Mr. Lamoureux) made, and I do not want to spend a lot more time on the issue of federal transfers and the significant reductions. I am glad that the member admits that there have been very significant reductions from the federal government in support for health and post-secondary education. He makes a big to-do about them finally giving us a floor of approximately \$11 billion to provinces. I would hope they would have done that because in the 1993 federal election they ran on a platform of providing predictability and stability in funding for provincial governments. Of course, in the first two or three years, they did it completely the opposite: they gave no predictability, no stability; and provinces did not have a clue from year to year in the first couple of years of their mandate what they were going to provide for those very important areas. So they did ultimately fulfill that obligation and commitment, but I think I would still argue that, again, the commitment is sorely lacking.

I think most provinces would acknowledge it is not adequate, and if they want to be serious players and participate in decisions around health care and support for families and education, then they should be

supporting that at a reasonable level in terms of the financial support. As we all know, for every dollar of personal income tax we take in in Manitoba, the federal government takes \$2. For every dollar we take of corporate tax, they take approximately \$2. They take GST out of our economy, a whole range of other taxes that are paid for services from our federal government, and Manitobans tell me and tell all of my colleagues that those most important services are health and post-secondary education and support to families, and they have dramatically reduced their support.

So, Mr. Chairman, on that issue, I guess what frustrates me the most on that issue is we are held accountable for the decisions we make. We are held accountable by the public of Manitoba; we are held accountable in this Chamber. Because of the nature of transfers, I do not feel the federal government is being held accountable for the decisions they make, and that is all I am looking for when I bring this issue up. I am looking for accountability, transparency, and they are not being held accountable, and I would call on the member for Inkster (Mr. Lamoureux) to be a part of holding them accountable. So I am pleased at least to hear him acknowledge today the significant reduction and how disappointed I think he is in those significant reductions, that the federal government has backed away from a commitment in those areas. I think all Manitobans should be playing their role to hold the federal government accountable for their decisions and their priorities just as we are and just as other levels of government are held accountable here in Manitoba.

I have never really thought of myself as an artist, Mr. Chairman. In fact, I will gladly share with the member for Inkster some of my attempts at art, and I must admit they are not very good. But I do want to respond to his question. He says, why do we not go out and borrow hundreds of millions or billions of dollars to put into the stabilization account? I think he misses one very significant fact and difference. Through all of the '80s we ran record levels of deficits here in Manitoba. Our debt grew by—it more than quadrupled. It was growing at the rate of \$400 million, \$500 million a year, not to finance assets, all because the government of the day was spending more than it was taking in on programs. We had an opportunity to set some money aside to help us deal with swings in expenditures, swings in revenues.

The member touched on the issue of equalization. He knows that equalization can be somewhat volatile. It is based on the economic performance of Canada, all of the provinces, seven recipient provinces, Manitoba being one. It is nice to hear him acknowledge that our economy is performing better, and he is right. As a result of our economy performing better, in a relative sense we are receiving less equalization, Mr. Chairman, and that is good news. I agree with him that that is good news. It still is less cash coming into our Treasury, but I do agree that it is reflective of our economy. That is the difference.

We were running deficits back in 1988 when money was set aside in the Fiscal Stabilization account, based on having to borrow at that particular point in time. We are now running our third surplus in a row. It is those surpluses that are allowing us to accumulate money in the Stabilization Account. We have set a target of at least 5 percent of our expenditures, \$270 million. We project by the end of this year we will have as much as potentially \$470 million.

I have explained to the member for Inkster (Mr. Lamoureux) before, like any savings account, you cannot build those into your ongoing expenditures. He would not take his savings account and go out and buy a more expensive house than he could afford and build those into his mortgage payments or a car or those kinds of things. He would use it for either one-time-only requirements; he might use it for a major repair that happened to his car or something that happens on a one-time-only basis, just like we have taken \$150 million and paid it against hospital and personal care home debt. He might use it to bridge him through a short period of time where he needs to dip into it to get to a period where he is going to have more revenue coming in, but he would not build it into his ongoing expenditures. Nor are we, nor should we. That would be irresponsible to do that. I think we are very fortunate in Manitoba to have been able to accumulate a savings account. It is going to serve us very well over the years ahead, Mr. Chairman.

**Mr. Lamoureux:** Mr. Chairperson, I am going to get plenty of opportunity, as we start to get into the Estimates process, to ask many different questions of the Minister of Finance. There are a number of different areas in which, no doubt, I will want to get

into a lot of details with respect to a number of issues that I have already raised in previous Question Periods and so forth. For that reason, I am quite content, because I know we have somewhat limited time.

To end on the note of, it is interesting when the minister talks about the whole question of accountability and the federal government's role in health care and the financial contributions and how one might be able to relate those comments, if you like, to the municipal and school boards in particular and some of the limitations that are put on to those jurisdictions. As I say, I look forward to future discussions with the Minister of Finance. Thank you.

**Mr. Leonard Evans:** Mr. Chairman, just carrying on from where we left off a while back, I just wanted to observe again that overall, although the spending is shown to be up 0.2 percent, in other words we are going to spend more in '97-98 than we did in '96-97, in real dollars, this is a cut. It is a cut, because our inflation rate has been, I think, around 2 percent for the last year. In fact, I think it is just a bit above 2 percent. Manitoba and Winnipeg are leading the nation, it seems to me, in the rate of inflation. That may not be a good thing, I do not know.

There is some correspondence with economic growth and inflation, that is true. There can be other factors as well, but that is one factor. The reality is, though, that this is a real cut in spending overall, including the major departments, Health, Education, and Family Services. This is why people out there who are depending on health, education and social services are very concerned because they see cuts occurring. They see transfers of real costs from the provincial Treasury, from the provincial government on to their shoulders. We have transferred an enormous amount of burden in terms of pharmacy costs, Pharmacare. Pharmaceutical costs have been transferred from the province to individuals. The cost is still there. People are still needing the medicine.

\* (1620)

Same thing with nursing homes, the costs have been transferred from the central treasury to those families who have relatives, friends, loved ones in nursing

homes. Let there be no mistake about it, that there is a cost being borne by the people of Manitoba. The unfortunate part of it is, this cost in many ways is inequitable. This cost burden is less equitable than the previous program arrangements that we set up previously when we were in government, especially in matters such as Pharmacare, nursing homes. Those programs were set up in a most equitable way and were of advantage to those individuals who were affected by them.

I would like to ask the minister if he could elaborate. I would like to take a little time on the capital spending because thus far we have had no discussion of this whatsoever, but I see on page 16 of the Budget Financial Review of Statistics Section that \$317 million is estimated to be spent in '97-98. That is \$317 million which is more or less in line with what has been spent in other years, a bit more than early in the '90s, but a little less than '95-96.

The monies are shown by department, and what surprises me, Mr. Chairman, is that only \$67 million is shown for health care, and when one thinks and listens and remembers the announcements made by the government, by the Minister of Health (Mr. Praznik), about improvements to be made at the Health Sciences Centre, the Brandon General Hospital and other hospitals, one would think that this was not a very significant amount of money or a sufficient amount of money, I should say, in relation to what the public of Manitoba has been led to believe.

So I wonder if the minister could respond to that and if he wishes to talk about the other capital spending as shown in the budget document.

**Mr. Stefanson:** Mr. Chairman, I think what is important for the member for Brandon East to recall is how our capital numbers are derived in areas like health and education, where we have had the capacity and continue to have the capacity to take on debt, and the capital elements within those two departments are mostly the principal portions of the debt-servicing costs. It has been the approach used in Manitoba, I believe, under previous governments. It has been the approach carried on under our government. So you cannot make the direct correlation to what you see here in the '97-98 budget and the announcements that have

been made in this budget for projects that will move forward.

Now, we are moving to a blend with our capital, where we are moving in many cases to a more pay as you go, where we are trying to do more of our capital expenditures on a pay-as-you-go basis so we are not adding as much to the debt, but there still is the opportunity to debt finance. So issues like the school capital budget, the three schools that are being built, we really will not see those start to hit our actual budget documents until the subsequent years as they start to come on stream.

The same is true with some of our Health capital projects. Of course, the other feature of the Health capital projects is some of them will take two or three years to actually construct. Obviously, projects of the magnitude of the Health Sciences Centre, the Brandon Hospital, the Boundary Trails hospital, those will not all be done in one year. They will in some cases be done over two or three or four years. The Health Sciences Centre major project might take several years to ultimately, totally complete.

So the issue is the timing of the capital expenditure, but also the fact that what we show as our capital expenditures in health and education is traditionally the principal portion of the debt servicing as opposed to the cash outlay for the actual building of the facility. That will hit our books as that principal is repaid, and I think the member for Brandon East and I have discussed this before. It is a similar approach to what was used in the past. There is nothing new there, so when you look at those particular items, that is what you would see in terms of the capital expenditure.

Obviously, other elements of our capital are pay as you go. Our Highways budget is a pay-as-you-go budget because we have highways requirements each and every year. We are spending close to a hundred million dollars. As the Minister of Highways (Mr. Findlay) has reminded all of us on many occasions, the demand for highways is much greater than that, so it makes sense to have a pay-as-you-go system for our highways. That is true of many of our other capital expenditures, that we are actually cash-flowing them and expensing them in the current budget year.

**Mr. Leonard Evans:** I thank the minister for the explanation, and he does remind me of the fact that interest rates, the interest payments themselves are probably one way to look at capital undertakings because that is the burden. The burden is essentially the interest payments on it.

Is he saying, though—I want to get this clarified—of that \$317 million shown, he says the principal amount of interest, that is what I heard—is he saying that that \$317 million is all interest payments? No. I wonder if he could—I do not want to misunderstand him. I mean, I do not want to get the wrong impression, nor am I really debating this. I am just trying to get the clarification of what he was explaining.

**Mr. Stefanson:** No, the element that is included in capital is the principal payment only. The interest is expense. The interest is an expense. It is the principal payment because it is the principal that was used to build a facility the first time, so the way the accounting as has traditionally been done, is that you might borrow a hundred million dollars to build a facility over time. As that principal is repaid, that is what shows up in your budget, and that is the capital component, because that is the first time it hit your budget, when you are paying down that principal. So it is only the principal that shows up on your capital expenditure. The interest is expensed in the individual department.

**Mr. Leonard Evans:** Therefore, if we are talking about \$67 million for Health in '97-98, this is the amount that you think you will be spending for probably, mainly, I suppose, hospital construction, although there could be nursing homes in there as well, the amount that is allocated.

Okay, I got a bit confused when the minister started talking about interest, and I thought he was suggesting that he was itemizing interest to be shown under that, which I found a little confusing. So he has now clarified it.

Can he relate to us, how does he arrive at that? I appreciate his general explanation, but how do you arrive specifically at that \$67 million? How much of that is spent, say, at the Health Sciences Centre, or does the minister have that type of information? How much will be spent at the Brandon General Hospital, '97-98?

**Mr. Stefanson:** Mr. Chairman, I do not have that kind of detail with me here today, and I think to get into that kind of detail will be much more appropriate as we move into the detailed Estimates review. But I think it is important that the member for Brandon East does understand that the make-up of the \$67 million is some principal payments on our hospitals and on our personal care homes, but they also are some pay-as-you-go payments in areas like some of our equipment purchases, our replacements for hospitals, similarly some of our equipment purchases and replacements for our personal care homes and so on. Some of our mental health projects are now moving forward on a pay-as-you-go basis.

We are not debt-financing them. We are paying for them directly through current expenditure, so the \$66 million, \$67 million is a blend of both of those. It is a blend of some principal and some—but it would be for projects that are currently on stream, projects that have either been completed or are in the process of being completed.

I guess the best example would be the Riverview Hospital that is just officially being opened right now. The official opening was a couple of weeks ago, March 14, I think, so that would be one that is coming on stream now in terms of meeting the principal payments against that facility.

These new projects that we have announced, some of them will be debt-financed; there will be some pay-as-you-go aspects. So those will be coming on stream over the next few budgets, Mr. Chairman. I hope that explains how it works.

\* (1630)

**Mr. Leonard Evans:** Just one more question, and then I have some of my colleagues here who want to ask specific questions of other ministers.

I thank the minister for that explanation. It was a good explanation. The 119, the Economic Resource Development, could you elaborate, just what are you now including under that title? Can you for the edification of the members—it is the largest amount shown here; it is a rather broad category, Economic Resource Development. Would that include—I do not

imagine any infrastructure money is in that, under the federal-provincial infrastructure.

**Mr. Stefanson:** Mr. Chairman, I have a breakdown here of the total \$317 million, but it is not categorized in quite the same sequence. I would expect the major element of that would be Highways and Transportation. Natural Resources would be part of that. If you look at the categories, Health is straightforward. Health is \$67 million. Education and Training is straightforward. Then, in terms of assistance to local governments, we have obviously Rural Development, we have Urban Affairs, which would have capital components of them. Then, in Economic Resource Development, I would anticipate we have Highways and Natural Resources, and a little bit from Industry, Trade, and Tourism. We have some from Northern Affairs.

**An Honourable Member:** I thought you said Highways was current.

**Mr. Stefanson:** No, what I explained on Highways is we do not debt-finance it. So it is paid for on a cash basis, but it is still a capital expenditure. So it is not debt-financed. The largest by far is Highways. The components of all of these, sort of on a departmental basis, are that Culture and Heritage has about \$7 million, Education and Training has \$35 million, Government Services has about \$16 million, Health has the \$67 million, Highways and Transportation is \$106 million, Natural Resources has almost \$8 million, Northern Affairs has about \$2.6 million, Rural Development and Urban Affairs have about \$30 million, the infrastructure program is \$22 million. That gives you a sense of some of the kinds of projects. You add all of these up, and we are up to \$317 million in capital projects.

**Ms. Rosann Wowchuk (Swan River):** I would like to take this opportunity to ask a few questions of the Minister of Natural Resources (Mr. Cummings). I welcome him into his new critic area, and I hope that he can help us with some of the issues that have been raised by constituents.

I believe that the minister is well aware of the small sawmill operators who raised concern when the Louisiana-Pacific agreement was being signed, that they were afraid that there would not be enough wood

for them to continue their sawmill operations. It was told to us many times by the previous minister and by departmental staff that these people did not have to worry. There was going to be adequate wood for them. Last year the government set up some quotas that were purchased by some of the operators, but these people are facing real difficulties. A couple of them, one of them, for example, Mr. Othe Schwanke, who has close to a million dollars invested in equipment, does not have adequate wood, nowhere near what he has required to run his sawmill. There are others. For example, Keith Holland who also has not been able to get wood.

There was a commitment made on the part of the government that these people would not be put out of business. They are being put out of business. I have raised this with the minister's staff. They said that they would be addressing it, but when I talked to the people just this last week, they are still facing difficulty. I know that the minister would not want to see these people put out of business. He must recognize the importance of small operations as well as large operations. I wonder if he can share with us today what steps he is taking to resolve this problem that is facing the small sawmill operators in the Swan River constituency?

**Hon. Glen Cummings (Minister of Natural Resources):** Mr. Chairperson, the question of adequate cutting rights in the general area of Swan River, but not just in Swan River, and the allocation for private cutters or private harvesters has been hotly debated actually for a period of time. I would suggest that I am not prepared to put on the record a new approach to this particular moment, but I can tell the member that I have certainly been apprised, since I came into this office, of some of the concerns that people are raising.

The issue of expansion versus ongoing operations, however, immediately comes into question, and in the days of buoyant wood prices, buoyant lumber prices particularly, the member would know as well as I do that when Repap took over the operation at The Pas, their intentions were not to be operating in the saw-log business, but world lumber prices have skyrocketed. Frankly I am not sure how many of the operators that she has named, I am not entirely familiar with the two

names that she has raised, but I believe I recognize one of them from a letter that I have recently received. But with buoyant prices, everybody is looking for opportunity in a way that may not have been predicted a few years ago. So, in addressing this, I think it is fair to say that the quotas that were offered for sale recently were intended to address a number of the demands that were out there. Apparently they have not, and maybe the member can enlighten me on some of the views that she has received on this, but I can indicate that we are approaching full allocation in a number of areas.

**Ms. Wowchuk:** Mr. Chairman, the minister seems to imply that this is people who are wanting to expand their operations, and there really is not room for expansion. The people that I am referring to, and I only listed two names, but there are several other people, and I can provide the minister with a list of the people that are affected. These people are not looking to expand their operations, these people are looking to make a living to support their family and to support the families of their employees as they were able to do in previous years, in '82-83. They had adequate wood. Granted they were getting their wood through a system of permits, and the government has made a decision to cancel those permits and go through a quota system.

The new quotas that were allocated are not meeting the needs of the sawmill operators. Now, I know the government has suggested that these people should go out and buy their logs from other operators, but the point is, and what the minister has to remember is, that his government told these people they did not have to worry, they were not going to be negatively impacted with the new allocation of wood to Louisiana-Pacific. Very clearly, the government and the minister and their staff said, don't worry, we will look after you, there is going to be wood for you, and you are going to be able to continue to run your sawmills. That has not happened, and as I said there are people that have been put out of business and are not able to operate.

I guess I would ask the minister what positive answer the minister can give for these people whose livelihoods—I had a call yesterday from people who said, you know, we just can't do it, we are going to end up on welfare. Now, I have heard members across the way many times say the most important thing for a person is to have a job. Well, these people had jobs,

but their jobs have been taken away from them because of a decision made by government.

\* (1640)

I am asking the Minister of Natural Resources (Mr. Cummings) how he proposes to address this because his government said that they would. Is there any plan to look at the allocation that has been given and reconsider and, if it is necessary, then pull back some wood to ensure that these sawmill operators can operate? The whole group of them talked about the number of people that they employed and themselves and their families. It was about 100 people. By not having this wood available for pallet lumber it has implications for jobs here in Winnipeg. These fellows supply wood to Palliser Furniture and other people in Winnipeg, and there is a shortage of material being provided in this area.

So I look to the minister for a positive answer as to how this situation can be resolved and those people who were involved, sawmill operators who were working a few years ago who are facing difficulties, will be able to get back to work and continue to provide employment and food for their families' tables.

**Mr. Cummings:** Well, there is a wide ranging number of issues. The issues cover a wide range of areas when it comes to allocation of the quotas, and I am looking at a briefing dated August 14 for the hardwood quota tender opening, a brief summary of what occurred there. I am also looking at the fact that there was a range. I think this is probably quite important to keep in mind as we go through how we best keep these people in business. Certainly I agree, it is not our intention to put the small operators out of business but, remember, going from permitting to quotas is not just changing the nature of the paper. It also means changing the value of the material, the resource that is being harvested in recognition.

The member is all too familiar with the cries of giving away the North and giving away millions of acres of opportunity when we do strike arrangements with the large operators in the case that I am referring to, the cutting rights. The range of bids ran from \$3.60 a cord or a cubic metre to \$12. So that tells you the range of interest and maybe the range of value of some

of the materials that were available within the quotas, and I would not want to say that this demonstrates a lack of interest on the part of the low bidder. Perhaps the areas that were being bid for had a lower quality wood. I am not in a position to comment on that. But in direct reflection of whether or not we are able to keep people in business using the quota system, it does come down to the free market forces coming to bear.

I am all too painfully conscious of this because Prendiville Wood Preservers, right in my home town, are seeking quota opportunity, as are some of the people who are probably neighbours of the member for Swan River (Ms. Wowchuk) who used to work in the Cowan area for Prendiville.

So, I mean, this is not an issue that I am unfamiliar with. Nevertheless, I think it still holds true that an ongoing review and careful management, making sure that we do not overcommit the area, and that the successful operations that are out there today are allowed to continue.

I suspect that right in the local situation, not only is it Louisiana-Pacific and/or Repap, depending on how you view how some of those contracts are held, Spruce Products are also tremendously active in the business and, at one time, they might have been considered small, local operators. They are certainly medium-sized entrepreneurs verging on large sized, but they are local. They are the bread and butter right in the Swan River Valley. They are the high-water mark in terms of native lumber that is being cut and produced in this area. So it is not just a matter of—and I do not think the member for Swan River actually said this—but I know that every time this comes up, the implication is that it is Louisiana-Pacific and Repap that are at the basis of all the problems.

I think that the concerns that are being raised are based on, as I said earlier, the fact that we are now looking at a value for the product that perhaps was not valued properly before. We are also looking now at the very competitive, very hot market that is putting a lot of pressure on the small operators. I see a list of—there must be 29 bidders and 81 tenders for 22 timber sales, very tough competition in anybody's market. So, without being specific about some of the figures, and

perhaps I am misinterpreting what I am reading on this page, it seems to me that it reflects the very real concerns that the member is probably being confronted with back in her constituency about how do some of the smaller operators stay in business.

I want to assure her that we will continue to work diligently within the department to create a situation that certainly is not balanced against them. We want a reasonable approach, and we want local opportunity maximized. That does raise the second question. If we are simply talking about ongoing expansion, given the high demand for wood these days, it creates another dynamic that influences how people are able to get lumber when it goes up for other purposes, when it goes up for tender.

**Ms. Wowchuk:** Again, I want to tell the minister this is not about expansion. This is about maintaining their existence and operating at the level that they were. Quite frankly, if smaller operators want to grow a little bit, that is not such a bad idea either. It would be healthy for the local community.

The minister was questioning whether I was talking about Repap and Louisiana-Pacific and those allocations. My concern is that what has really happened is that the government has overallocated the wood to whomever. In this move, they have overlooked small operators and have put tremendous pressure on them. These are people, if you look at their income, they have invested an awful lot and are very committed to the local community.

The minister talks about quotas. He talked about the range of prices in the quota. I want to ask the minister if he realizes that people in the area who bought quotas are facing difficulties, because the quotas that they bought do not have the wood in them. The Department of Natural Resources is not able to find them wood to meet the needs of the quotas that they have bid on. Now these people have bought the quota, they have to pay for it on an ongoing basis. It is another blow against the small operator. I would again remind the Minister of Natural Resources (Mr. Cummings) that there is a responsibility here on the part of the government. They have made a commitment, and they have to fulfill that commitment to these local operators.

**Mr. Cummings:** Mr. Chairman, as in the selling of any quota of harvesting a natural resource such as this, there is always a factor of risk, but a risk that no one in the Swan River area that I am aware of has had to share in at this point. I am a little concerned that the member feels that there has been an overallocation, and that there may, in fact, may be an inability to harvest the wood that was allocated in the cutting areas that they were intended to be used in.

I was in a meeting only a few days ago where this very issue was brought to our attention. The question was brought to our attention in a general sense, not on specific quotas being unsatisfactory, but on the question of whether or not there had in fact been an overallocation and whether or not the wood was there. [interjection]

\* (1650)

Well, the member says she is referring to hardwood. Remember that the amount of harvestable wood that is available and saleable has changed in the province directly related to the capability of harvest and the use of a wider range of products that are available in specific cutting areas. The quantification and the auditing, for lack of a better word, of the production in the area which the member is concerned about is going to occur.

If we are talking about the same aspects of the issue, I believe it can be adequately addressed but not today given the knowledge that we have about the forests in the area. But I am told by the department that they believe there is more than adequate wood to service the quotas that have been sold, and if, in fact, the province has overcommitted or oversold, then that is an entirely different situation.

But what I referred to earlier was about the shared risk. If, heaven forbid, there should be a major forest fire that took out a large portion or an infestation of disease or any one of a number of things that can occur to a living resource such as this, then I believe, if I understand correctly, the intention is that all of the quota holders would be affected equally on a percentage basis, rather than having to have individuals, large or small, absorb that.



I believe that is much better understood by the people who are in the industry than myself. I am a dirt farmer, not a tree farmer, but the bottom line is that we have a hot market where we are trying to address the demands of the market, and there has been some quota swaps that have occurred. I think the member would appreciate that some quotas have been brought closer to home which is good, but it also increases the pressure in the very area that we are talking about, but in a gross sense it does not mean that jobs are being reduced. They are probably increasing because of the activity that is occurring in those quotas, but it may not be occurring to the benefit of the independent operators about which you are concerned.

So I do not want in any way to leave the impression that I am not concerned or worried about the future of the independent operators, but I am also satisfied from what I have gleaned from the department up to this point that every effort is being made to equitably—and I guess that is a key to this debate—make sure that the quota opportunity is distributed appropriately, but it does mean, and I am not reflecting on any of the people who have or have not been able to get quotas, that the value of some of these quotas may be something like me trying to buy the quarter section across the road from me. If the neighbour wants it bad enough, he can make it awfully expensive for me to buy a piece of land that I can see every morning when I get up and look out my front window, and I suspect there is a little bit of that happening in the quota allocations as well.

**Ms. Wowchuk:** Mr. Chairman, I would like to just move on to another area with the same minister again. When Crown lands go up for sale, each department has a say, or it is circulated and each department has input as to whether or not that piece of land should go up for sale. Natural Resources has the opportunity to make comments whether they want the land to be sold or whether there is going to be a negative impact on wildlife habitat or on fisheries or on things like that.

I want to ask the minister whether there has been a change in policy within the Department of Environment. I am concerned about this because with the increased activities we have just spoken about, with increased logging, it is very important to keep wildlife habitat preserved on some of this Crown land, and I am

wondering whether the minister or his department has changed their policy or have weakened their stance or are still prepared to ensure that Crown lands are protected to ensure that there is wildlife habitat available in the area?

**Mr. Cummings:** Mr. Chairman, there has been no shift of a dramatic nature in how this government handles Crown land sales or leases. We still follow well within the land use policies of the province. My greatest familiarity with that, of course, is that there are a lot of appeals that go to Provincial Land Use Committee as well, those that are not settled to the satisfaction of some of the people who are applying to purchase. The difference that the member may believe that she perceives in the allocation of lands is based on the fact that we now can more adequately protect wildlife habitat using mechanisms that were not necessarily available a few years ago.

On land that may be considered erodible or have been held for a number of reasons including wildlife habitat, there can be a multiple use applied to the land, and the habitat can be protected by caveat. That was not necessarily easily or readily available a few years ago.

That now allows where there may be some 40 acres of hay, let me use an example to demonstrate what I am talking about. There may be 40 acres of wild hay or even cultivated hay that is available or land that is available to be converted from wild to cultivated for ongoing harvesting, and the rest of the quarter is wildlife habitat. Sometimes you would wonder the economic reasoning behind it, because they can have a long-term lease, but people very often apply to purchase that type of land, and a caveat can be placed against the wildlife habitat or the area that needs to be protected from erosion so that no vegetation can be removed. Yet the person can have the long-term security of that 40 acres of hay, to use the example that I cited.

So the member might be finding some change in that respect where land that might previously have been denied sale could be offered, but there has been no dramatic shift—

**Mr. Chairperson:** Order, please. The hour being five o'clock, time for private members' hour. Committee rise. Call in the Speaker.

### IN SESSION

#### Committee Report

**Mr. Marcel Laurendeau (Chairperson of Committees):** Madam Speaker, the Committee of the Whole has considered Bill No. 10, The Interim Appropriation Act, 1997, and directs me to report progress and asks leave to sit again.

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

**Motion agreed to.**

**Madam Speaker:** The hour being—house business?

#### House Business

**Mr. Steve Ashton (Opposition House Leader):** Madam Speaker, on Monday I took the initiative to raise a question about what we are going to be doing next week, and I suggested at that time that we raise the matter in both caucuses.

I note the government House leader did earlier today make reference to the agreement for Easter Monday and Tuesday which is Brandon Winter Fair day. I want to indicate and perhaps also put on the record a question to the government House leader that our caucus is certainly in agreement with not sitting next week if that is the will of the House. I think that is probably the will of many members on all sides, and I would just like to ask the minister if he is in a position to respond to that matter that I put on the record on Monday.

Perhaps what I would like to do, as well, is put on the record that no matter what happens, I hope the decision will be based on what has been a long-standing practice, which is for 10 years now we have not sat during the spring break. There are many of us in this House who have young families. It is the one time in which we can be with our kids. As someone who is an

out-of-town member, that is particularly important. I know a lot of us spend a lot of time away from—and urban members, too.

So I want to make this in the way of an appeal to the minister, if he could perhaps indicate the government's response to that. I would hope that we can deal with this matter in good faith. I understand that that is not always easy to do given some of the things that do happen in the House from time to time, but if there is a clear consensus, which there certainly is on our side about next week, I would suggest that we get on with that.

I do not think it makes much sense to keep us all in suspense, and quite frankly, I want to put on the record that we are certainly in agreement with not sitting next week, but it is the government's call.

**Hon. James McCrae (Government House Leader):** Madam Speaker, on the same matter, I appreciate the comments made by the honourable member for Thompson. This matter has been the subject of discussions, and what I will do today is undertake to pass along the words of the honourable member for Thompson to my colleagues for perhaps some further discussion.

**Madam Speaker:** For the benefit of the record, could I just get clarification because maybe I misunderstood when I reannounced the announcement the government House leader made this afternoon. It only pertained to Monday because I was of the understanding that the government House leader had indicated that additional leave would be needed for Tuesday, and that announcement would be made tomorrow.

**Mr. McCrae:** Madam Speaker, if I might clarify, I believe there is agreement amongst all honourable members that should Interim Supply be achieved by the end of the day's work on Thursday, tomorrow, indeed the House would not sit on Monday nor on Tuesday.

That was my understanding, and that is something that—on the basis that Interim Supply is achieved. We could ask on that basis for leave, but I felt that if we left that question until after the achievement of Interim Supply—it is somewhat hypothetical before that happens, was my problem.

**Mr. Ashton:** If it is of any assistance, I can indicate right now that we were in agreement on Tuesday no matter what happens. Interim Supply would have to be completed by Monday in order to complete any financial transactions, and I can indicate that we have no intention of risking any delay in payments to individuals, that Interim Supply will pass tomorrow.

So if we want to deal with leave for Monday and Tuesday, right now leave is given, and I mentioned the question of the Wednesday, Thursday, Friday, and we can deal with that tomorrow as well.

**Madam Speaker:** I thank the honourable member for Thompson. Then, for the record, I would prefer to correct, that indeed is there leave then to not sit on Monday and Tuesday as previously discussed?

The honourable government House leader, not satisfied with that?

**Mr. McCrae:** The problem with that is the hypothetical nature of it; I mean, can you get leave that Interim Supply will pass tomorrow. If we were clear on that, leave would be forthcoming, no doubt about that. That is the problem I have, and I can almost—[interjection]

**Mr. Ashton:** We are not sitting Monday, Tuesday. Do not worry about it, Interim Supply will pass.

**Mr. McCrae:** We have that undertaking from the honourable member for Thompson, and perhaps that is the way we should leave it for today.

\* (1700)

### PRIVATE MEMBERS' BUSINESS

**Madam Speaker:** The hour being 5 p.m. and time for Private Members' Business.

### PROPOSED RESOLUTIONS

#### Res. 1—Business Partnerships

**Mr. Peter Dyck (Pembina):** Madam Speaker. I move, seconded by the honourable member for St. Vital (Mrs. Render), that

WHEREAS the Manitoba government believes that the education system should be an investment by all Manitobans, for all Manitobans; and

WHEREAS a knowledge and learning culture and job opportunities for our youth requires working partnerships between students, parents, educators, industry and government; and

WHEREAS the Roblin Commission issued several recommendations to improve the linkages between post-secondary education institutions and Manitoba's business community—

**Madam Speaker:** Order, please. I am not certain if the honourable member for Pembina just inadvertently omitted a line or whether my copy and the table officer's copy differ: “. . . industry and government;” and then the member started reading “and WHEREAS the Roblin commission . . .”

**Mr. Dyck:** Okay, I am sorry. I missed one line.

**Madam Speaker:** We have an additional WHEREAS inserted.

**Mr. Dyck:** I missed one. Pardon me, Madam Speaker. Thank you.

WHEREAS there are a number of fundamental reasons for greater involvement of business in education; and

WHEREAS the Roblin Commission issued several recommendations to improve the linkages between post-secondary education institutions and Manitoba's business community; and

WHEREAS industry can assist universities and colleges in upgrading education curriculum and education facilities, including the educational research support and research equipment for our builders of the future; and

WHEREAS businesses pay considerable school property taxes; and—

**Madam Speaker:** Order, please. Once again my copy and the copy that was tabled differ. After “for

our builders of the future," I have an additional "WHEREAS new jobs increasingly..." and the member was reading "WHEREAS business people..."

**Mr. Dyck:** Well, I shall see if I have two different copies here. The "new jobs" is following the one that you just had. Okay.

**Madam Speaker:** My copy reads, "... and research equipment for our builders of the future; and WHEREAS new jobs increasingly..." and then the WHEREAS that the honourable member was reading follows.

**Mr. Dyck:** Okay. Then I shall continue; and

WHEREAS new jobs increasingly are being created by small businesses and by self-employed individuals, so students have much to learn about personal career opportunities from successful business people; and

WHEREAS business people are particularly attuned to changes in the labour force, workplace and economy, and can provide early notice of new trends and developments.

THEREFORE BE IT RESOLVED that all members of the Legislative Assembly encourage the Provincial Government to continue to build strong partnerships with businesses for the benefit of our future generations in their quest to sustain the economy.

Sorry about that.

**Madam Speaker:** It has been moved by the honourable member for Pembina (Mr. Dyck), seconded by the honourable member for St. Vital (Mrs. Render), that Resolution 1,

WHEREAS the Provincial Government believes that the education system should be an investment by all Manitobans, for all Manitobans; and

WHEREAS a knowledge and learning culture and job opportunities for our youth requires working partnerships between students, parents, educators, industry and government; and

WHEREAS there are a number of fundamental reasons for greater involvement of business in education; and

WHEREAS the Roblin Commission issued several recommendations to improve the linkages between post-secondary education institutions and Manitoba's business community; and

WHEREAS industry can assist universities and colleges in upgrading education curriculum and education facilities, including the educational research support and research equipment for our builders of the future; and

WHEREAS new jobs increasingly are being created by small businesses and by self-employed individuals, so students have much to learn about personal career opportunities from successful business people; and

WHEREAS business people are particularly attuned to changes in the labour force, workplace and economy, and can provide early notice of new trends and developments.

THEREFORE BE IT RESOLVED that all members of the Legislative Assembly encourage this Provincial Government to continue to build strong partnerships with businesses for the benefit of our future generations in their quest to sustain the economy.

\* (1710)

**Mr. Dyck:** Madam Speaker, business partnerships and linkages are an important part of bringing our education system into the future. In developing and strengthening these linkages, we want to ensure our children have the skills they will need to succeed in the global economy and also to attract young people to stay within their own communities. That is why our education renewal initiatives are geared at ensuring our students are prepared for tomorrow today.

We have introduced meaningful improvements to the education system to ensure our children can read, write, think, compute and problem-solve at a high level.

We are currently strengthening the education system by increasing the emphasis on the core subjects,

introducing standards to ensure educational excellence, establishing regular assessment to increase student performance and giving parents and the community a stronger voice in school-based decision making.

Madam Speaker, this is not unlike what many, many countries are doing. In fact, the U.S. is very high on the whole area of standards, Third World countries are looking at it. So this is not anything that is new. I know that our government is continually working at increasing that area within our own school system.

This year alone the Manitoba government will spend over \$1 billion on our education system. Education remains one of our priorities, second only to health as an overall provincial expenditure.

Education is a high priority of our government. Over 18 percent of the provincial budget goes to education, the second-highest spending of any government department. Funding for public education has increased from \$631.7 million in 1987 to \$746.5 million for the 1997-98 school year even though enrollment has remained relatively stable.

However, it is important to recognize that increased funding in and of itself does not guarantee quality education. We have embarked upon a program of educational renewal that will see improved and more relevant curricula, higher standards and measurable outcomes. These reforms will prepare our students for the new millennium and for the success in a technological society.

Just to expand on that, Madam Speaker, a funding picture for the universities from 1993-94 to 1996-97, when you look at standard student enrollments, these have declined by 12.5 percent, whereas the operating grants per standard student has increased by 8.6 percent. So the above indicates that on a per standard student basis, the operating grants provided by the province have increased despite an actual decrease in the provincial grant. Also important is the fact that in a period of significant enrollment decline, the operating expenditures per standard student have increased by 10.6 percent.

Now clearly universities will have to address in a very important way the expenditure side of their

operation through prioritization and greater institutional co-operation. Through strength and partnerships and linkages between education and business, we will further identify those areas of high demand to help ensure our students develop relevant, marketable skills to help them succeed in meeting business and industry needs.

Madam Speaker, I would like to just elaborate on that area a little.[interjection] For my honourable colleague here, I will put my notes down for a little while. I would like to expand a little on the whole area of the Pembina Valley Learning Centre which is situated and located within the Pembina region. They continue to develop skills and to help develop skills for those students who are probably just out of high school or who did not complete their high school training and are continuing to assist them in looking for work and also in getting their skills to an acceptable level where they would be qualified to enter the workforce. Together with that, the co-op ed area within the high school is working closely with business and industry, trying to, again, equip students who are in schools, who are working together in apprenticeship training programs and again equip them for the workforce.

Now, this is something that has been ongoing within the area for a number of years. These are well-accepted programs, programs that are well attended, in fact, in the PVLEA, the Pembina Valley Learning Education Association. Right at the present time, they have an enrollment of about 150 students. So this is a program that is working extremely well and is working in conjunction with the school system and also with the local industries.

The business community is an important partner. It is attuned to changes in the labour force, workplace and economy, and can provide early indications of new trends and developments. The business community can provide valuable information about which skills are required and which are in high demand, information that can assist our students in looking at future possibilities.

Areas that are of need and especially within the area that I represent, Madam Speaker, are those which are involved in the base of technology. In fact, I was talking to one of our development people this morning

within the area, and they were looking at filling 200 jobs at the present time. Now, these are jobs that involve mechanics, people with training and technology, apprenticeship programs, and, again, are difficult to fill at this very time. So these are areas that together with the school, with the education system, they are working at and trying to provide, fill and complete those vacancies.

At the K to Senior 4 level, this government has established a Senior Years Apprenticeship Option to provide those students who want more defined skill sets geared specifically to the needs of business and industry—to develop these skills and better prepare themselves to enter the workforce. Then, in addition to this, our government has also created a business advisory group. This government promised the creation of a business advisory group on education, to offer advice on business education issues in Manitoba.

The business advisory group advises the minister on policy matters and priorities related to education and business issues. This group promotes leadership and facilitates the development of business-education partnerships in Manitoba. It will also develop specific strategies to strengthen business education linkages. This will include expanding high school linkages such as mentorships, classroom visits, apprenticeship and co-op programs.

The business advisory group will continue to assist the minister in taking a system-wide approach to preparing Manitoba students for employment opportunities of the future.

The business advisory group is also providing ongoing encouragement to the secondary and post-secondary school system, promoting the use of technology as it is becoming an important requirement of business, as well as providing ongoing information to government, the school system, and the business community to continue strengthening the formation of business and education partnerships.

Madam Speaker, in November of 1996, this government announced the formation of a task force which was appointed to review the future of apprenticeship training in Manitoba. We have established an apprenticeship task force to work in

partnership with industry to revitalize training programs for direct and on-the-job employment, through identified industry standards and requirements.

\*(1720)

Employers hire and train apprentices as they require more skilled workers. The apprentice works alongside an individual previously qualified to acquire and master the skills of the occupation. About 80 percent of apprentice training occurs on the job. I have personally had the good fortune to be able to hire graduates who have their degree in the Ag program, those who their degrees in the CGAs or certified general accountants, mechanics and technicians. They have worked alongside in business. They are working along currently with business within the Pembina region. In order to be able to complete their apprenticeship, they work very closely with Red River Community College. In discussion with one of the local employers this morning, he assured me that what was taking place was working out very well for them, and was assuring them of qualified people to meet the needs and to fill the trades as they were required.

The minister has also appointed a new Apprenticeship and Trades Qualification Board which represents a cross-section of industry, labour, and community groups. The Apprenticeship and Trades Qualification Board advises the minister on matters related to apprenticeship training and trades certification.

As part of the overall effort to create meaningful partnerships, and to help provide students with relevant, accountable, affordable and meaningful educational opportunities, this government has also established a Council on Post-Secondary Education. This council will promote co-operation between colleges and universities in the delivery of quality and affordable education to Manitoba students. This single planning and co-ordinating body for colleges and universities will lead to greater flexibility for students and will assist in containing escalating costs.

As well, this council will advise the minister on operating and capital funding matters, as well as oversee the development of a system-wide tuition fee

policy, credit transfer arrangement, and develop plans for a strategic program specialization.

Madam Speaker, we need to continue to help students as they enter colleges and universities, and certainly that is something that we are continuing to do as a government. In our province, small- and medium-sized businesses make up a very large part of the provincial economy. Partnerships between education and the business community will continue to be helpful as we work to find effective ways of measuring and ensuring our children are prepared for employment opportunities.

Rapid change is ongoing and is increasing the need for specialized and advanced education. The skills students develop today must be relevant for tomorrow and consistent with the needs of an economy driven by innovation, knowledge and ideas.

Madam Speaker, the demands for businesses are greater today than they ever have been. As our economy is growing, and the Minister of Trade (Mr. Downey) assured me that it was getting hotter than ever, we need to continue to meet those challenges, to meet the jobs, the skills that are required out there. Certainly, in education and as educators, we have the responsibilities to complete that and to do that. Our challenge has and continues to be to develop and match the skills and talents of Manitobans with emerging business and economic opportunities. We must also continue to encourage the development of skills which are essential to entrepreneurship and self-employment.

The movement towards a technology-oriented global economy makes it essential that we learn more about the needs of others by strengthening these important partnerships. It is through this kind of strategic comprehensive and co-ordinated approach that we will begin to gain a better understanding of and appreciation for the role we all have to play as community partners in ensuring the success of today's Manitobans and future generations. Today's businesses are hiring Manitoba youth and will be hiring tomorrow's graduates. In preparing Manitoba children for an employment-rich future, it is our shared responsibility to make sure that they have the skills necessary to help them find employment and be successful in the economy of the future.

Therefore be it resolved that the members of the Legislative Assembly support this resolution. Thank you very much.

**Ms. Jean Friesen (Wolseley):** Madam Speaker, I am pleased to be able to add a few comments on this particular resolution. I was glad that I was here to hear the member speak on his resolution, because it certainly helped to elaborate on the actual written part which really was not very clear. The member in his resolution seems to be talking about the Roblin commission, linkages between post-secondary education institutions. In his speech, however, he covered much more than that and wanted to talk about apprenticeship and some of the initiatives that he believes are taking place in the secondary school system.

Overall, Madam Speaker, what this particular piece of legislation or recommendation proposes is a much greater role for business in education, and it is something which Conservative governments around the world have certainly made one of their mantras. Let me say at the beginning that there is a place for business in many aspects of community life, and education is one of them, but it is not only business which must be involved in universities and schools. I believe, and I think my party believes, that the whole community must be involved.

The public sector, for example in northern Manitoba, Hydro—in the time when we used to own publicly the telephones in this province, Manitoba Telephone System as a major public corporation had a very important role to play in education and indeed was doing so, not certainly at the rate or speed that I would have liked in terms of Distance Education, but, for example, in its dealings with Tec Voc School in Winnipeg No. 1. MTS has a very interesting and, I believe, a very fruitful partnership for both the school and, I hope, for what used to be a public corporation as well.

One of the interesting things is the way in which a number of corporations have chosen to take part in education, and I think there are some corporations about whom great fears have been expressed, certainly in eastern Canada and parts of the United States. There are corporations, I understand, which want to bring in packaged curriculum, and so I was concerned in the

member's proposal here to talk about curriculum and the role of business in curriculum, because I do have some very serious concerns about that. Any decent professor or student is going to look at all aspects of the curriculum. They are going to involve opinions, ideas, information, and they are going to find sources for their classroom material and for their students' projects from many, many sources, not exclusively from business. There are some businesses which do, I understand, want to bring exclusive curriculum into the schools. There are some which see it as an opportunity for advertising, and those I think are areas where we do have very serious concerns, advertising within the schools and business-stamped, business-exclusive curriculums.

I believe that there is a very strong professional role for the selection of curriculum materials, some of which may come from certain businesses, the majority of which, I assume, will not and which will develop within the students a critical opinion, critical views of a wide range of materials, because what we want to see is critical thinking, critical analysis and ability to discern amongst the wide range of materials that students are presented with today. So that would be the goal, and certainly business has a place to play in that, but not an exclusive one and not one that overrules the teacher or the professor in the classroom.

\* (1730)

Now, I had hoped that the minister's business advisory committee would have come up with some guidelines on this, and I was glad to see that the member made reference to that committee, because I have been curious about that committee too. Manitoba is one of the provinces which has not adopted guidelines on the role of business in education. Alberta has. Alberta has a very extensive list and advice for school divisions, not particularly the colleges and universities, but for school divisions on the limits, the guidelines, the practices, the best practices on the role of business in education. The Conference Board of Canada is a common standard that many people use. Manitoba, however, has not adopted any guidelines, so we do have concerns when particular industries are involved potentially in curriculum and in advertising within schools.

Now, I was concerned about the minister's business advisory group and anxious that they would come forth with some guidelines about this. When it was first appointed, I expressed some concerns about the council and they are, I think, ones that I expressed many times about the selection that the government uses for its advisory councils for education. They are taken usually from a very narrow range, and leaving aside party considerations, the overwhelming emphasis is usually upon business, upon sometimes law, sometimes accountancy.

I am thinking of the interim transition committee and finally the Council on Post-Secondary Education. It seems to me that this is a very narrow perspective upon education, and I do not really think that serves the best interests of all Manitobans. If we were to look, for example, at the appointment of the Council on Post-Secondary Education, this is not, as I have said many times, to criticize the individuals on any of these committees, but it is to evaluate the selection that the government has made and the range of Manitoba interests that the government wants to ask for advice on its programs.

The Council on Post-Secondary Education I think represents a far narrower range of interests and concerns in Manitoba than I would have liked to have seen. The universities and colleges of this province are very wide ranging, from agricultural research to medical research, to social work, to theatre, to drama, to music. None of those elements were represented, it seemed to me, on the Council on Post-Secondary Education. Of course, you cannot represent everything, I understand that, but I do think it would have been advisable to have looked at the very broad range of the representation of colleges and universities.

Similarly when we look at the council on business, it seems to me the same kind of narrow basis of selection. In this case, some aspects of industrial Manitoba were represented. There was somebody from an engineering group, from Bristol Aerospace. Those are obviously the kinds of representation you would want to see if you were looking at colleges, but I think too our schools are also looking at developing children who are adept, enthusiastic, able, good citizens and who have an interest that they will pursue lifelong in art, in theatre, in drama, in media, critical analysis.



I do not see those kinds of interests and those kinds of concerns about education represented in the council which advises the minister on education, and I think that is a problem. There is nobody really there, it seems to me, who, able as they might well be as individuals, and I am sure they are, but who represents the general arts, the social sciences, the historical sciences, the many aspects of colleges, for example, that have been developing, for example, at Assiniboine Community College, the many new areas of agriculture. I do not see those represented on that council.

Of course, like so many councils of this government, this one operates in secret. I gather it has met seven times during the year. It has been in place a year. One of its members has resigned. One of its members I had great difficulty in finding. In fact, I still have not found her. I could not find the business listed in the Chambers of Commerce. I could not find her name in the phone book. I could not find her name in the Manitoba phone book. Now, it is possible it is listed under other names, but it seemed to me that perhaps more information should be available, and this particular council should be more public.

I have asked under Freedom of Information for the kinds of issues that the council has been considering. I think that is something that Manitobans who are interested in education would like to know. The minister appointed an advisory council. We know it does not meet in public. Very few of the councils, committees, that this government appoints do meet in public. This one meets in private, and its information, its advice, its considerations, even the issues that it is considering are going to remain private.

So, Madam Speaker, the member's resolution which asks for partnerships, asks for public support for education and wants to build partnerships between business and the broader Manitoba community and education it seemed to me would be better served by publicly dealing in the discussion, having public discussions, initiating perhaps a public debate such as the Conference Board of Canada did, such as perhaps Alberta did.

I do not know how Alberta arrived at its guidelines on the role of business in education, but Alberta is an interesting place. Obviously, it has a political

philosophy which is very, very distant from me, but I find Alberta, as a government, is very open in its decisions, very public with its information, very free with its information. You can phone up an Alberta civil servant, and they say, yes, we have that, we will send it to you.

You phone up this government, and they say where are you calling from, who are you, why do you want this information? I am going to have to go to the minister. You go to the minister, and she says go to Freedom of Information, and you get nothing—a closed, closed book on education.

It is no wonder that people are distrustful and that the minister has no reservoir of good will to fall back on when she runs into difficulties as she has done with the Grade 12 math exam and the stands taken by the Brandon School Board. It is that co-operation, it is that openness which leads in the long run to the ability to deal with situations like that in a much more co-operative manner.

So the business advisory group, I would suggest to the member, is something which should be much more open and public. Let us have the public discussion on the role of business in universities and colleges.

I am glad to see the member made reference to the Roblin commission. I was beginning to think the government had forgotten about it. It was 1993 when it reported. It did take the government several years before they appointed it. It really was a wonderful exercise in review and delay and really sets the standard perhaps for many things that the government has done. The Youth Secretariat, for example, might just be taking its model from the University Education Review Commission, the Roblin commission.

The minister promised the Roblin commission in order to get through the 1990 election, but even after that it took them another number of years in order to create the commission. It was finally created. Then it was 1997, from 1993 to 1997, until the government was able to act or prepared to act on the major recommendation of that commission. Over and over, I asked in Estimates, again and again we asked in Question Period, when will this be? We supported the coming together of colleges and universities in the

policy area. We looked forward to the announcement of this post-secondary council, but the government delayed and delayed, and they will now have delayed over two years in the appointment of this council.

In order to do that, what they have done is allowed fees at universities and colleges—they have essentially allowed an open season on fees for two years, because one of the primary responsibilities of this council was, in fact, to create a policy on fees for colleges and universities, but delay, delay, delay and delay, and what do you have? You have a vacuum or, if you want to use the words of some students, essentially you have got an open season on their fees.

However, the member in his resolution did mention the Roblin commission, and he argued that the Roblin commission had made recommendations about increasing the linkages between business and industry. In fact, the commission had three recommendations, and it recommended that the council, now that it has been eventually set up, work with the Economic Innovation and Technology Council—and we have not heard a lot about that lately. It has published one—had one publication, I think.

Madam Speaker, I see my light is flashing. I had only just begun.

**An Honourable Member:** The light is flashing before your eyes.

**Ms. Friesen:** Yes, it is.

Well, Madam Speaker, I think that the member perhaps might have overstated what Roblin was suggesting. I think Roblin was recommending a much broader partnership. Roblin talked about labour. Roblin talked about education partnerships. He talked about the Innovation and Technology Council. He recommended that the McEwen [phonetic] study, which perhaps the member who is going to follow me in speaking will perhaps speak a little more about. I believe he may be one of your constituents. That was a broadly based study which, I think, goes far beyond this particular resolution.

Madam Speaker, in conclusion, I think the member has put forward some interesting ideas, and certainly

we see a place for some aspects of business, but we very much want to see the guidelines that this very, very secretive and closed business advisory group is perhaps suggesting to the minister.

\* (1740)

**Mr. Brian Pallister (Portage la Prairie):** Madam Speaker, I must quickly pay tribute to the member for Pembina (Mr. Dyck) for bringing forward this important resolution that highlights an issue of great concern to all of us in this House. I personally had to reflect a little bit as I was reading through the wording of this resolution on my own educational experiences, and my experiences in early years were, in an educational sense, gained in a small rural school, two-room school about three and a half miles by bike or by horse and buggy away from where I was raised.

The reality of those early days of my educational experience is that we did not think much about things like business-education partnerships because there seemed to be kind of a seamless web of living in those country days. We were a community which did not differentiate between business and labour or labour and management; we did not put artificial boundaries between ourselves. We lived as a community and shared experiences, regardless of our walk of life or our individual pursuits, and it was interesting. Business-education partnerships, when you put it in that context, our businesses were run by our parents in the rural community where I came from, and so it would be pretty hard to understand why they would not be in partnership with us given that we were their children.

The reality is that the teachers in our schools were in partnership with the parents and the school board and trustees. They were in a partnership setting because we all played whist together every other Friday night and had old-time dances. We did activities together in our country schools, and there was an inseparable nature of living in the small rural environment where I grew up, where people lived together and they pulled together instinctively. So my background has been one where local businesses always supported the school, not just in the form of taxation, not just in the form of an obligatory contribution, but in the form of time that they volunteered to put towards school activities in terms of donations and support for various programs

and undertakings the school had and in terms also of the actual caring for what happened in that school because, of course, the business people, as I said earlier, and the community, were the parents of the children who were educated in those schools. So we had an ideal business-education partnership in the rural environment where I grew up.

Of course, we have gotten away from that. We have consolidated schools, much larger schools in central locations, and the rural depopulation that has occurred since I was a boy a number of years ago has caused us to have fewer of these types of schools in our small communities, if any in fact still continue to exist, and I think there are very few around the province.

So, governments and leaders, community leaders, teachers, educators and the like, have tried to forge a business and education partnership of sorts to replace what used to exist naturally in many of our communities in this province, what used to exist and what we used to benefit from very much, and what we used to take very much for granted because it was just the way things were. So now government tries to establish and forge new frames of co-operation among people who never were separated years ago. That is the challenge that faces all of us in this country today. As society has changed, as society has evolved, in some ways for the better, in some ways perhaps not, the reality is that we, as a society, have changed and we have to strive together to recapture some of those benefits that we may have lost from years ago.

I know there are a number of initiatives that have taken place in my local school division to try to recapture those benefits I spoke of earlier. They are exciting initiatives, and they are being undertaken by courageous and creative people, people who want to see the maximum experience, benefits derived from the educational experience of our young people in the primary and elementary school systems. Also, I think this is very relevant to post-secondary education and training as well.

The reality is that in Portage la Prairie, we have a number of initiatives I am very proud of, and I want to make sure I put on the record today, because I believe the people who have pioneered these projects, and many of them are done in other divisions now, or have

been done in conjunction with other divisions, deserve to be recognized. I know that by referring to their projects I will give them the recognition that they deserve, though they, of course, would not expect it.

Technology resource centres are now in place at both high schools in Portage la Prairie, Portage Collegiate Institute and Arthur Meighen High School. The centres consist of hardware and software that were recommended by a joint committee of experts, educators and business people within the community. The funding was from a provincial grant from this farsighted and visionary government, and to receive that grant required the formation of an intelligent and strategic approach which was done by a partnership of community business and school division personnel.

Now this technological resource centre operates under the guidance of an advisory committee, which has members from Southport Aerospace, the agricultural community, from the Chamber of Commerce and its representatives, from Manitoba food lab technologies and school division staff. The committee jointly designed and developed labs that meet the needs of students in all subject areas, covers everything from maths, physics, chemistry, building construction, drafting. The software is practical and it is relevant to the business community, and that is why it was recommended. Now, there is a good example of a co-operative approach to designing a program that young people will benefit from as they experience it.

The co-operative education program is another good example of an approach that our school division and others have taken. Basically what it does is it has developed a stream at the high school level that allows students to complete the compulsory parts of their high school in the first three years, so that in their Senior 4 year, they can go into the workplace and actually gain practical experience there.

Now, for example, if a student completes their compulsories, then they can go their last year and they work in a local chemical company, for example, where they may want to pursue job opportunities following graduation. So it allows students to obtain a relevant work experience based on their interests and their aptitudes, an intelligent approach to utilizing the time of students wisely in a creative and directed way.

Another good example of what is going on locally, and this is not unique to Portage la Prairie either, thank goodness, but this is the Northeast Portage Development Program. This specific program has been modelled—and there are other programs like it in the city of Winnipeg. To put it briefly, and I will not do justice to this program by summarizing but, suffice to say, that the idea of this program is to develop ideas for employment in the northeast area of Portage, where we have a number of low-income housing units. We have had recently some displaced people from Waterhen that had to relocate from their former community to Portage la Prairie, and so the challenges to that part of our community are very great as new people who are not accustomed to living in Portage la Prairie meet their neighbours, who have not yet become friends because of the reality that they are new to the community.

So there is a very, very major challenge to be faced there, because a number of those people that have moved into the community recently are not yet employed. A number of them have had past experiences involving being approached by gangs and so on to become involved in mostly illegal activities. So these are the challenges that people who have been resident in the community for a long time have had to face in recent months, and I have some sympathy for them. But I have also, of course, sympathy for the people who have been displaced from the communities where they were born and raised and pushed out into another area entirely.

As those two cultures or subcultures meet, conflicts can occur, and the north-east Portage development program is one that has been consultative in its design. It has involved the people, the residents of the community, and I attended recently a presentation by the co-ordinator of the program to our local Rotary Club in Portage la Prairie where she outlined her various activities. This is part of the outreach that she is doing in our community, to bring in partners and mentors to her program and to make it work.

Obviously, these things do not work in isolation and, for many years, rightly or wrongly, the knock on our public schools has been that they are separate from the community, that they are not inclusive enough, do not involve people enough. I want to just compliment North Memorial School and their principal Dennis

Hallick for the proactive, co-operative approach that he has taken in working with people in the community to involve them in addressing the very real concerns that they have and that we all have in Portage la Prairie and in Manitoba generally.

There are many, many other examples of co-operative business and education partnering programs. I know, for example, fraternal organizations in Portage la Prairie, the Masons, for example, go into the schools and do reading, run a reading program for the kids. Members of the Rotary Club and also the Kinsmen Club have been involved in a business awareness or business strategy course basically over a four- or six-week period where they go into the high schools and actually volunteer and run this program on a volunteer basis for interested students. They educate them on the realities of being in business. Who else would be better to do that than people who are in business in the community where those students live and work?

There are many other examples and, Madam Speaker, I know that members know as always that I will be happy to make them aware of a number of the initiatives in my community if they are interested in learning more about what the great people of Portage la Prairie are doing in terms of volunteer activities, in terms of focusing on the resolution of problems that we have and challenges we face in our community.

\* (1750)

But I do want to in my brief time make some remarks on the approach that is being taken by the federal government in terms of business and education partnerships. Basically, I believe that the view the federal government has in this area is that businesses are cows to be milked and, given the 40-plus tax increases that the federal Liberal government has imposed on us over the past four years, many of them directly impacting in a negative way, I might add, on small businesses, I think many Canadians share a rather disappointed feeling when it comes to thinking about the way that the words of the red book match up with the reality of what has gone on, words saying that we are in support of small business, but the reality being that small business is looked upon as, again, a cow to be milked.

Now, when we talk about partnerships between business and education, I think we have to, and it is necessary and sad that I have to say this, but the reality is, the federal Liberal government has looked at education as something that would be best cut, and so they have reduced support under the Canada Health and Social Transfer to provinces by a full 40 percent, and it is a testament to the inability of the present opposition parties in the federal House that most Canadians are not aware of these draconian cuts, the horrible failure of fragmented and regional opposition parties to do their job in terms of making Canadians aware of the incredibly negative impact that will be felt by them on these kinds of dramatic cuts in health care and, in particular, in post-secondary education. But, Madam Speaker, it has been said by my grandmother many years ago that you should realize that your own candle does not burn any brighter when you blow someone else's out, so I will stop and I will let Canadians blow out the Liberals' candle.

I want to quickly address some of the visionary approaches of the federal Progressive Conservative Party on this issue. I only have a brief time, but I want to mention that, as opposed to the federal Liberals, we do believe in a business and education partnership with all Canadians because we share in the concerns for the future of our education system. That is why we have a number of initiatives, such as offering loan guarantees for private-sector firms to purchase and lease network computer systems to schools that will provide a low-cost method for school boards to have modern, upgradable computers in every single classroom. We want to partner with interested provinces in co-ordinating and instituting universal student assistance programs backed financially by the private sector.

These types of initiatives will allow our young people to pursue their post-secondary education and training in the full knowledge that they are supported in reality by the businesses of this country and not just in words. That is, I think, in the best interests of all, and forward-looking business people recognize and know that. That is why the Canadian Chamber of Commerce, for example, and other business organizations nationally have for years put forward practical, good ideas on how business and educational institutions can work in true partnership with one another to benefit all of us.

**Ms. Marianne Cerilli (Radisson):** Madam Speaker, I am very interested in speaking on this resolution dealing with education-business partnerships. It is an issue of particular interest of mine, and I have been doing a fair amount of research. Unfortunately, in about three and a half minutes, I do not think I can get very far in dealing with the issues that I wanted to raise.

I do want to say, first of all, that the first WHEREAS in the resolution claiming that this "provincial government believes that education system should be an investment by all Manitobans" is belied by their cuts to public education funding both at the K to 12 level as well as at colleges and universities. We know that they have put a strangle hold on the public school system with cuts of almost \$44 million since 1993, and we have seen a huge reduction in the kind of programs that the members opposite have just been talking about, but the other thing that this underfunding of our public education institutions is doing is setting the stage for the very disconcerting kinds of business intrusion into education that I think we have to have government policy to deal with.

One of the things I have done recently is to contact school divisions and ask for their policies on commercialization in the classroom, their policy related to business partnerships with schools, their policies related to advertising in the schools, because it is an area that schools are, in their desperation for funds, turning more and more to the private sector. What we have to ask is what the partnership entails in terms of what the education system has to give up to the private sector.

I have had members of the community contact me, for example, with advertisements that were distributed among girls in Grades 4, 5 and 6 in one school division from Procter and Gamble promoting health-care type products—tampons, sanitary napkins, facial cream, deodorant—in an attempt to try basically to create product recognition and product identification, and a number of corporations simply see children and youth as a target market. I have with me information about a conference that was held in June 1995 in Toronto for marketers in advertising. It was called "Kid Power: Creative Kid Target Marketing Strategies," and participants were advised on how to ensure that the,

quote, gatekeepers for kids do not intercept your message. It was how and why you should use school-based programs to support your kids' marketing activities.

I have got a magazine with me, photocopies from a magazine called Kids Screen, about reaching children through entertainment software. There is an entire industry that is forming to try and market products to children and youth through the schools.

We know that the problem here is when the schools have budget cuts, as this government has been handing over to them, they are more likely then to have to create these partnerships, where they lose the educators and the professional educators, having the students' interests in mind when they develop curriculum and develop procedures and protocol for schools. The next thing we know it is the corporate interest that has the upper hand

in developing those kind of resource materials, guidelines and support materials for schools.

Madam Speaker, there is much more that I can say on this topic. I have with me guidelines that are recommended for school divisions. I know that I will get an opportunity to raise this again. As I said, I will be raising this when I hear back from more school divisions to see how, in Manitoba, school divisions are developing policy to address this growing area of business and education partnerships.

**Madam Speaker:** Order, please. The hour being 6 p.m., when this matter is again before the House, the honourable member for Radisson will have 10 minutes remaining.

This House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, March 26, 1997

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